SECTION 5

◀ Woodrow Wilson, 1919

▲ Wilson campaign button

WITNESS HISTORY AUDIO

A History of Reform

Before becoming President of the United States, Woodrow Wilson was president of Princeton University in New Jersey. At the time, most Princeton students were sons of wealthy families. These students joined "eating clubs" that excluded poor students and other outsiders.

Wilson objected. The eating clubs, he said, made social life more important than learning. Furthermore, he said, the clubs were unfair and damaging to those students who were excluded. Wilson lost his fight to do away with the eating clubs. But he won a reputation as a high-minded reformer who would speak out against social injustice. Wilson's reform efforts would continue in his role as President of the United States.

Wilson's New Freedom

Objectives

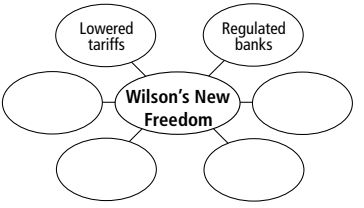
- Evaluate what Wilson hoped to do with his "New Freedom" program.
- Describe Wilson's efforts to regulate the economy.
- Assess the legacy of the Progressive Era.

Terms and People

Woodrow Wilson
New Freedom
Sixteenth Amendment
Federal Reserve Act
Federal Trade Commission
Clayton Antitrust Act

NoteTaking

Reading Skill: Identify Details As you read this section, fill in a concept web like the one below to record details from the section.



Why It Matters Republicans Theodore Roosevelt and William Howard Taft introduced the country to forceful Progressive Presidents. Democrat Woodrow Wilson used the expanded power of the presidency to promote a far-reaching reform agenda. Some of Wilson's economic and antitrust measures are still important in American life today. **Section Focus Question: What steps did Wilson take to increase the government's role in the economy?**

Wilson and the Democrats Prevail

In 1912, the Republican Party split over the issue of reform. Those who wanted a more active government formed the Progressive Party and chose Theodore Roosevelt as their candidate for President. Loyal Republicans gave the nod to President William Howard Taft.

The split created an opportunity for the Democrats and their candidate, **Woodrow Wilson,** to win the White House. Wilson's ideas had caught the attention of William Jennings Bryan, who helped Wilson win the Democratic nomination. As a student and later as a professor, Wilson had thought a great deal about good government. His doctoral thesis, *Congressional Government,* had launched him on a career teaching in college before he became the reforming governor of New Jersey.

Wilson shaped his ideas into a program he called the **New Freedom.** His plan looked much like Roosevelt's New Nationalism. It, too, would place strict government controls on corporations.

In a speech on the New Freedom, Wilson outlined his aim to provide more opportunities—more freedom—for small businesses.

Primary Source "The man with only a little capital is finding it harder and harder to get into the field, more and more impossible to compete with the big fellow. Why? Because the laws of this country do not prevent the strong from crushing the weak."

—Woodrow Wilson, "The New Freedom," 1913

Though he did not win the majority of the popular vote, Wilson received more than four times the number of Electoral College votes that went to Roosevelt or to Taft. The pious and intellectual son of a Virginia minister, Wilson was the first man born in the South to win the presidency in almost 60 years.

Vocabulary Builder
intellectual–(ihn tuh LEHK choo uhl) *adj.* guided by thought; possessing great power of thought and reason

Checkpoint **How did Republican divisions help Wilson win the presidency?**

Wilson Regulates the Economy

President Wilson attacked what he called the "triple wall of privilege"—the tariffs, the banks, and the trusts—that blocked businesses from being free. Early in his first term, he pushed for new laws that would bring down those three walls and give the government more control over the economy.

Congress Lowers Tariffs and Raises Taxes First, Wilson aimed to prevent big manufacturers from unfairly charging high prices to their customers. One way to do this was to lower the tariffs on goods imported from foreign countries so, if American companies' prices were too high, consumers could buy foreign goods. Wilson called a special session of Congress and convinced its members to pass the Underwood Tariff Bill, which cut tariffs.

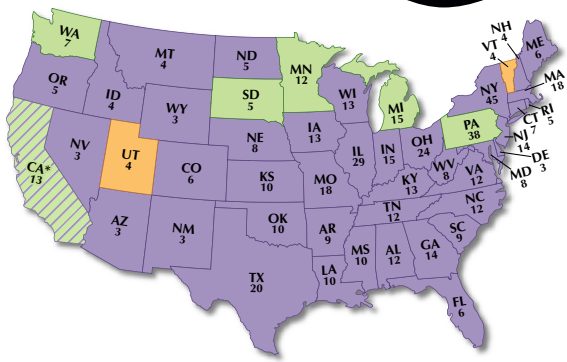
The Underwood Tariff Act of 1913 included a provision to create a graduated income tax, which the recently passed **Sixteenth Amendment** gave Congress the power to do. A graduated income tax means that wealthy people pay a higher percentage of their income than do poor people. The revenue from the income tax more than made up for the money the government lost by lowering tariffs on imports.

Federal Reserve Act Next, Wilson tried to reform the banking system. At the time, the country had no central authority to supervise banks. As a result, interest rates for loans could fluctuate wildly, and a few wealthy bankers had a great deal of control over the national, state, and local banks' reserve funds. This meant that a bank might not have full access to its reserves when customers needed to withdraw or borrow money.

Wilson pushed Congress to pass the **Federal Reserve Act** (1913). This law placed national banks under the control of a Federal Reserve Board, which set up regional banks to hold the reserve funds from commercial banks. This system, still in place today, helps protect the American economy from having too much

Progressive Party button

Presidential Election of 1912



Candidate (Party)	Electoral Vote	Popular Vote	% Electoral Vote	% Popular Vote
Woodrow Wilson (Democrat)	435	6,296,547	82	42
Theodore Roosevelt (Progressive)	88	4,118,571	17	27
William H. Taft (Republican)	8	3,486,720	1	23

*Two of California's electors voted for Wilson

money end up in the hands of one person, bank, or region. The Federal Reserve Board also sets the interest rate that banks pay to borrow money from other banks, and it supervises banks to make sure they are well run. Historians have called the Federal Reserve Act the most important piece of economic legislation before the 1930s.

Wilson Strengthens Antitrust Regulation Like Presidents before him, Wilson focused on trusts. Wilson agreed with Roosevelt that trusts were not dangerous as long as they did not engage in unfair practices. In 1914, he persuaded Congress to create the **Federal Trade Commission (FTC).** Members of this group were named by the President to monitor business practices that might lead to monopoly. The FTC was also charged with watching out for false advertising or dishonest labeling. Congress also passed the **Clayton Antitrust Act** (1914), which strengthened earlier antitrust laws by spelling out those activities in which businesses could not engage.

These laws are still in effect today, protecting both businesses and consumers from abusive business activities. In recent years, the FTC has prosecuted companies that traded stocks dishonestly and fined companies that published false ads. The FTC also regulates buying on the Internet.

Progressive Era Legislation and Constitutional Amendments

Legislation/Amendment	Effect
Sherman Antitrust Act (1890)	Outlawed monopolies and practices that restrained trade, such as price fixing
National Reclamation Act (1902)	Provided for federal irrigation projects by using money from the sale of public lands
Elkins Act (1903)	Imposed fines on railroads that gave special rates to favored shippers
Hepburn Act (1906)	Authorized the federal government to regulate railroad rates and set maximum prices for ferries, bridge tolls, and oil pipelines
Meat Inspection Act (1906)	Allowed the federal government to inspect meat sold across state lines and required inspection of meat-processing plants
Pure Food and Drug Act (1906)	Allowed federal inspection of food and medicine and banned the shipment and sale of impure food and the mislabeling of food and medicine
Sixteenth Amendment (1913)	Gave Congress the power to collect taxes on people's income
Seventeenth Amendment (1913)	Instituted the direct election of senators by the people of each state
Underwood Tariff Act (1913)	Lowered tariffs on imported goods and established a graduated income tax
Federal Reserve Act (1913)	Created the Federal Reserve Board to oversee banks and manage reserve funds
Federal Trade Commission Act (1914)	Established the Federal Trade Commission to monitor business practices, false advertising, and dishonest labeling
Clayton Antitrust Act (1914)	Strengthened the Sherman Antitrust Act by spelling out specific activities businesses could not do
Eighteenth Amendment (1919)	Banned the making, selling, and transporting of alcoholic beverages in the United States
Nineteenth Amendment (1920)	Gave women the right to vote in all elections

Workers' Rights Protected The Clayton Antitrust Act also ushered in a new era for workers by protecting labor unions from being attacked as trusts. Now, workers could organize more freely. Samuel Gompers of the American Federation of Labor (AFL) praised the new law as the "Magna Carta" of labor.

On the heels of these protections came the Workingman's Compensation Act (1916), which gave wages to temporarily disabled civil service employees. That same year, Wilson pushed for the Adamson Act to prevent a nationwide railroad strike, which would have stopped the movement of coal and food, leaving millions of Americans cold and hungry. Railroad union leaders insisted on the eight-hour day, but railroad managers would not accept it. Wilson called many company leaders to the White House, pleading with them to change their minds and avert a strike. When those efforts failed, he worked with Congress to pass the Adamson Act, which limited railroad employees' workdays to eight hours.

However, Wilson did not always support organized labor, as a tragic incident known as the Ludlow Massacre showed. In the fall of 1913, coal miners in Ludlow, Colorado, demanded safer conditions, higher pay, and the right to form a union. When the coal company refused, they walked off the job. Evicted from company housing, the miners and their families set up in a tent city near

the mines. The strike continued through the winter. Then, on April 20, 1914, the Colorado National Guard opened fire on the tent city and set fire to the tents, killing some 26 men, women, and children. In the end, Wilson sent federal troops to restore order and break up the strike. The miners' attempt to form a union had failed.

Checkpoint **What policies did Wilson pursue in support of his New Freedom program?**

Progressivism Leaves a Lasting Legacy

The political reforms of the Progressives had a lasting effect on the American political system. The initiative, referendum, and recall and the Nineteenth Amendment expanded voters' influence. Progressive reforms also paved the way for future trends. Starting in this period, the federal government grew to offer more protection to Americans' private lives while at the same time, gaining more control over peoples' lives.

The American economy today showcases the strength of the Progressives' legacy. Antitrust laws, the Federal Reserve Board, and the other federal agencies watch closely over the economy. The controls that Roosevelt and Wilson put in place continue to provide consumer protections. In later years, the government built on those actions to extend regulation over other aspects of business.

The Progressive years also greatly expanded the government's role in managing natural resources. Especially in the West, federal action on dams, national parks, and resource use remain major areas of debate. Those debates and decisions affect people in other regions as well. For example, while farmers in California, Arizona, or New Mexico worry about getting enough water to grow crops, the rest of the nation awaits the delivery of the food they grow.

It is true that many of the problems identified by the Progressives still plague us today. There are still dishonest sellers, unfair employment practices, and problems in schools, cities, the environment, and public health. However, the Progressive reformers passed on the idea that government can take action to help people fix those problems.

Checkpoint **What was the long-term impact of the Progressive Era on American life?**

SECTION 5 Assessment

Progress Monitoring *Online*
For: Self-test with vocabulary practice
Web Code: nea-0409

Comprehension

1. **Terms and People** For each item below, write a sentence explaining its significance.
   - Woodrow Wilson
   - New Freedom
   - Sixteenth Amendment
   - Federal Reserve Act
   - Clayton Antitrust Act

2. NoteTaking **Reading Skill: Identify Details** Use your flowchart to answer the Section Focus Question: What steps did Wilson take to increase the government's role in the economy?

Writing About History

3. **Quick Write: Use Vivid Language** Choose an event discussed in this section. In one or two paragraphs, retell a portion of the event. Be sure to use vivid language and include details. Do additional research if needed.

Critical Thinking

4. **Compare and Contrast** How were the goals and actions of Wilson's New Freedom similar to Roosevelt's New Nationalism? How were they different?
5. **Draw Conclusions** Describe how each of the following met Progressive goals: the Sixteenth Amendment; the Clayton Antitrust Act; the FTC.
6. **Demonstrate Reasoned Judgment** In which area do you think government reforms had the greatest impact? Why?