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The Roaring 20's 1920's / 2020's

Will history repeat itself? The 1920's were known as the "Roaring 20's" and represented a decade of economic growth and widespread prosperity after the economic downturn from the 1918 Pandemic and WWI post war recession. After the pandemic and WWI the U.S. economy experienced a recession that was characterized by increased government regulation, agricultural price collapse, national debt, high inflation due to increased government spending, increased interest rates, high unemployment and business failures.

In 1921 President Warren Harding was the President. He died in 1923 and his Vice President, Calvin Coolidge, became President, serving until 1929 – the period of the "Roaring 20's". Their governing philosophy ushered in a new perspective on governance, a shift from activism to economic prosperity. They favored small government, a light hand in regulating businesses, supported a balanced budget (even managing to run a surplus) and cut the national debt. The centerpiece of their efforts were their tax cuts. They believed strongly that the people deserved to keep as much of the money they earned as possible and to that end, they cut tax rates numerous times over the course of their presidencies.

*"The collection of any taxes which are not absolutely required, which do not beyond reasonable doubt contribute to the public welfare, is only a **species of legalized larceny**. Under this republic the rewards of industry belong to those who earn them. The only constitutional tax is the tax which ministers to public necessity. The property of the country belongs to the people of the country. The title is absolute." President Calvin Coolidge*

President Coolidge famously said, "the chief business of the American people is business" and his predecessor President Harding said, "less government in business and more business in government." As such, they believed that government should be run like a business and appointed Andrew Mellon, a banker, businessman, and industrialist as Secretary of the Treasury. A cornerstone of Mellon's financial policies was a belief that lower taxes would support business investment and growth, which proved true. Their small government agenda resulted in the consolidation of governmental departments and cut spending 25% in the first year, followed by another 25% cut the next year. The economy grew quickly, and tax revenue soared as income grew. By 1928 tax revenues had surpassed 1920 revenues even though tax rates had been dramatically cut.



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They also supported tariffs to protect American manufacturing profits and good living wages. Harding pushed for higher tariffs to prohibit foreigners from selling goods at prices below U.S. production costs.

The previous four years have mirrored the pre-Harding/Coolidge era and have been filled with economic challenges, high inflation, high interest rates, high unemployment, burdensome government regulations, runaway national debt, rampant business failures, and activism. Enter 2024 and the second Trump Administration. We see the Trump Administration following the successful economic template demonstrated by Harding and Coolidge.

They say that those who ignore history are doomed to repeat it, meaning that it was bad. But there is also an opportunity to learn from history and embrace proven success. The Trump Administration is using the playbook developed and proven by Presidents Harding and Coolidge and has the opportunity to usher in the next period of “Roaring 20’s” 100 years later.

Page after page of the playbook is reflected in the incoming Trump Administration policy and key appointments. Much like Mellon’s business acumen, President Trump and his advisors and cabinet come from the business sector; they understand that there needs to be less government in business and more business in government. As such, they have established the Department of Government Efficiency whose mission is to reduce government spending and improve government efficiency. If they accomplish the degree of reduction in government spending realized by the Harding/Coolidge Administrations, it would equate to \$1.5 trillion in today’s dollars.

President Trump enacted tax cuts during his first term and the economic impact was positive. In his second term they will reduce taxes to allow the people to keep as much of the money that they earned as possible and invest it back in the economy. This will result in the same economic stimulus as it did 8 years ago and 100 years ago.

The U.S. trade policy, like that of the Harding/Coolidge Administrations, needs to put America First. The Trump Administration imposed tariffs during the first term and will impose additional tariffs in the second term to protect American industries and jobs as part of their American First agenda.

The U.S. had low interest rates, low unemployment, lower government spending, low energy costs, less government regulation, and fewer business failures during the 1920’s and will again during the (second half) 2020’s.

History will repeat itself and the U.S. looks forward to the second “Roaring 20’s”.