

## The Progressive Presidents

By Eric Foner

(From 'Give Me Liberty')

Despite the ferment of Progressivism on the city and state levels, the most striking political development of the early twentieth century was the rise of the national state. The process of nationalization was occurring throughout American life. National corporations dominated the economy; national organizations like the American Medical Association came into being to raise the incomes and respect of professions. The process was even reflected in the consolidation of local baseball teams into the American and National Leagues and the advent in 1903 of the World Series. Only energetic national government, Progressives believed, could create the social conditions of freedom.

Despite creative experiments in social policy at the city and state levels, the tradition of localism seemed to most Progressives an impediment to a renewed sense of national purpose. Poverty, economic insecurity, and lack of industrial democracy were national problems that demanded national solutions. The democratic national state, wrote *New Republic* editor Herbert Croly, offered an alternative to control of Americans' lives by narrow interests that manipulated politics or by the all-powerful corporations. Croly proposed a new synthesis of American political traditions. To achieve the "Jeffersonian ends" of democratic self-determination and individual freedom, he insisted, the country needed to employ the "Hamiltonian means" of government intervention in the economy. Each in his own way, the Progressive presidents—Theodore Roosevelt, William Howard Taft, and Woodrow Wilson—tried to address this challenge.

### Teddy Roosevelt

In September 1901, the anarchist Leon Czolgosz assassinated William McKinley while the president visited the Pan-American Exposition in Buffalo, New York. At the age of forty-two, Vice President Theodore Roosevelt became the youngest man ever to hold the office of president. Roosevelt was an impetuous, energetic individual with a penchant for what he called the "strenuous life" of manly adventure. In many ways, he became the model for the twentieth-century president, an official actively and continuously engaged in domestic and foreign affairs. (The foreign policies of the Progressive presidents will be discussed in the next chapter.) Roosevelt regarded the president as "the steward of the public welfare." He moved aggressively to set the political agenda.

When the British writer H. G. Wells visited the United States soon after the turn of the century, he found that "the steady trend towards concentration" had become "the cardinal topic of thought and discussion in the American mind." Roosevelt's program, which he called the Square Deal, attempted to confront the problems caused by economic consolidation by distinguishing between "good" and "bad" corporations. The former, among which he included U.S. Steel and Standard Oil, served the public interest. The latter were run by greedy financiers interested only in profit, and had no right to exist.

Soon after assuming office, Roosevelt shocked the corporate world by announcing his intention to prosecute under the Sherman Antitrust Act the Northern Securities Company. Created by financier J. P. Morgan, this "holding company" owned the stock and directed the affairs of three major western railroads. It monopolized transportation between the Great Lakes and the Pacific. Morgan was outraged. "Wall Street is paralyzed," quipped one newspaper, "at the thought that a President of the United States should sink to enforce the law." In 1904, the Supreme Court ordered Northern Securities dissolved, a major victory for the antitrust movement.

### Roosevelt and Economic Regulation

Roosevelt also believed that the president should be an honest broker in labor disputes, rather than automatically siding with employers as his predecessors had usually done. When a strike paralyzed the West Virginia and Pennsylvania **coalfields** in 1902, he summoned union and management leaders to the White House. By threatening a federal takeover of the mines, he persuaded the owners to allow the dispute to be settled by a commission he himself would appoint.

Reelected in 1904, Roosevelt pushed for more direct federal regulation of the economy. Appealing to the public for support, he condemned the misuse of the “vast power conferred by vast wealth.” He proposed to strengthen the Interstate Commerce Commission, which the Supreme Court had essentially limited to collecting economic statistics. By this time, journalistic exposés, labor unrest, and the agitation of Progressive reformers had created significant public support for Roosevelt’s regulatory program. In 1906, Congress passed the Hepburn Act, giving the ICC the power to examine railroads’ business records and to set reasonable rates, a significant step in the development of federal intervention in the corporate economy. That year, as has been noted, also saw the *Pure Food and Drug Act*, which established a federal agency to police the quality and labeling of food and drugs, and the Meat Inspection Act. Many businessmen supported these measures, recognizing that they would benefit from greater public confidence in the quality and safety of their products. But they were alarmed by Roosevelt’s calls for federal inheritance and income taxes and the regulation of all interstate businesses.

### **The Conservation Movement**

A dedicated outdoorsman who built a ranch in North Dakota in the 1880s, Roosevelt also moved to preserve parts of the natural environment from economic exploitation. If the United States lagged behind Europe in many areas of social policy, it led the way in the conservation of national resources. The first national park, Yellowstone in Wyoming, had been created in 1872—partly to preserve an area of remarkable natural beauty, and partly at the urging of the Northern Pacific Railroad, which was anxious to promote western tourism. In the 1890s, the Scottish-born naturalist John Muir organized the Sierra Club to help preserve forests, which he called “God’s first temples,” from uncontrolled logging by timber companies and other intrusions of civilization. Congress in that decade authorized the president to withdraw “forest reserves” from economic development.

It was under Roosevelt that conservation became a concerted federal policy. Relying for advice on Gifford Pinchot, the head of the U.S. Forest Service, he ordered that millions of acres be set aside as wildlife preserves and encouraged Congress to create new national parks. The creation of parks like Yellowstone, Yosemite, and Glacier required the removal of Indians who hunted and fished there as well as the reintroduction of animals that had previously disappeared. City dwellers who visited the national parks did not realize that these were to a considerable extent artificially created and managed environments, not primordial nature.

In some ways, conservation was a typical Progressive reform. Manned by experts, the government could stand above political and economic battles, serving the public good while preventing “special interests” from causing irreparable damage to the environment. The aim was less to end the economic utilization of natural resources than to develop responsible, scientific plans for their use. Pinchot halted timber companies’ reckless assault on the nation’s forests. But unlike Muir, he believed that development and conservation could go hand in hand and that logging, mining, and grazing on public lands should be controlled, not eliminated. Conservation also reflected the Progressive thrust toward efficiency and control—in this case, control of nature itself.

In the view of Progressive conservationists, the West’s scarcest resource—water—cried out for regulation. Governments at all levels moved to control the power of western rivers, building dams and irrigation projects to regularize their flow, prevent waste, and provide water for large-scale agriculture and urban development. With such projects came political conflict, as cities like Los Angeles and San Francisco battled with rural areas for access to water. After secretly buying up large tracts of land in the Owens Valley east of the city, for example, the City of Los Angeles constructed a major aqueduct between 1908 and 1913, over the vigorous objections of the valley’s residents. By the 1920s, so much water had been diverted to the city that the once thriving farming and ranching businesses of Owens Valley could no longer operate.

### **Taft in Office**

Having served nearly eight years as president, Roosevelt did not run again in 1908. His chosen successor was William Howard Taft, a federal judge from Ohio who had served as governor of the Philippines after

the Spanish-American War. Taft defeated William Jennings Bryan, making his third unsuccessful race for the White House. Taft's inaugural address expressed the Progressive view of the state: "The scope of a modern government . . . has been widened far beyond the principles laid down by the old 'laissez-faire' school of political writers."

Although temperamentally more conservative than Roosevelt, Taft pursued antitrust policy even more aggressively. He persuaded the Supreme Court in 1911 to declare John D. Rockefeller's Standard Oil Company (one of Roosevelt's "good" trusts) in violation of the Sherman Antitrust Act and to order its breakup into separate marketing, producing, and refining companies. The government also won a case against American Tobacco, which the Court ordered to end pricing policies that were driving smaller firms out of business. In these decisions, the justices announced a new standard for judging large corporations—the "rule of reason"—which in effect implemented Roosevelt's old distinction between good and bad trusts. Big businesses were not, in and of themselves, antitrust violators, unless they engaged in policies that stifled competition.

Taft supported the Sixteenth Amendment to the Constitution, which authorized Congress to enact a graduated income tax (one whose rate of taxation is higher for wealthier citizens). It was ratified shortly before he left office. A 2 percent tax on incomes over \$4,000 had been included in a tariff enacted in 1894 but had been quickly declared unconstitutional by the Supreme Court as a "communistic threat to property." The movement to resurrect the income tax united southern and western farmers who wished to reduce government dependence on revenue from the tariff, which they believed discriminated against nonindustrial states, and Progressives who believed that taxation should be based on the ability to pay. A key step in the modernization of the federal government, the income tax provided a reliable and flexible source of revenue for a national state whose powers, responsibilities, and expenditures were growing rapidly.

Despite these accomplishments, Taft seemed to gravitate toward the more conservative wing of the Republican Party. Only a few months after taking office, he signed the Payne-Aldrich Tariff, which reduced rates on imported goods but not nearly as much as reformers wished. Taft's rift with Progressives grew deeper when Richard A. Ballinger, the new secretary of the interior, concluded that Roosevelt had exceeded his authority in placing land in forest reserves. Ballinger decided to return some of this land to the public domain, where mining and lumber companies would have access to it. Gifford Pinchot accused Ballinger of colluding with business interests and repudiating the environmental goals of the Roosevelt administration. When Taft fired Pinchot in 1910, the breach with party Progressives became irreparable. In 1912, Roosevelt challenged Taft for the Republican nomination. Defeated, Roosevelt launched an independent campaign as the head of the new Progressive Party.

## **Election of 1912**

All the crosscurrents of Progressive era thinking about what *McClure's Magazine* called "the problem of the relation of the State and the corporation" came together in the presidential campaign of 1912. The four-way contest between Taft, Roosevelt, Democrat Woodrow Wilson, and Socialist Eugene V. Debs became a national debate on the relationship between political and economic freedom in the age of big business. At one end of the political spectrum stood Taft, who stressed that economic individualism could remain the foundation of the social order so long as government and private entrepreneurs cooperated in addressing social ills. At the other end was Debs. Relatively few Americans supported the Socialist Party's goal of abolishing the "capitalistic system" altogether, but its immediate demands—including public ownership of the railroads and banking system, government aid to the unemployed, and laws establishing shorter working hours and a minimum wage—summarized forward-looking Progressive thought.

But it was the battle between Wilson and Roosevelt over the role of the federal government in securing economic freedom that galvanized public attention in 1912. The two represented competing strands of Progressivism. Both believed government action necessary to preserve individual freedom, but they differed over the dangers of increasing the government's power and the inevitability of economic concentration. Though representing a party thoroughly steeped in states' rights and laissez-faire ideology, Wilson was deeply imbued with Progressive ideas. "Freedom today," he declared, "is something more than

being let alone. The program of a government of freedom must in these days be positive, not negative merely.” As governor of New Jersey, Wilson had presided over the implementation of a system of workmen’s compensation and state regulation of utilities and railroads.

### **New Freedom and New Nationalism**

Strongly influenced by Louis D. Brandeis, with whom he consulted frequently during the campaign, Wilson insisted that democracy must be reinvigorated by restoring market competition and freeing government from domination by big business. Wilson feared big government as much as he feared the power of the corporations. The New Freedom, as he called his program, envisioned the federal government strengthening antitrust laws, protecting the right of workers to unionize, and actively encouraging small businesses—creating, in other words, the conditions for the renewal of economic competition without increasing government regulation of the economy. Wilson warned that corporations were as likely to corrupt government as to be managed by it, a forecast that proved remarkably accurate.

To Roosevelt’s supporters, Wilson seemed a relic of a bygone era; his program, they argued, served the needs of small businessmen but ignored the inevitability of economic concentration and the interests of professionals, consumers, and labor. Wilson and Brandeis spoke of the “curse of bigness.” What the nation actually needed, Walter Lippmann countered, was frank acceptance of the benefits of bigness, coupled with the intervention of government to counteract its abuses. Lippmann was expressing the core of the New Nationalism, Roosevelt’s program of 1912. Only the “controlling and directing power of the government,” Roosevelt insisted, could restore “the liberty of the oppressed.” He called for heavy taxes on personal and corporate fortunes and federal regulation of industries, including railroads, mining, and oil.

The Progressive Party platform offered numerous proposals to promote social justice. Drafted by a group of settlement-house activists, labor reformers, and social scientists, the platform laid out a blueprint for a modern, democratic welfare state, complete with woman suffrage, federal supervision of corporate enterprise, national labor and health legislation for women and children, an eight-hour day and “living wage” for all workers, and a national system of social insurance covering unemployment, medical care, and old age. Described by Roosevelt as the “most important document” since the end of the Civil War, the platform brought together many of the streams of thought and political experiences that flowed into Progressivism. Roosevelt’s campaign helped to give freedom a modern social and economic content and established an agenda that would define political liberalism for much of the twentieth century.

### **Wilson’s First Term**

The Republican split ensured a sweeping victory for Wilson, who won about 42 percent of the popular vote, although Roosevelt humiliated Taft by winning about 27 percent to the president’s 23 percent. In office, Wilson proved himself a strong executive leader. He established an office at the Capitol so that he could confer regularly with members of Congress about pending legislation, and he was the first president to hold regular press conferences in order to influence public opinion directly and continuously. He delivered messages personally to Congress rather than sending them in written form like all his predecessors since John Adams.

With Democrats in control of Congress, Wilson moved aggressively to implement his version of Progressivism. The first significant measure of his presidency was the Underwood Tariff, which substantially reduced duties on imports and, to make up for lost revenue, imposed a graduated income tax on the richest 5 percent of Americans. There followed the Clayton Act of 1914, which exempted labor unions from antitrust laws and barred courts from issuing injunctions curtailing the right to strike. In 1916 came the Keating-Owen Act outlawing child labor in the manufacture of goods sold in interstate commerce, the Adamson Act establishing an eight-hour workday on the nation’s railroads, and the Warehouse Act, reminiscent of the Populist subtreasury plan, which extended credit to farmers when they stored their crops in federally licensed warehouses.

## **Expanding Role of Government**

Some of Wilson's policies seemed more in tune with Roosevelt's New Nationalism than the New Freedom of 1912. He abandoned the idea of aggressive trust-busting in favor of greater government supervision of the economy. Wilson presided over the creation of two powerful new public agencies. In 1913, Congress created the **Federal Reserve System**, consisting of twelve regional banks. They were overseen by a central board appointed by the president and empowered to handle the issuance of currency, aid banks in danger of failing, and influence interest rates so as to promote economic growth. The law was a delayed response to the Panic of 1907, when the failure of several financial companies threatened a general collapse of the banking system. With the federal government lacking a modern central bank, it had been left to J. P. Morgan to assemble the funds to prop up threatened financial institutions. Morgan's actions highlighted the fact that in the absence of federal regulation of banking, power over finance rested entirely in private hands.

A second expansion of national power occurred in 1914, when Congress established the **Federal Trade Commission (FTC)** to investigate and prohibit "unfair" business activities such as price-fixing and monopolistic practices. Both the Federal Reserve and FTC were welcomed by many business leaders as a means of restoring order to the economic marketplace and warding off more radical measures for curbing corporate power. But they reflected the remarkable expansion of the federal role in the economy during the Progressive era.

By 1916, the social ferment and political mobilizations of the Progressive era had given birth to a new American state. With new laws, administrative agencies, and independent commissions, government at the local, state, and national levels had assumed the authority to protect and advance "industrial freedom."