

*The*  
*New American Nation Series*

EDITED BY  
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AND  
RICHARD B. MORRIS

WOODROW  
WILSON  
*AND THE*  
*PROGRESSIVE ERA*  
1910 ★ 1917

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ILLUSTRATED



NEW YORK AND EVANSTON  
HARPER & ROW, PUBLISHERS

## CHAPTER 3

### *The New Freedom and the Progressive Movement, 1913-16*

THE UNSUCCESSFUL struggle of the progressives to achieve a reserve banking and currency system owned and operated exclusively by the government underscored the dilemma in which the American progressive movement found itself during the years immediately preceding the First World War. The great impulses of the several movements for social and economic justice were now pulsating more strongly than before; diverse groups were in the field, campaigning for stringent regulation of industry, woman suffrage, federal child labor legislation, and advanced governmental aid to labor, farmers, tenant farmers, and the unemployed. It was inevitable that these progressives<sup>1</sup> should sooner or later coalesce to put their program across. The important question was whether the New Freedom philosophy was sufficiently dynamic to accommodate the advanced pro-

<sup>1</sup> Diverse though they were, the several parts of advanced progressivism were clearly distinguishable by 1913. The more radical progressives included, first, the several important organized groups dedicated to the cause of social justice—the American Association for Labor Legislation, the Consumers' League, the organized social workers, the National Child Labor Committee, and the National Association for the Advancement of Colored People. The leaders of organized labor should also be included, even though they generally refused to associate themselves with the professional students of labor problems. Finally, there were the farm organizations, like the National Farmers' Union, and shortly afterward the Non-Partisan League, that were now demanding a dynamic program of governmental intervention in their behalf, especially the establishment of a governmental system of long-term rural credits.

gressive concepts; whether Wilson himself could abandon his liberal, *laissez-faire* rationale and become a progressive statesman; whether, in brief, there was room in the Democratic party for progressivism of this type.

Evaluating the New Freedom at the end of the first ten months of Wilson's incumbency, advanced progressives would have disagreed in their answer to that vital question. Most of them conceded that the Underwood tariff was a step in the right direction, even though it was in part based on *laissez-faire* assumptions. They viewed the Federal Reserve Act, however, with mixed reactions. Uncompromising progressives, like La Follette, and the irreconcilable agrarians denounced it because of the large measure of private control that it allowed,<sup>2</sup> while middle-of-the-road progressives approved it as beginning a new experiment in public regulation. Even so, they must have suspected that Wilson's concessions to the progressive concept had been made under duress and were not the result of any genuine convictions on his part.

That this suspicion was well founded was demonstrated time and again from 1913 to 1916, by the manner in which the President either obstructed or refused to encourage the fulfillment of a large part of the progressive platform. There was, for example, the way in which he maneuvered on the important question of the application of the anti-trust law to labor unions. Since 1906 the American Federation of Labor had waged a relentless campaign to obtain immunity from the application of the Sherman Law to its methods of industrial warfare, particularly the secondary boycott.<sup>3</sup> The Democratic platforms of 1908 and 1912 had endorsed labor's demands, and Democratic leaders in Congress from 1911 to March, 1913, had tried conscientiously, if unsuccessfully, to redeem their party's pledges.

Failing to get their contempt and injunction bills past the Republican opposition, the Democratic leaders had attached a rider to the Sundry Civil bill of 1913, prohibiting the Justice Department from using any funds therein appropriated in the prosecution of labor unions or farm organizations. President Taft promptly vetoed the bill, de-

<sup>2</sup> E.g., R. M. La Follette, "Legalizing the 'Money Power,'" *La Follette's Weekly*, V (Dec. 27, 1913), 1; Daniel T. Cushing, *The Betrayal of the People in the Aldrich-Wilson Federal Reserve Act and the Rural Credits Act* (Washington, 1916).

<sup>3</sup> For a brief account of this campaign see "The Twenty-Year Struggle for Adequate Eight-Hour Legislation," *American Federationist*, XX (Aug., 1913), 590-616.

nouncing the rider as "class legislation of the most vicious sort." When the same measure came up again in the special session in April, Wilson intimated to Congressional leaders that he would not oppose the exemption. News of Wilson's apparent approval and passage of the bill with the rider attached evoked a flood of petitions and appeals to the President from practically every spokesman of organized capital in the country, and from many of his personal friends as well. "The most vicious bill ever enacted by a Congress of the United States now awaits your approval or your dissent," exclaimed George Harvey, perhaps the most authoritative conservative spokesman in the country.<sup>4</sup>

Under such pressure Wilson weakened and then reversed his position. He signed the bill on June 23 but at the same time issued a statement explaining that the rider was merely an expression of Congressional opinion and that he would find money in the general funds of the Justice Department for the prosecution of any groups that broke the antitrust law. The explanation was not convincing, either to conservatives or to labor leaders. "He attempts to retain the support of those who insist upon this special privilege . . . by signing the bill," Taft commented, "and at the same time to mitigate the indignation of those who have regarded this as a test of his political character by condemning the rider in a memorandum and excusing his signature."<sup>5</sup> On the other hand, Samuel Gompers, president of the A.F. of L., had tried to make it plain that labor demanded nothing less than class legislation in its behalf; he later added that his union would not be satisfied until the principles embodied in the rider had been written into substantive law.

In this first critical test, however, Wilson had signified that he would adhere to the New Freedom doctrine of "special privileges to none," that he would no more approve special legislation on labor's behalf than such legislation in the interest of any other class. Using the New Freedom doctrine to thwart the demands of the farm groups was somewhat more difficult, however, as the agrarian spokesmen constituted perhaps a majority of the Democratic membership in Congress. Under heavy pressure, Wilson had consented to the addition of the short-term

<sup>4</sup> "An Appeal to the President," *Harper's Weekly*, LVII (May 17, 1913), 3-4; also "Six Months of Wilson," *North American Review*, CXCVIII (Nov., 1913), 576-587.

<sup>5</sup> W. H. Taft to Gus J. Karger, June 25, 1913, the Papers of William Howard Taft, in the Library of Congress.

agricultural credit amendment to the Glass bill; but this had not involved federal subvention to farmers, nor did it satisfy farm groups throughout the country. Their chief objective was the establishment, underwriting, and operation by the federal government of a system of long-term credits. The question had been under discussion for many years; all three major parties promised some form of federal aid in their platforms of 1912. By 1913 the movement was so powerful that no one expected the new administration to resist it.

Indeed, at the beginning of the serious discussions of the rural credits question it appeared that no occasion for controversy would arise. In the spring of 1913 Congress authorized the appointment by the President of a Rural Credits Commission to study the problem and bring in a recommendation. The Commission studied rural credits systems in Europe during the summer; then its chairman, Senator Duncan U. Fletcher of Florida, framed a bill that would establish a system of privately controlled land banks, operating under federal charter.<sup>6</sup> Secretary of Agriculture Houston endorsed the bill and Wilson added his warm approval. In fact, he conferred with the joint subcommittee of the House and Senate banking committees that had charge of the legislation and urged prompt passage of the Fletcher bill.

Encouraged by the President's friendly attitude, the joint subcommittee at once set to work and came up, around May 1, 1914, with a bill that adopted more or less the framework of the system proposed in the Fletcher plan but added a provision requiring the government to furnish the capital of the land banks, to purchase their bonds if private investors did not, and to operate the system. It was practically the same rural credit bill that was finally passed in 1916. The reporting of this, the so-called Hollis-Bulkley bill, set off a significant controversy in the administration, significant because it pointed up Wilson's limited view of the proper function of government. The root of the difficulty was that the farm spokesmen were convinced a rural credits system without governmental support and sponsorship would never succeed in making farmers independent of private moneylenders, while Wilson and Houston were just as strongly convinced this was no kind of business for the federal government to engage in.

Houston cogently expressed this sentiment in a speech before the National Grange at Manchester, New Hampshire, in November, 1913. "I am not impressed," he said, "with the wisdom and the justice of

<sup>6</sup> Introduced on August 9, 1913.

proposals that would take the money of all the people, through bonds or other devices, and lend it to the farmers or to any other class at a rate of interest lower than the economic conditions would normally require and lower than that at which other classes are securing their capital. This would be special legislation of a particularly odious type, and no new excursions in this direction would be palatable when we are engaged in the gigantic task of restoring the simple rule of equity."<sup>7</sup>

The controversy came to a head when Representative Robert J. Bulkley insisted on introducing the joint subcommittee's bill, in spite of the indignant protests of Carter Glass and other administration leaders. To head off the revolt, Majority Leader Underwood called a caucus of the House Democrats. To the assembled throng Glass read a fervent appeal from the President declaring he would gladly approve the Hollis-Bulkley bill without the governmental aid feature. But, Wilson added, "I have a very deep conviction that it is unwise and unjustifiable to extend the credit of the Government to a single class of the community." This, he continued, was a clear and permanent conviction, one that had come to him, as it were, "out of fire."<sup>8</sup> Obviously threatening a veto of the Hollis-Bulkley bill, Wilson's letter angered the agrarian spokesman, who avowed there would be no rural credits legislation at all until the President changed his mind. Nor was there any such legislation, until new political circumstances prevailed in 1916 and Wilson abruptly reversed his position.

Wilson's momentary defeat of the rural credits measure pleased the private investors, but it generated a good deal of bitterness among the rural leaders of the country. Efforts of Democrats like Glass and Bryan to justify the President's stand in terms of "sound Democratic doctrine"<sup>9</sup> made little sense to editors of farm papers and presidents of granges and farmers' unions. When Congress reconvened in December, 1914, Senator Henry F. Hollis warned the President that he and Bulkley planned to renew their campaign, even though Wilson's Annual Message had relegated rural credits legislation to the scrap heap.<sup>10</sup> Pressure from the rural sections mounted during the following

<sup>7</sup> Quoted in *Commercial West*, XXIV (Nov. 22, 1913), 7-8.

<sup>8</sup> Wilson to Glass, May 12, 1914, the Woodrow Wilson Papers, in the Library of Congress.

<sup>9</sup> Glass to D. C. Pryer, July 9, 1914, the Papers of Carter Glass, in the Library of the University of Virginia; Glass to Herbert Myrick, May 18, 1914, *ibid.*; "Rural Credits Legislation," *The Commoner*, June, 1914.

<sup>10</sup> Hollis to Wilson, Dec. 11, 1914, Wilson Papers. In his Annual Message of

months. Without warning to administration leaders, the Senate on February 25, 1915, adopted an amendment to the agricultural appropriation bill providing for the establishment of a rural credits system in the Treasury Department. A few days later, on March 2, the House approved the Hollis-Bulkley bill, but the session expired before the conference committee could agree, and the President was spared the embarrassment of vetoing a bill that had overwhelming support in Congress and among the farmers of the country.

Thus Wilson successfully stood off the movements designed to swing the influence and financial support of the federal government to labor unions and farmers in their struggle for advancement. His strong conviction that there were definite limits beyond which the federal authority should not be extended was demonstrated, again, in the manner in which he thwarted the campaign of the social justice groups to commit the administration to a positive program of social legislation.

One of the chief objectives of the reformers, for example, was a federal child labor law. A model bill, drafted by the National Child Labor Committee, was introduced in the House by Representative A. Mitchell Palmer on January 26, 1914. It would be incorrect to say Wilson opposed it; he simply refused to support it because he thought it was unconstitutional.<sup>11</sup> And so long as he withheld his aggressive support the bill would never get past the Senate.

Another social justice objective was woman suffrage. Here, again, Wilson did not openly fight the cause but rather refused to aid it. And Southern opposition in Congress was so strong that without Wilson's most determined effort applied in its behalf a suffrage amendment could never obtain the necessary two-thirds vote. Wilson probably did

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December 8, 1914, Wilson had declared: "The great subject of rural credits still remains to be dealt with, and it is a matter of deep regret that the difficulties of the subject have seemed to render it impossible to complete a bill for passage at this session. But it can not be perfected yet, and therefore there are no other constructive measures the necessity for which I will at this time call your attention to." Ray S. Baker and William E. Dodd (eds.), *The Public Papers of Woodrow Wilson* (6 vols., New York, 1925-27), *The New Democracy*, I, 220.

<sup>11</sup> In early January, 1914, a delegation of leaders in the child labor reform movement requested an interview with the President. "Glad to see these gentlemen," Wilson replied, in a note to Tumulty, "but they ought to know, in all frankness, that no child labor law yet proposed has seemed to me constitutional." Wilson to Tumulty, inscribed at the bottom of Tumulty to Wilson, Jan. 24, 1914, Wilson Papers.

not believe it was proper for a lady to vote, but the excuse he always gave the delegations of suffragettes who visited him was that he was bound hand and foot in the matter because the Democratic platform had not approved a suffrage amendment.<sup>12</sup> Some of the interviews were not pleasant affairs, as the ladies could be brutally frank. For example, Mrs. Glendower Evans of Boston, who had escorted a large delegation of working women to the White House on February 2, 1915, reminded the President that in 1912 he had led her to believe he would support woman suffrage. Wilson replied that he had then spoken as an individual, but that he was now speaking as a representative of his party. "Of course," Mrs. Evans shot back, "you were gunning for votes then." Wilson's face turned red, but he managed a weak smile. On the occasion of the sixth visitation by petitioning females, however, he finally confessed that he was "tied to a conviction" that the states alone should control the suffrage.

A third item of the program supported by many leaders of the social justice movement was the imposition of some restriction on the enormous numbers of immigrants then coming to American shores. Restriction or, if possible, putting an end altogether to immigration had long been a prime objective of the A.F. of L. and other labor groups, whose spokesmen claimed unrestricted immigration operated to depress wages in the United States. Appalled by the dire effects of unrestrained immigration on American institutions, a number of leading sociologists and social workers supported the movement.<sup>13</sup> Moreover, the restrictionists were also strongly supported by anti-Catholic and anti-Jewish elements.

The device favored by the restrictionists and exclusionists of that day, the literacy test, was embodied in the Burnett general immigration bill, which the House approved on February 4, 1914, and the Senate on January 2, 1915. From the beginning of the debates in the House, Wilson had intimated he would veto the immigration bill if it included the literacy test. After the House passed the bill, he frankly warned Senate leaders that he would veto the measure if they did not strike

<sup>12</sup> *The New York Times*, Dec. 9, 1914; Elizabeth Glendower Evans, "An Audience at the White House," *La Follette's Weekly*, VI (Feb. 14, 1914), 5, 15.

<sup>13</sup> Among them were Henry P. Fairchild of Yale, Edward A. Ross of Wisconsin, Jeremiah W. Jenks of New York University, Thomas N. Carver of Harvard, Dean Leon C. Marshall of the University of Chicago, and Robert A. Woods of South End House, Boston. See H. P. Fairchild to Wilson, Mar. 17, 1914, Wilson Papers.

out the disputed provision.<sup>14</sup> Whether he thus acted out of conviction or for reasons of expediency, it is impossible to say,<sup>15</sup> but when the Senate approved the Burnett bill *in toto* he replied with a ringing veto. "Those who come seeking opportunity are not to be admitted unless they have already had one of the chief of the opportunities they seek, the opportunity of education," he asserted. "The object of such provisions is restriction, not selection."<sup>16</sup> Two years later, in January, 1917, Congress re-enacted the Burnett bill. Wilson replied again with a stirring veto, but this time the forces of restriction were not to be denied victory, and the House on February 1 and the Senate on February 5 overrode the veto.

One great measure of social justice, the Seamen's bill, had the President's approval in the beginning, as its purpose was only to free American sailors from the bondage of their contracts and to strengthen maritime safety requirements. Any recital of how this measure was passed should begin by taking account of the devotion and twenty years' unrequited labor of the president of the Seamen's Union, Andrew Furuseth—"one of the heroes of the world, who . . . forfeited money, position, comfort and everything else to fight the battle of the common sailor."<sup>17</sup> Furuseth finally found sponsors for his bill

<sup>14</sup> Wilson to Senator E. D. Smith, Mar. 5, 1914, *ibid.*

<sup>15</sup> Senator John Sharp Williams urged Wilson not to veto the Burnett bill. Wilson's reply indicated that political considerations were uppermost in his mind. He wrote: "I find myself in a very embarrassing situation about that bill. Nothing is more distasteful to me than to set my judgment against so many of my friends and associates in public life, but frankly stated the situation is this: I myself personally made the most explicit statements at the time of the presidential election about this subject to groups of our fellow-citizens of foreign extraction whom I wished to treat with perfect frankness and for whom I had entire respect. In view of what I said to them, I do not see how it will be possible for me to give my assent to the bill. I know that you will appreciate the scruple upon which I act." Wilson to Williams, Jan. 7, 1915, *ibid.*

<sup>16</sup> *The Public Papers, New Democracy*, I, 254.

It should be pointed out here that during this long controversy a number of the social justice leaders strongly opposed any form of restriction. See, e.g., Jane Addams to Wilson, Jan. 29, 1915, Wilson Papers; Stephen S. Wise to Wilson, Jan. 29, 1915, *ibid.*; *The Public*, XVIII (Feb. 5, 1915), 121.

The large employers of labor and their spokesmen, the spokesmen of the Italian-, Polish-, Hungarian-, and Russian-American societies, and the representatives of the Jewish community in the United States, however, were the real leaders in the fight against any form of restriction. The author could find no evidence that the Catholic Church entered the controversy on the political level.

<sup>17</sup> William Kent to Norman Hapgood, June 16, 1914, the Papers of William Kent, in the Library of Yale University.

in the Sixty-Second Congress, Representative William B. Wilson and Senator La Follette. It passed the House in 1912 and the Senate in 1913, only to receive a pocket veto from President Taft in the closing days of his administration.

Had the Seamen's bill been merely a matter of domestic concern it would probably have been promptly re-enacted by the Sixty-Third Congress and signed by the President. Before the international ramifications of the measure were brought home to him, for example, Wilson was cordially disposed and promised to support the bill. Trouble arose, however, because the measure in effect abrogated the contractual obligations of alien seamen on foreign ships in American ports, thus violating treaties with all the maritime powers.<sup>18</sup> Moreover, the United States had consented to send delegates to an international conference on safety at sea in London in November, 1913; it seemed hardly courteous for the nation that had taken the initiative in calling the conference to act unilaterally before it could meet.

The envoys of several of the great powers expressed these objections emphatically to the Secretary of State, but Wilson was not disturbed until John Bassett Moore, Counselor of the State Department, called his attention to them on October 16, 1913. By this time it was too late to stop action by the Senate, which on October 23 adopted the Furuseth bill sponsored by La Follette. The administration blocked action by the House, however, and the American delegates, Furuseth among them, went to the London conference unembarrassed by any prior action by their government. Furuseth resigned and came home when the conference adopted safety requirements that did not meet the standards of his own bill. The rest of the American delegates stayed on, however, and helped draft a Convention that imposed uniform and generally rigid safety standards on the vessels of all maritime powers.

The administration was now in another dilemma. Should the United States ratify the Convention on Safety at Sea unconditionally, which would mean abandoning the Furuseth bill, or should it ratify with a reservation that would leave room for the passage of that measure? Wilson let the State and Commerce departments, which in-

<sup>18</sup> The United States had entered into treaties with the maritime powers providing for the arrest of foreign seamen who deserted while their ships were in American ports. The Seamen's bill would have unilaterally abrogated these treaties.

sisted on unconditional ratification, make the decision; and he reversed his own support of the Furuseth bill and applied administration pressure toward speedy ratification of the Convention. Thus a bitter controversy ensued between the administration and some of the progressive leaders in Congress. In the end the progressives won. The House passed a modified version of the Furuseth bill on August 27, 1914; the Senate in December ratified the Convention with a sweeping reservation; and three months later both houses ratified the conference report.

Events now moved swiftly to a conclusion. Bryan urged the President to give the bill a pocket veto,<sup>19</sup> and the newspapers on March 1, 1915, predicted that this would be the measure's fate. Furuseth appealed in a moving letter, begging Wilson to approve the legislation for which he had fought so long, and Wilson replied in words indicating he had no alternative but to follow the advice of the State Department. The same day, March 2, La Follette, Furuseth, and Senator Owen called on Bryan. Bryan had never heard of Furuseth, but he was so shaken by the old sailor's plea that he at once reversed his position.<sup>20</sup> La Follette added his personal promise that Congress would give the State Department ample time in which to abrogate old treaties and negotiate new ones. Wilson signed the Furuseth bill on March 4, but apparently not without considerable soul searching. "I debated the matter of signing the bill very earnestly indeed . . ." he explained, "and finally determined to sign it because it seemed the only chance to get something like justice done to a class of workmen who have been too much neglected by our laws."<sup>21</sup>

The dearth in administration circles of any impelling passion for social justice was nowhere better illustrated than in the government's policy toward Negroes during Wilson's magistracy. During the campaign of 1912 Wilson had appealed for Negro support, and spokesmen for the cause of racial democracy, among them being Oswald Garrison Villard, William E. B. Du Bois, and William Monroe Trotter, had

<sup>19</sup> On the grounds that passage of the bill would require the United States to denounce unilaterally some twenty-two treaties with maritime nations. Bryan to Wilson, Feb. 27, 1915, the Papers of William Jennings Bryan, in the National Archives. See also Bryan to Wilson, Mar. 1, 1915, Wilson Papers, and Robert Lansing to Bryan, Mar. 1, 1915, *ibid.*

<sup>20</sup> Bryan also urged the President to suggest that the Seamen's bill be amended so as to give the State Department time in which to abrogate the treaties. Bryan to Wilson, Mar. 2, 1915, *ibid.*

<sup>21</sup> Wilson to Newton D. Baker, Mar. 5, 1915, *ibid.*

accepted his promises and worked for his election. Soon after Wilson's inauguration, Oswald Garrison Villard, one of the founders of the National Association for the Advancement of Colored People and publisher of the New York *Evening Post* and the *Nation*, called at the White House and presented a plan for the appointment of a National Race Commission to study the whole problem of race relations in the United States. Wilson seemed "wholly sympathetic" to the suggestion, and Villard left for a visit to Europe, confident Wilson would soon be ready to appoint the Commission.<sup>22</sup> He returned in July and tried several times to see the President, but Wilson refused to grant him an interview. Finally, when Villard appealed in personal terms, Wilson had to tell him that the political situation was too delicate for any such action, that the appointment of the Commission would incite the resentment of Southerners in Congress, whose votes he needed for the success of his legislative program.<sup>23</sup>

Villard's disappointment over Wilson's abandonment of the Race Commission was nothing, however, as compared with his consternation at the way in which Southern race concepts had gained ascendancy in Congress and in the administration. Southerners were riding high in Washington for the first time since the Civil War, demanding segregation in the government departments and public services and the dismissal or down-grading of Negro civil servants.

Throughout his incumbency, Wilson stood firm against the cruder demands of the white supremacists, but he and probably all of his Cabinet believed in segregation, social and official. The issue first arose on April 11, 1913, when Burleson suggested segregating all Negroes in the federal services. If there were any defenders of the Negro or any foes of segregation in the Cabinet they did not then or afterward raise their voice.<sup>24</sup> Shortly afterward the Bureau of the Census, the Post Office Department, and the Bureau of Printing and Engraving quietly began to segregate workers in offices, shops, rest rooms, and res-

<sup>22</sup> O. G. Villard to R. H. Leavell, May 15, 1913, the Papers of Oswald Garrison Villard, in Houghton Library, Harvard University. Villard's plan was explained in *A Proposal for a National Race Commission to be appointed by the President of the United States, Suggested by the National Association for the Advancement of Colored People* (n.p., n.d.).

<sup>23</sup> Villard to Wilson, Aug. 18, 1913, Villard Papers; Wilson to Villard, Aug. 21, 1913, *ibid.* Wilson made this point even clearer in a conversation with John Palmer Gavit on October 1, 1913, for an account of which see Gavit to Villard, Oct. 1, 1913, *ibid.*

<sup>24</sup> The Diary of Josephus Daniels, in the Library of Congress, Apr. 11, 1913.

taurants. Employees who objected were discharged.<sup>25</sup> Moreover, federal Post Office and Treasury officials in the South were given free rein to discharge and down-grade Negro employees. The postmaster of Atlanta, for example, discharged thirty-five Negroes. "There are no Government positions for Negroes in the South," the Collector of Internal Revenue in Georgia announced. "A Negro's place is in the cornfield."<sup>26</sup>

There had been segregation in the government departments before, to be sure, but it had been informal and unofficial. Now it seemed that for the first time since the Civil War the federal government had placed its approval on the Southern caste system. Needless to say, Negroes throughout the country were shocked and confused by this action of an administration that promised a new freedom for all the people. "I have recently spent several days in Washington, and I have never seen the colored people so discouraged and bitter as they are at the present time," the great leader of the Negroes wrote.<sup>27</sup> "We had looked forward in the hope that under your guidance all this would be changed," another Negro leader wrote the President, "but the cold facts presented to us show that these cherished hopes are to be dashed to the ground and that for a while longer we must continue to drink from this bitter cup."<sup>28</sup>

The anger of the Negro leaders at the new segregation policies was the natural reaction of a group who had hopefully supported the man they were sure would deal with them compassionately. More surprising, however, was the manner in which a large part of the progressive leadership of the North and Middle West rose in fervent protest. Villard and his *Nation* and New York *Evening Post* and the National Association for the Advancement of Colored People first sounded the alarm, and the storm of protests from editors, clergymen, and civic leaders that followed gave ample proof that the old spirit of equalitarianism was not dead.

Wilson was visibly surprised and greatly disturbed by the furor his

<sup>25</sup> May Childs Nerney to Oswald G. Villard, Sept. 30, 1913, Wilson Papers, is the report by an investigator for the National Association for the Advancement of Colored People. For other analyses see J. P. Gavit in New York *Evening Post*, Oct. 21, 1913, and William Monroe Trotter, "Federal Segregation Under Pres. Wilson," *Boston Guardian*, Oct. 25, 1913.

<sup>26</sup> Atlanta *Georgian and News*, Oct. 7, 1913.

<sup>27</sup> Booker T. Washington to O. G. Villard, Aug. 10, 1913, Wilson Papers.

<sup>28</sup> W. F. Powell to Wilson, Aug. 25, 1913, *ibid.*

subordinates had provoked. From the beginning of the controversy, however, he contended that segregation was being instituted in the interest of the Negroes, and throughout he stoutly maintained this position. "I would say that I do approve of the segregation that is being attempted in several of the departments," he wrote, for example, to the editor of the influential *Congregationalist*.<sup>29</sup> Moreover, when the militant Boston Negro spokesman, William Monroe Trotter, headed a delegation to carry a protest to the White House and spoke rashly, the President virtually ordered him out.

In every respect the whole affair was tragic and unfortunate—one of the worst blots on the administration's record. It was more than even Wilson's staunchest editorial supporter, Frank Cobb, could stomach. "It is a small, mean, petty discrimination," he cried in protest, "and Mr. Wilson ought to have set his heel upon this presumptuous Jim-Crow government the moment it was established. He ought to set his heel upon it now. It is a reproach to his Administration and to the great political principles which he represents."<sup>30</sup>

Although the President never set his heel upon Jim Crow, the forthright protests of the liberal North had some effect. The Treasury Department reversed its policy and began quietly to eliminate segregation. But more important was the fact that the segregation movement in other departments was entirely checked. Jim Crowism was not rooted out of the federal government, to be sure, but at least the white supremacists were less bold and far less successful after 1913.

The segregation affair caused many progressives to wonder what kind of progressive Wilson was. Their confusion was compounded, moreover, by the perplexing reversals that Wilson executed when he proceeded to complete his legislative program by fulfilling his pledges to strengthen the antitrust laws.

Wilson had fabricated the New Freedom program in 1912 largely out of promises to destroy monopoly and restore free competition. He had, moreover, evolved a fairly definite remedy, which was to rewrite the rules of business practice so clearly that there could be no doubt as to their meaning, and to enforce these rules by the normal processes of prosecution and adjudication. Not until the middle of November, 1913, however, when the Underwood bill was passed and the Federal Reserve bill was safely on its way to passage in the Senate, did Wilson

<sup>29</sup> Wilson to Rev. H. A. Bridgman, Sept. 8, 1913, *ibid.*

<sup>30</sup> *New York World*, Nov. 13, 1914.

give any thought to details. On November 20 he began a long series of conferences with Democratic leaders in Congress, seeking their views and requesting them to submit their recommendations. The news that the President was determined to carry through with antitrust legislation also provoked the introduction of a bewildering variety of bills when Congress convened in December.

By the middle of December most of the recommendations were in, and it was evident that progressive opinion was divided over the remedy. The main body of Democrats desired merely an interpretative amendment of the Sherman Act, to define precisely the prohibitions against restraint of trade, to outlaw interlocking directorates of all kinds, and to narrow and clarify the "rule of reason," promulgated by the Supreme Court in 1911.<sup>31</sup> A minority of Democrats and practically all progressive Republicans, on the other hand, agreed with Theodore Roosevelt that this was a naïve solution, that it would be impossible to define by statute every conceivable restraint of trade. They wanted instead a powerful, independent trade commission armed with broad authority and capable of suppressing unfair competition whenever it arose and under whatever guise.<sup>32</sup>

Wilson had to choose, therefore, between what he called the "two ways open to us"—in brief, to choose between the solution he had offered in 1912 and the program that Roosevelt and his friends championed. He pondered this question during his vacation at Pass Christian, Mississippi, over the Christmas holidays, and if there was any doubt in his mind it was quickly resolved. He would press ahead for legislation along New Freedom lines, in spite of the great pressure that was being brought to bear upon him by personal friends and spokesmen of the great business interests to abandon his efforts, in spite of the seeming surrender of the House of Morgan, when it announced on

<sup>31</sup> The rule of reason, first promulgated by the Supreme Court in the Standard Oil case in May, 1911 (221 U.S. 1) and shortly afterward reaffirmed in the American Tobacco case (221 U.S. 106), represented a triumph for Chief Justice Edward D. White, who, since 1897, had contended that the framers of the Sherman Act had intended to outlaw only unreasonable, or direct, restraints of trade, not reasonable restraints that were normally ancillary to most contracts.

Some Democrats, notably John Sharp Williams and Bryan, wanted to abolish the rule of reason altogether and outlaw every restraint of trade, whether direct or ancillary. See J. S. Williams to Wilson, Jan. 13, 1914, Wilson Papers.

<sup>32</sup> For an analysis of such proposals see J. E. Davies to Wilson, Dec. 27, 1913, and "Memorandum of Recommendations as to Trust Legislation by Joseph E. Davies, Commissioner of Corporations," both in *ibid.*



January 2, 1914, its withdrawal from thirty directorships in banks, railroads, and industrial firms.<sup>33</sup>

Soon after his return to Washington, Wilson had full-dress conferences with Congressional leaders, who agreed to support the program the administration had formulated. Then, appearing for the fifth time before a joint session, the President explained in unusual detail the kind of legislation he had in mind. He brandished no flaming sword against business, however, but offered an olive branch of peace and the hope of permanent accommodation. "The antagonism between business and Government is over," he said several times, as if to emphasize that he was speaking for the best business thought of the country.<sup>34</sup>

Wilson's program was embodied in three bills, originally drawn by Chairman Henry D. Clayton of the House Judiciary Committee, which were soon combined into one measure, known as the Clayton bill. It enumerated and prohibited a series of unfair trade practices, outlawed in unqualified terms interlocking directorates and stockholdings, and gave private parties benefit of decisions in suits that the government had originated. A fourth bill, prepared by Representatives Clayton, James H. Covington, and William C. Adamson and Senator Francis G. Newlands, created an interstate trade commission to supplant the Bureau of Corporations. The new commission would be no independent arbiter of business practices, however, but would serve merely as the right arm of the Justice Department in antitrust matters. Actually, it was the Bureau of Corporations, under a new name and with a little more power—as Wilson said, no "dangerous experiment," but a "safe and sensible" agency that all Democrats could approve. A final feature of the program was the bill prepared by Representative Sam Rayburn of Texas and Louis D. Brandeis, to give the Interstate Commerce Commission control over the issuance of new securities by the railroads.<sup>35</sup>

This, therefore, was the substance of the original Wilson program for

<sup>33</sup> *The New York Times*, Jan. 3, 1914.

<sup>34</sup> *The Public Papers, New Democracy*, I, 81-88.

<sup>35</sup> This measure passed the House on June 5, 1914, but later died in the Senate, in part a casualty of the panic that the war evoked. During the early months of the war the American security markets were in a chaotic condition; the New York Stock Exchange was closed; and the railroads were in a state approaching insolvency. Administration leaders decided, therefore, to drop the Rayburn bill entirely.

trust reform. No sooner was it proposed, however, than there arose a storm of confusing dissent and criticism. The "Money Trust" expert, Samuel Untermyer, rushed to Washington and pointed to many weaknesses in the Clayton bill. Brandeis, who was now spending most of his time in Washington, was evolving an entirely new solution, the cornerstone of which was the strengthening of small business by fair-trade price laws. Progressives and the representatives of small business were up in arms in protest against the plan for a weak interstate trade commission. And to compound the difficulty, Democratic leaders in Congress began to quarrel among themselves over jurisdiction and details. It seemed no one knew what to do or how to do it.

The most serious controversy of all, however, was that which occurred when the labor leaders and spokesmen in Congress read the Clayton bill and found nothing in it to give labor unions exemption from the application of the antitrust laws. Gompers and his colleagues in the A.F. of L. had supported Wilson in 1912 and had confidently expected the administration to stand by the Democratic platform pledges to exempt labor and farm organizations from the penalties of the Sherman law. They were now up in arms, threatening the Democrats with loss of labor's vote if these demands were not conceded. "Without further delay," Gompers declared, "the citizens of the United States must decide whether they wish to outlaw organized labor."<sup>36</sup>

In this bitter controversy Wilson and his Congressional leaders stood absolutely firm. The most they would concede was a compromise amendment providing for jury trials in cases of criminal contempt, circumscribing the issuance of injunctions in labor disputes, and declaring that neither farm nor labor unions should be considered as illegal combinations in restraint of trade when they lawfully sought to obtain legitimate objectives.<sup>37</sup> This did not go far enough to suit the

<sup>36</sup> *New York World*, Mar. 1, 1914.

<sup>37</sup> Wilson was emphatic in declaring that the provision did not authorize labor unions to use methods of industrial warfare that had previously been condemned by the courts. *The New York Times*, June 2, 1914; *New York World*, June 2, 1914.

Representative E. Y. Webb of North Carolina, who framed the compromise provision, further explained:

"The framers of the Sherman law never intended to place labor organizations and farmers' organizations under the ban of that law. The existence of a labor of farmers' union never has been unlawful, and is not unlawful today, but it was decided to place in the statutory law of the country a recognition of the rights of those organizations to exist and carry out their lawful purposes.