

## T. Woodrow Wilson

### Wilson's Background:

T. Woodrow Wilson was the son of a Presbyterian minister in the state of Virginia. He was instilled with a strict morality that lasted a lifetime and characterized his entire political career. He was a highly educated man, one of the most cerebral Presidents we've ever had. He attended Princeton University where he studied history and political science. Mr. Wilson then became a professor at Princeton and eventually the President of Princeton University. He was extremely literate, the author of numerous books on history and politics and he was a progressive educator. His philosophy of teaching was that students should do discovery research as part of the learning process-- not be lectured at or indoctrinated with inactive learning (sound familiar?). He established the present day graduate program (a very progressive idea) at the University.

### Political Experience:

Wilson was nominated to run for Governor in 1910 by the political bosses of Jersey cities because they thought they would be able to push "the long haired professor" around. Little did they know that this progressive educator was an extreme moralist and would not be bullied. Once elected, Wilson immediately began to try to reform the political corruption of the state. He passed anti-trust laws in the state and instituted direct primaries. The bosses were happy to see him move on to national politics.

The Democratic Party immediately recognized that Wilson was presidential material, he had everything they were looking for. In 1912 the Democrats were looking for someone who was an accomplished politician, progressive, and some what unknown on the national scene. They had spent the last 12 years with William Jennings Bryan as the leader of the party and they were endeavoring to show the voting population that the Democrats had some trailblazing ideas.

### Wilson as President:

Wilson surmised that the President should be powerful in the face of the Congress, yet the states should be the main regulating body of the people. Some politicians thought the President to be an intellectual snob because he was so eloquent and made well versed references to literature in his discourse. But, Wilson soon dispelled that with his connections to the people. He showed his complete understanding of the political process with his many new presidential precedents. Wilson was the first President since 1800 to actually deliver his State of the Union Address live to Congress-- a very good way to drive home his progressive goals to this stagnant bull headed body. All others sent page boys to read their speeches. Wilson was the first President to use press conferences in the White House and to have a press secretary.

One of the first issues President Wilson tackled was the tariff. As promised, Wilson wrote a bill that lowered the rates, however, as soon as the bill went to the Senate, the fat cat Senators began to play their little amendment game and the rates began to rise. Woodrow Wilson expected to deal with such corruption and proved to the nation that his political acumen was second to none. The 17th Amendment was just passed and 1/3 of the entire Senate was up for reelection directly by the people for the first time in history. So Wilson took it to the streets. He spent six weeks traveling around the country by train, going to the states where the high tariff Senators were up for reelection and explained to the electorate what the little rascals in the Senate were doing and how lower tariff rates would help reduce the cost of living for them. The Senators's offices were flooded with angry letters from the voters for the first time in history and the Underwood Simmons Tariff was passed in 1913. Score one for the Democrat from New Jersey.

A "Triple wall of Privilege" existed: 1. 2. 3.

Another lasting accomplishment and campaign promise was the Federal Reserve Banking Act of 1913. The American banking system had not been regulated since 1863 with the National Banking Act that forced banks to keep a certain percentage of saving account money in their vaults for customers withdrawals (this was to prevent runs on banks). This act attempted to wrench control of the monetary economy from J.P. Morgan's banking trust and install it back with the federal government. This is the way the system works:

Local banks (i.e. First Fidelity of Lakeland Savings) need quick short loans of large amounts of cash during economic cycles (millions of dollars for perhaps 3 days for example).

These banks go to the twelve **Federal Reserve Banks** (created by this act) for this quick cash. The Federal Reserve banks charge these small banks a loan fee called the **Prime Rate** or the **Discount Rate**. The small banks then set their loan rates according to the Prime Rate.

The **Federal Reserve Board** headed by the Director of the Federal Reserve, sets the prime or discount rate in quarterly meetings. This board can increase the cash flow (which means it stimulates growth in the economy) by lowering the prime rate, because then it would be cheaper for the average person to borrow money from the local banks. The Fed can also control inflation by increasing the prime rate which then increases the cost (interest rate) of private loans-- causing the circulation of money in the nation to slow down.

The Federal Reserve banking system has remained exactly the same since it's creation in 1913, and the director of the Federal Reserve Board is a very powerful man. (For extra credit-- be the first person in this class to tell me -- at any time during the day-- the name of the current director of the Fed for five points on the test).

Wilson also created a banking act to help the old Populist part of his party (the farmers). The Federal Farm Loan Banks were created to remove the power of the mortgage banks to foreclose on the farmers. They gave the old Populist low interest rate loans that were very lenient about collecting in bad harvest years.

Part of the New Freedoms platform was the destruction of the giant combinations. The President addressed this problem in the Clayton Anti Trust Act. It spelled out exactly what corporations were not allowed to do:

1. They could not purchase stock of a competitors corporation however, they could buy out the company for example if Nike bought out Reebok they would have to change the name of the sneakers produced to Nike.

2. People could not sit on the board of directors of two companies that produced the same goods, for example Rockefeller could not be chair of Exxon and Mobile at the same time. As a private citizen he could own stock in both companies, but it couldn't be controlling shares.

3. To fight the trusts and enforce these new laws Wilson created the Federal Trade Commission to replace the weaker Bureau of Corporations created by Teddy Roosevelt.

Finally Wilson fulfilled his campaign promise to help workers. He passed the Keating Owen Child Labor Act. It outlawed child labor (no one below the age of 13) in companies that participated in inter state trade. This law was eventually found unconstitutional by a very old and conservative Supreme Court. When Wilson was finally given the chance to replace some of the justices he appointed Oliver Wendell Holmes Jr. and Louis Brandeis who were known as the most Progressive Supreme Court Justices in the history of the court. This was a large step towards larger federal regulation. The Admson Act also limited the railroad workers to an eight hour work day and time and a half overtime pay.