Promises Into Policy

Trace how Wilson's New Freedom shaped federal action

USH.C.2.4.D "Describe the work of President Woodrow Wilson's administration, including the promises of "New Freedom" and passage of the Federal Reserve Act."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline the three New Freedom goals in the first paragraph. Then circle at least one federal action in the later paragraphs that advanced each goal.

What Would New Freedom Change?

1. In 1913, a small shop owner might worry about two powerful forces: a giant company able to crush rivals and a bank that might run short of cash. President Woodrow Wilson entered office promising a *New Freedom* for people trying to compete. He argued that government should remove barriers to opportunity rather than simply accept that a few corporations would dominate the economy. His program called for lower tariffs, stronger rules against unfair business practices, and changes to banking. Those promises became a test: could federal action make markets more open without running every business from Washington?

2. Wilson and Congress cut tariff rates through the Underwood Tariff Act of 1913. Lower tariffs made it easier for imported goods to compete with goods made in the United States, putting pressure on domestic companies to keep prices down. In 1914, Wilson signed laws that attacked another obstacle to competition. The Federal Trade Commission Act created an agency to investigate and challenge unfair methods of competition. The Clayton Antitrust Act banned certain business practices that could reduce competition, including some arrangements that kept customers from buying from rival firms. These measures turned the New Freedom's promise of fairer competition into federal policy.

3. Banking posed a different problem. Before Wilson took office, financial panics could send depositors rushing to withdraw money, leaving banks unable to meet demand. Wilson signed the Federal Reserve Act in 1913. It created a central banking system with regional Federal Reserve Banks overseen by a federal board. Member banks could obtain funds through the system when they needed cash, and the system could adjust the supply of money and credit. The act did not make bank failures impossible. It aimed to make banking more stable so businesses and households would not face sudden shortages of credit.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did the Underwood Tariff Act put one New Freedom promise into practice?

2. Describe how the two laws Wilson signed in 1914 addressed the New Freedom goal of fair competition.

3. What banking problem did the Federal Reserve Act address, and how did its new system respond?

4. How did the Federal Reserve Act pursue the New Freedom differently from the Underwood Tariff Act?

3 YOUR TURN

Your own words

Imagine you advise a town where a large company blocks rival shops from buying supplies and local banks struggle to get cash during a rush of withdrawals. Write four sentences explaining which two Wilson-era federal measures could help, how each would work, and one limit on what either measure could guarantee.

ANSWER KEY

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HIGH SCHOOL · USH.C.2.4.D

PART 1 · READ AND MARK

Underline the three New Freedom goals in the first paragraph. Then circle at least one federal action in the later paragraphs that advanced each goal. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did the Underwood Tariff Act put one New Freedom promise into practice?	**It lowered tariffs, making it easier for imported goods to compete with goods made in the United States.**
2	Describe how the two laws Wilson signed in 1914 addressed the New Freedom goal of fair competition.	**The Federal Trade Commission Act created an agency to challenge unfair methods of competition. The Clayton Antitrust Act banned certain practices that could reduce competition.**
3	What banking problem did the Federal Reserve Act address, and how did its new system respond?	**Financial panics could leave banks short of cash. The act created a system through which member banks could obtain funds, helping stabilize banking and credit.**
4	How did the Federal Reserve Act pursue the New Freedom differently from the Underwood Tariff Act?	**The Federal Reserve Act sought steadier banking and credit. The Underwood Tariff Act lowered tariffs to increase competition from imported goods.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

The Clayton Antitrust Act could prohibit the company's exclusive supply contracts if they substantially reduce competition. This could give rival shops a better chance to buy supplies and compete. The Federal Reserve system could provide funds to member banks facing a sudden demand for cash. The Federal Reserve Act could not guarantee that no bank would fail.

Accept another relevant competition measure, such as action by the Federal Trade Commission, if the response explains how it applies. The banking measure must not be described as a guarantee against bank failure or as direct federal loans to households.