

## Scandals of Harding, Truman Administrations Compared—

## Parallels Of Corruption Cited In 'Government By Crony'

By JAMES DANIEL  
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WASHINGTON, Jan. 4—President Truman has said he thinks the public will forget the scandals of his administration before the 1952 election.

The Republicans have been trying to live down the scandals of the Harding administration for 28 years—and haven't succeeded completely even yet.

As Presidents, Mr. Harding and Mr. Truman had certain things in common, a delight in helping their friends, a refusal to believe their friends could do anything wrong, a preference for "government by crony."

Below are highlights of the scandals of the Harding Administration and of the Truman Administration thus far:

## Then

If ever a man looked like a President, it was Warren G. Harding.

His appearance was distinguished. His manner was dignified. He radiated kindness. The people in Marion, O., where he edited a paper, told endless stories of his tactfulness.

At the Republican convention, nobody burned with the idea he would make a great President. But then nobody had anything against him, either. He was nominated after more positive candidates had killed each other off.

His "front porch" campaign won him the election.

When he took office, it was with almost universal good will. Congress for a while doted on him. The Senate confirmed President Harding's nominee for Interior Secretary, Sen. Albert B. Fall of New Mexico, without the formality of a hearing.

True, the "Ohio gang" followed Mr. Harding to Washington. There were some disquieting rumors that government favors could be bought in the "little green house on K street," but it was a long time before any of these broke into print.

IN 1923, President Harding died. The grass was just green on his grave when a Wyoming oilman wrote to his Senator asking why Secretary Fall had secretly negotiated a contract for the exploitation of the government's Teapot Dome oil tract in Wyoming.

A Senate committee was formed to get an answer. Secretary Fall replied that he had negotiated the Teapot Dome lease secretly because that way he could get the best terms for the government. Moreover, he was also negotiating a contract for the Elk Hills tract in California.

He implied secrecy was necessary for the national defense—the oil lands were naval reserves and Washington in 1922 had been alarmed about the prospect of a Pacific war with Japan. Also, he said, private oil wells on adjoining properties were draining away the government's oil.

A government geologist said the drainage danger was trivial. Then by chance, the Senate committee learned that Secretary Fall had just paid up 10 years' back taxes on his New Mexico ranch. He also had spent \$175,000 enlarging and improving the property.

FALL wrote a letter saying it was ridiculous to think this wealth had come to him in connection with granting the oil leases. He had borrowed \$100,000, he said, from Edward B. McLean, rich Washington playboy, his friend and Harding's.

But Mr. McLean said he'd given Fall \$100,000 in checks and Fall had returned them un cashed. Then Edward L. Doheny Sr., who got the Elk Hills lease, came forward and said he'd lent Fall \$100,000 on a promissory note. He said they were old prospectors together; to him \$100,000 was only what \$25 or \$50 would be to an ordinary man.

The Senate investigation of Teapot Dome was the personal triumph of Sen. Thomas J. Walsh (R. Mont.). Sen. Walsh was one of the greatest investigators in the history of the country. Only his tenacity brought out the sordid story.

THE IMPACT of Doheny's admission on the nation was enormous.

The government charged Fall and Doheny with conspiracy to defraud the government. A similar charge was filed against Fall and Harry F. Sinclair who received the Teapot Dome lease.

The government lost both suits, but Sinclair served a jail sentence for contempt of court—he had hired detectives to shadow the jury. He also served a contempt term for refusing to answer Senate questions; no payment by him to Fall was proved except \$10,000 "expenses" for a European trip Fall took on Sinclair oil business.

In the late '20s Fall was convicted of taking a bribe and given a year in jail and fined \$100,000.

And there were other Harding scandals. Thomas W. Miller, who had been Alien Property Custodian, was convicted of having received \$50,000 in connection with the \$6 million American Metals Co. The owners said they were a Swiss corporation not a German one. They admitted spending \$431,000 to get their property back.

HARRY M. DAUGHERTY, President Harding's attorney general and the man closest to him, was indicted in New York on a charge of conspiracy. He had approved restoration of the property. A jury deliberated 66 hours and then acquitted him, although he had refused to explain what happened to \$50,000 of the slush fund which went into a "political account" in his brother's Ohio bank.

The account was in the name of Jess Smith, Daugherty's man Friday, who had a private office in the Justice Department and shared Daugherty's apartment. Smith was the most astute of the fixers and wirepullers in the Harding administration; he killed himself in Daugherty's apartment while Harding was still President.

Another shocking suicide occurred in President Harding's term. Charles F. Cramer, legal counsel to the Veterans Bureau, sent his wife out of town and then fired a bullet through his head. After Mr. Harding died, Charles R. Forbes, head of the Veterans Bureau, was convicted of fraud. Bribes had been passed in connection with the granting of hospital construction contracts.

President Harding appointed many able men in government posts. But he also tolerated weak and unscrupulous ones because they had been his friends. He had tried "government by crony."

Years later Herbert Hoover called him a man "betrayed by his friends."

## Now

WHEN the Presidency fell on the shoulders of Harry S. Truman, people immediately recalled the excellent investigation record of the Truman Committee.

As Senator, Mr. Truman had headed the committee which flayed war profiteers and spread the fear of God, or at least of Congress, among government buyers who might be tempted to dishonesty.

And in the first phase of his Presidency, he was so humble. Visitors came away and related that his parting words to them were "pray for me."

But within a month after he assumed the office he gave wholesale pardons to Pendergast minions who had been jailed for vote fraud.

In his first term, tenderness toward the Reds was a much more serious charge than corruption. Here again, Mr. Truman was lucky. Nobody could suspect him of Red tendencies, even when he defended the Alger Hiss case he had inherited from the previous administration.

He called the Communist issue a "red her-

ring." Later, he turned aside all complaints against the fingerers, maneuverers and influence peddlers by observing, "My people are honorable—all of them."

UNDER THIS umbrella he included an assortment of odd characters.

Among them was Brig. Gen. Harry H. Vaughan, his military aide. Gen. Vaughan obtained the deep freezes for high administration officials (one went to the Truman home in Missouri and in due time was acknowledged by Mrs. Truman). The freezes were for doing favors to a Chicago perfumer. Gen. Vaughan also did favors for a racetrack operator and a brewer.

He has never been publicly reprimanded, although John Maragon, the sidekick whom he called a "lovable guy," was convicted of perjury in one of the deals in which Gen. Vaughan was involved.

Maragon, the ex-Kansas City bootblack who hobbnobbed with the great and flashed a White House pass, once obtained a foreign diplomatic assignment through Gen. Vaughan's help. Gen. Vaughan described Maragon as a "friend . . . of the President."

AND THEN there was Donald Dawson, White House patronage clerk. Dawson's name was laced through a Senate report on "network of influence" in the lending activities of the RFC. Mr. Dawson accepted free hospitality from a plush Florida hotel that obtained an RFC loan. Senators said he frequently intervened in RFC decisions.

Dawson also was a friend of Merl Young, husband of a White House secretary—the woman who got the \$9500 mink coat. Young, who rose from the messenger boy to a policy maker in the RFC and then to a private practitioner anticipating a \$60,000 a year income, has recently been indicted on a charge of perjury.

People think of Young when the case of the Lustron Corp. is brought up, too.

For Mr. Young became an \$18,000-a-year vice president of Lustron at the suggestion and with the approval of the RFC. Lustron now figures to be the biggest loss on the RFC's books—it borrowed \$37½ million before it went bankrupt.

Some of Lustron's troubles were charged to Young by Lustron's president, Carl Strandlund. According to Mr. Strandlund, Young and a Rex Jacobs of Detroit were part of a group which tried to get control of Lustron. It was brought out that Young was getting \$10,000 a year from Jacobs' company at the same time he was working for Lustron.

THE RFC investigation, with its revelations of the loose handling of millions of dollars in public funds, shocked the country. But a worse shock was in store when Congress began to dig into the activities of the Internal Revenue Bureau.

The box score to date in the Internal Revenue investigation is tragically impressive:

Internal Revenue Commissioner George W. Schoeneman resigned last June, five months after the investigation had been kicked off by Sen. John J. Williams (R. Del.).

Collectors have been indicted in three large cities—Dennis W. Delaney of Boston and James P. Finnegan of St. Louis on charges of bribery, and James F. Smythe of San Francisco on charges of conspiracy to defraud the government of tax monies.

Two other collectors have been fired—James W. Johnson of New York, and Joseph P. Marcelle of Brooklyn. In Newark, N. J., Dominic Vito of the Alcohol Tax Unit has been suspended. Forty-six other Revenue employees have been fired or suspended and Revenue headquarters here has revealed that 50 or 60 employees are fired every year for taking bribes.

SEVERAL high tax officials have quietly resigned but the departure of two was spectacular. Charles Oliphant, chief counsel of the Internal Revenue Bureau, resigned when the strain of defending his reputation became "unendurable." Theron Lamar Caudle, who headed the tax prosecution division in the Justice Department, was fired by President Truman for "incompatible" outside activities.

Caudle admitted taking travel funds and a loan, in a matter involving getting dollars to Italy, and also leased from a bank account in Italy, and also accepting a \$5000 commission for arranging the sale of an airplane to an agent of two men indicted for tax fraud. Both Caudle and Oliphant were mentioned in an ex-Capone lawyer's story of a Washington "clique" that "fixed" tax cases.

Throughout the present administration, the power of the underworld has never been far from the surface. Attorneys acting for racketeers, have been able to obtain liquor licenses, paroles, prison transfers and once a government loan for a gambling hotel. One time, however, the underworld was taken to the cleaners.

JOE ADONIS, New Jersey gambling overlord, was reported to have sunk \$105,000 in a commemorative stamp speculation scheme for which Harold F. Ambrose, special assistant to the Postmaster General, went to jail.

Actual jailings, however, have been few. James V. Hunt, the original "five per center," was indicted for taking fees from businessmen seeking government contracts, while still on a federal payroll. But when the time came to prosecute, his attorneys claimed his heart would not stand a trial. The case was dropped, without objections from the Justice Department.

Hunt was another pal of Gen. Vaughan. The head of the Army Chemical Corps (where Hunt had a contract pending for a client) once dictated a letter in Hunt's office for Hunt to give to Gen. Vaughan. The letter was to be a recommendation from Gen. Vaughan that the general be given another term. This general resigned.

But Maj. Gen. Herman Feldman, the Army quartermaster general, who gave Hunt information about Army purchasing plans, which was not available to the public, was permitted to remain in his post after a reprimand.

THE HOEY subcommittee, which held the "five per center" hearings, recently heard how William Boyle, the Democratic party chairman, had "sold" his law practice to a former partner for \$150,000.

Among the unfinished cases were several pending before government agencies.

Though strongly defended by his old friend, President Truman, Boyle resigned for "health." Frank McKinney, who succeeded him, pledged a clean-up in Government and almost immediately was under fire for a quick profit stock deal with a war contractor who once was denounced by the then crusading Sen. Truman.

## New Tribe Skipper Speaking—

## Desautels Pledges Hustling Team

(Another Story, Page 20)

By BILL EGGERT

Gene Desautels, educated with 13 big league years as a player and four minor seasons as manager, predicted only two possibilities today for the 1952 Indianapolis Indians.

Signed today to a one-year contract as the Indians' 1952 manager, the 42-year-old ex-catcher, said:

One—Indianapolis will have a speedy club.

Two—Victory Field fans will not fall asleep because of dull playing.

Desautels would predict nothing more until he sees his playing material when spring training opens Mar. 9 at Indianville, Fla.

## Chatterbox on Field

A chatterbox on the field, Desautels was never a rager as a big league hitter. His best average was a .291 for the Boston Red Sox in 1938, but he falls in line with the respected baseball theory that catchers make the best managers.

Next to speed and the usual player-talents, he leans heavily on team spirit.

It was spirit that brought a last place 1950 Little Rock team to first place in the Southern Association last season. With the same pitching staff left over from 1950 and only two replacements in the infield and a new catcher, Desautels directed the Travelers to the pennant.

He's the aggressive-type leader, just what Tribe President Donie Bush wanted for the 1952 Tribes. Although Bush was an infielder and a manager, he always adheres to the reasoning that a better perspective of baseball play and hence become more successful managers. The play always is in front of them.

## Likes Colorful Team

Desautels, who will take on the responsibility as a third-base coach and confine his catching



NEW TRIBE SKIPPER—Both Tribe General Manager Chuck French (left) and new pilot Gene Desautels seemed pleased over Gene's inking a one-year pact with the Indians.

only to batting practice, hopes to have a 1952 Indianapolis team that "everybody, who likes baseball, will come out to see." He likes a colorful ball club.

He's familiar with some of the 1952 players, having seen them play in the Eastern League when he managed Williamsport. And he played with Tribe Outfielder Dom Dallessandro when both were with the Red Sox in 1937.

Desautels was all set to return to Little Rock as manager next season until he got the Indianapolis offer.

He will return to Indianapolis Jan. 25 when it is planned to have Cleveland officials, including Manager Al Lopez, here for a press-radio party.

## Yule Tree Collection

City trash collectors will gather up discarded Christmas trees on the North Side today and transport them to Broad Ripple Park, where they will be burned in Twelfth Night ceremonies at 7 p. m. Sunday.

## 'I Did It for Fun'

## Girl, 11, Sets Town on Ear As 'Ghost of Fern Creek'

FERN CREEK, Ky., Jan. 4—Officers Russell McDaniel and (UP)—"The ghost of Fern Creek" Jack Fischer questioned Joyce in last night turned out to be 11-year-old Joyce Sanders.

The little orphan girl admitted to Jefferson County police that she was the "spook" who had been lifting and throwing objects in the home of an elderly farm couple with whom she boarded.

The girl, a ward of Mr. and Mrs. Henry Thacker, broke down after an hour's questioning and admitted to the police she was the "ghost" who had set this small community near Fern Creek on its ears for the last five days.

"I did it for fun and because I like attention," the little girl shyly admitted to the officers.

The girl, dressed in bluejeans and a checkered shirt, said "I threw a lot of those things, but I didn't move everything in the house, the rest of it was their imagination."

She said she stepped up the activity after the elderly couple and again yesterday. But Joyce neighbors began thinking it was a ghost.

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