

**READING CHECK**

What did Wilson call his plan for reform?

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**VOCABULARY STRATEGY**

What does the word *intellectual* mean in the underlined sentence? What clues can you find in the surrounding words, phrases, or sentences? Circle the words in the underlined sentence that could help you learn what *intellectual* means.

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**READING SKILL**

**Identify Details** Name two laws that Wilson helped pass that reformed banking or business.

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During the 1912 election, Roosevelt and Taft split the Republican Party vote, allowing Democrat **Woodrow Wilson** to win the election. Wilson was an intellectual man from Virginia who had taught college as a professor before becoming governor of New Jersey. Like Roosevelt, Wilson was a reformer who thought government should play an active role in the economy. He shaped his ideas into a three-part program he called the **New Freedom**.

First, Wilson tried to prevent manufacturers from charging unfairly high prices. He cut tariffs on imported goods, which made foreign goods more competitive in the United States and forced U.S. producers to charge fair prices. He also pushed for creation of an income tax, which the **Sixteenth Amendment** gave Congress the power to do. This tax more than made up for the money the government lost by lowering tariffs.

Second, Wilson pushed Congress to pass the **Federal Reserve Act**. This law gave the government authority to supervise banks by placing national banks under the control of a Federal Reserve Board. Regional banks were then set up to hold reserve funds from commercial banks. The Federal Reserve also set the interest rate that banks pay to borrow money from other banks. This system ensured that no one person or bank had too much control over the economy.

Third, Wilson made sure that trusts did not behave unfairly. He persuaded Congress to create the **Federal Trade Commission (FTC)** to monitor business practices and watch out for false advertising and dishonest labeling. Congress also passed the **Clayton Antitrust Act**, which strengthened earlier antitrust laws by spelling out which business activities were illegal. The act helped workers by protecting labor unions from being attacked as trusts.

Progressivism had a major impact on the nation. Political reforms expanded the power of voters. Economic reforms enabled the government to regulate corporations and banks in the interest of the public. Consumer protections gave the public confidence that the products they bought were not harmful. The government also began to manage natural resources all over the nation.

**Review Questions**

1. Why did Wilson support the Federal Reserve Act?

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2. What were three ways Wilson wanted to regulate the economy?

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