

SECTION 4 The Wilson Years

Guide to Reading

Main Idea

Woodrow Wilson pursued a Progressive agenda after his 1912 election victory.

Key Terms and Names

Progressive Party, New Nationalism, New Freedom, income tax, Federal Reserve Act, Federal Trade Commission, unfair trade practices, National Association for the Advancement of Colored People

Reading Strategy

Categorizing As you read about progressivism during the Wilson administration, complete a chart similar to the one below by listing Wilson's Progressive economic and social reforms.

Economic Reforms	Social Reforms

Reading Objectives

- **Describe** Wilson's economic and social reforms.
- **Evaluate** the legacy of the Progressive movement.

Section Theme

Government and Democracy Woodrow Wilson's reforms greatly increased the federal government's role in regulating the nation's economy.

Preview of Events



★ An American Story ★



A Woodrow Wilson election poster

On September 15, 1910, in the Taylor Opera House in Trenton, New Jersey, a young progressive named Joseph Patrick Tumulty watched as a lean man with iron-gray hair made his way toward the stage. The man was Thomas Woodrow Wilson, the Democratic Party's nominee for governor.

Wilson was the choice of the party bosses. As Tumulty recalled, progressives were “feeling sullen, beaten, and hopelessly impotent.” To Tumulty’s astonishment, Wilson announced: “I shall enter upon the duties of the office of governor, if elected, with absolutely no pledge of any kind to prevent me from serving the people of the state with singleness of purpose.”

Tumulty knew that Wilson was declaring his independence from the New Jersey political machine. It brought the progressives at the convention roaring to their feet. From one came the cry, “Thank God, at last, a leader has come!”

Two years later, Woodrow Wilson was the Democrats’ nominee for the presidency, an office they had won only twice since the Civil War. This time they were confident of victory, for Wilson, a committed progressive, faced a Republican Party wracked by division.

—adapted from *Wilson: The Road to the White House*

The Election of 1912

The 1912 presidential campaign featured a current president, a former president, and an academic who had entered politics only two years earlier. The election’s outcome determined the path of the Progressive movement and helped shape the nation’s path in the 1900s.



The Republican Party Splits Believing that President Taft had failed to live up to Progressive ideals, Theodore Roosevelt informed seven state governors that he was willing to accept the Republican nomination. “My hat is in the ring!” he declared. “The fight is on.”

The struggle for control of the Republican Party reached its climax at the national convention in Chicago in June. Conservatives rallied behind Taft. Most of the progressives lined up for Roosevelt. When it became clear that Taft’s delegates controlled the nomination, Roosevelt decided to leave the party and campaign as an independent. “We stand at Armageddon,” he told his supporters, “and we battle for the Lord.”

Declaring himself “fit as a bull moose,” Roosevelt became the presidential candidate for the newly formed **Progressive Party**, nicknamed the Bull Moose Party. Because Taft had alienated so many groups, the election of 1912 became a contest between two progressives: the Bull Moose Roosevelt and the Democrat Wilson.

Wilson’s Character and Background Woodrow Wilson entered politics as a firm progressive. As governor of New Jersey, he pushed one Progressive reform after another through the statehouse. He revamped election laws, established utility regulatory boards, and allowed cities to change to the commissioner form of government. In less than two years, New Jersey became a model of Progressive reform.

“New Freedom” Versus “New Nationalism” The election of 1912 was a contest between two men who supported progressivism, although they had different approaches to reform. Roosevelt accepted the economic power of the trusts as a fact of life and proposed a more powerful federal government and a strong executive to regulate them. Roosevelt also outlined a complete program of reforms. He favored legislation to protect women and children in the labor force and supported workers’ compensation for those injured on the job. He also wanted a federal trade commission to regulate industry in a manner similar to the ICC’s authority over railroads. Roosevelt called his program the **New Nationalism**.

Wilson countered with what he called the **New Freedom**. He criticized Roosevelt’s program as one that supported “regulated monopoly.” Monopolies, he believed, were evils to be destroyed, not regulated. Wilson argued that Roosevelt’s approach gave the federal government too much power in the economy

and did nothing to restore competition. Freedom, in Wilson’s opinion, was more important than efficiency. “The history of liberty,” Wilson declared, “is the history of the limitation of governmental power. . . . If America is not to have free enterprise, then she can have freedom of no sort whatever.”

Wilson Is Elected As expected, Roosevelt and Taft split the Republican voters, enabling Wilson to win the Electoral College and the election with 435 votes, even though he received less than 42 percent of the popular vote—less than Roosevelt and Taft combined. For the first time since Grover Cleveland’s election in 1892, a Democrat became president of the United States.

 **Reading Check** **Summarizing** Who were the three major candidates in the presidential election of 1912?

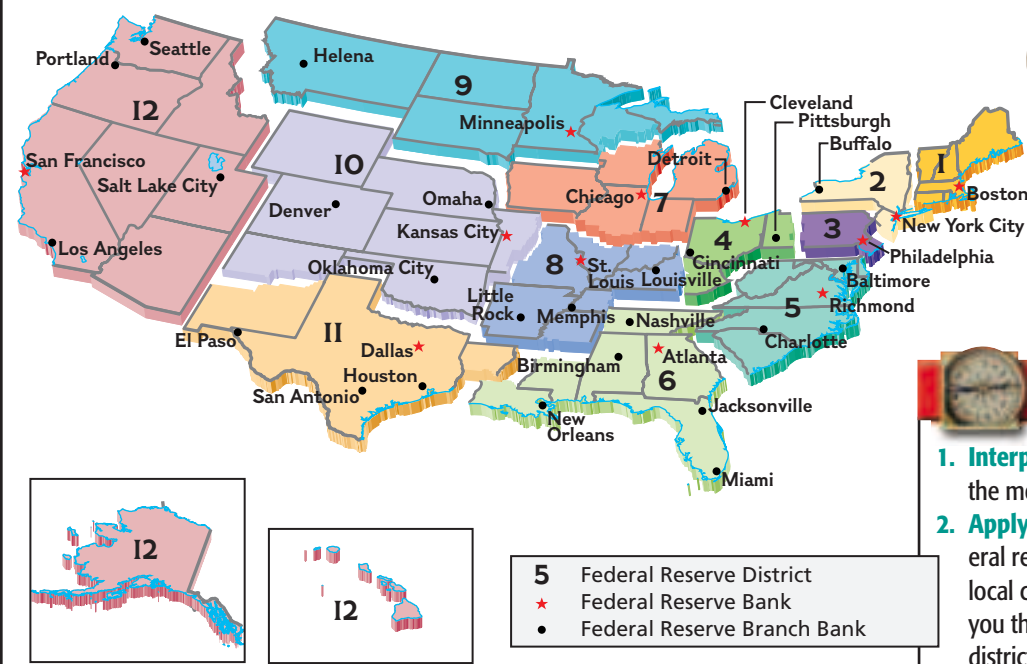
Regulating the Economy

The new chief executive lost no time in embarking on his program of reform. He immediately took charge of the government. “The president is at liberty, both in law and conscience, to be as big a man as he can,”



Picturing History

The New Freedom Woodrow Wilson initially believed that government should break up trusts. [Why did Wilson favor economic competition?](#)



Geography Skills

- 1. Interpreting Maps** Which state has the most branch banks?
- 2. Applying Geography Skills** The federal reserve system tied banks closer to local communities. What criteria do you think were used to determine district sizes and boundaries?

Wilson had once written. "His capacity will set the limit." During his eight years as president, Wilson demonstrated his power as he crafted reforms affecting tariffs, the banking system, trusts, and workers' rights.

Reforming Tariffs Five weeks after taking office, Wilson appeared before Congress, the first president to do so since John Adams. He had come to present his bill to reduce tariffs.

He personally lobbied members of Congress to support the tariff reduction bill. Not even Roosevelt had taken such an active role in promoting special legislation. In Wilson's message to Congress, he declared that high tariffs had "built up a set of privileges and exemptions from competition behind which it was easy . . . to organize monopoly until . . . nothing is obliged to stand the tests of efficiency and economy."

Wilson believed that the pressure of foreign competition would lead American manufacturers to improve their products and lower their prices. Lower tariff rates, he claimed, would help businesses by putting them under the "constant necessity to be efficient, economical, and enterprising."

In 1913 the Democrat-controlled Congress passed the **Underwood Tariff** and Wilson signed it into law. This piece of legislation reduced the average tariff on imported goods to about 30 percent of the value of the goods, or about half the tariff rate of the 1890s.

An important section of the Underwood Tariff Act was the provision for levying an **income tax**, or a direct tax on the earnings of individuals and corporations. The Constitution originally prohibited direct taxes unless they were apportioned among the states on the basis of population. In other words, the states would be paying the income tax, not individuals, and states with more people would pay more tax. Passage of the Sixteenth Amendment in 1913, however, made it legal for the federal government to tax the income of individuals directly.

ECONOMY

Reforming the Banks The United States had not had a central bank since the 1830s. During the economic depressions that hit the country periodically after that time, hundreds of small banks collapsed, wiping out the life savings of many of their customers. The most recent of these crises had been in 1907.

To restore public confidence in the banking system, Wilson supported the establishment of a Federal Reserve system. Banks would have to keep a portion of their deposits in a regional reserve bank, which would provide a financial cushion against unanticipated losses.

At the center of the Federal Reserve system would be a Board of Governors, appointed by the president. The Board could set the interest rates the reserve





banks charged other banks, thereby indirectly controlling the interest rates of the entire nation and the amount of money in circulation. This gave the Board the ability to fight inflation by raising interest rates and to stimulate the economy during a recession by lowering interest rates. Congress approved the new system at the end of 1913. The **Federal Reserve Act** became one of the most significant pieces of legislation in American history.


Antitrust Action During his campaign, Wilson had promised to restore competition to the economy by breaking up big business monopolies. Roosevelt argued that Wilson’s ideas were unrealistic because big business was more efficient and unlikely to be replaced by smaller, more competitive firms. Once in office, Wilson’s opinion shifted, and he came to agree with Roosevelt—but progressives in Congress continued to demand action against big business.

In the summer of 1914, at Wilson’s request, Congress created the **Federal Trade Commission** (FTC) to monitor American business. The FTC had the power to investigate companies and issue “cease and desist” orders against companies engaging in **unfair trade practices**, or those which hurt competition. The FTC could be taken to court if a business disagreed with its rulings.

Wilson did not want the FTC to break up big business. Instead, it was to work with business to limit activities that unfairly limited competition. He deliberately appointed conservative business leaders to serve as the FTC’s first commissioners.

Wilson’s approach did not satisfy progressives in Congress, who responded by passing the **Clayton Antitrust Act**. The act banned tying agreements, which required retailers who bought from one company to stop selling a competitor’s products. It also banned price discrimination. Businesses could not charge different customers different prices. Manufacturers could no longer give discounts to chain stores and other retailers who bought a large volume of goods.

Before the act passed, labor unions lobbied Congress to exempt unions from the antitrust laws. The Clayton Antitrust Act specifically declared that unions were not unlawful combinations in restraint of trade. When the bill became law, Samuel Gompers, head of the American Federation of Labor, called the Clayton Antitrust Act the worker’s “Magna Carta,” because it gave unions the right to exist.

 **Reading Check** **Evaluating** What was the impact of the passage of the Sixteenth Amendment?

Federal Aid and Social Welfare

By the fall of 1914, Wilson believed that his New Freedom program was essentially complete. As a result, he began to retreat from activism.

The congressional elections of 1914, however, shattered the president’s complacency. Democrats suffered major losses in the House of Representatives, and voters who had supported the Bull Moose Party in 1912 began returning to the Republicans. Realizing that he would not be able to rely on a divided opposition when he ran for re-election in 1916, Wilson began to support further reforms.

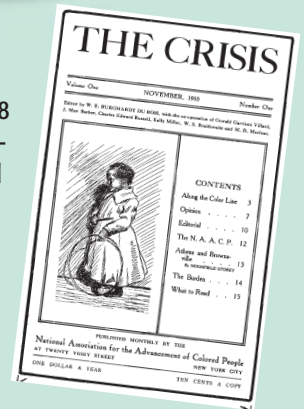
In 1916, for example, Wilson signed the first federal law regulating child labor. The Keating-Owen Child Labor Act prohibited the employment of children under the age of 14 in factories producing goods for interstate commerce. The Supreme Court



The NAACP

Past

Violent race riots broke out in 1908 in Springfield, Illinois, as immigrants and African Americans vied with other residents for scarce jobs. In one riot, a mob killed several African Americans and destroyed much property. Responding to the growing racial violence in the nation, an integrated group of citizens met in New York City to discuss remedies. Out of that meeting, the National Association for the Advancement of Colored People (NAACP) was born.



Present

Today the NAACP works for such causes as school desegregation, fair housing and employment, voter registration, and equal health care and income opportunity. It plays a role in establishing legal precedents to improve the quality of life for African Americans across the nation.





declared the law unconstitutional on the grounds that child labor was not interstate commerce and therefore only states could regulate it. Wilson's effort, however, helped his reputation with progressive voters. Wilson also supported the Adamson Act, which established the eight-hour workday for railroad workers, and the Federal Farm Loan Act, which created 12 Federal Land Banks to provide farmers with long-term loans at low interest rates.

✓ Reading Check **Examining** How did the Adamson Act improve labor conditions in the United States?

The Legacy of Progressivism

During his presidency, Wilson had built upon Roosevelt's foundation. He expanded the role of the federal government and of the president.

A New Kind of Government Progressivism made important changes in the political life of the United States. Before this era, most Americans did not expect the government to pass laws protecting workers or regulating big business. In fact, many courts had previously ruled that it was unconstitutional for the government to do so.

By the end of the Progressive era, however, both legal and public opinion had shifted. Increasingly, Americans expected the government, particularly the federal government, to play a more active role in regulating the economy and solving social problems.

The Limits of Progressivism The most conspicuous limit to progressivism was its failure to address African American reform issues. African Americans themselves, however, were absorbing the reform spirit, which fueled their longstanding desire for advancement.

In 1905 W.E.B. Du Bois and 28 other African American leaders met at Niagara Falls to demand full political rights and responsibilities for African Americans. They met on the Canadian side of the falls because no hotel on the American side would accept them. There they launched what became known as the Niagara Movement. This meeting was one of many steps leading to the founding of the **National Association for the Advancement of Colored People (NAACP)** in 1909. Du Bois and other NAACP founders believed that the vote was essential to bring about an end to lynching and racial discrimination. "The power of the ballot we need in sheer self-defense," Du Bois said, "else what shall save us from a second slavery?"

Despite the failure of most progressives to focus on racial issues, Progressive reform helped change American society in many ways. Although they excluded many groups from their efforts, the progressives expanded democracy and improved the quality of life for millions of men, women, and children. As the country entered World War I, however, Americans soon turned from reforming their own society to a crusade to "make the world safe for democracy."

✓ Reading Check **Evaluating** How did progressivism change American beliefs about the federal government?

SECTION 4 ASSESSMENT

Checking for Understanding

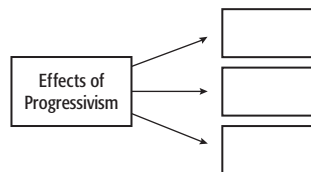
- Define:** income tax, unfair trade practices.
- Identify:** Progressive Party, New Nationalism, New Freedom, Federal Reserve Act, Federal Trade Commission, National Association for the Advancement of Colored People.
- Explain** why President Wilson proposed the establishment of the Federal Reserve System.

Reviewing Themes

- Government and Democracy** What new federal agencies increased the government's power to regulate the economy?

Critical Thinking

- Forming an Opinion** Which of Wilson's reforms do you consider most important? Why?
- Organizing** Use a graphic organizer similar to the one below to list the effects progressivism had on American society.



Analyzing Visuals

- Analyzing Photographs** Study the photograph on page 571. What details do you see in the image that might have contributed to tainted meat? When do you think the stamp above the photo began to be used?

Writing About History

- Expository Writing** Imagine that you are a newspaper editor during President Wilson's administration. Write an article on the shortcomings of the Progressive movement in terms of its attitudes about race. Provide ideas about how the movement might have addressed discrimination and segregation.

