Excerpted from:

A Patriot's History of the United States by Larry Schweikart & Michael Allen (2004) pp497-508

CQ#4: How successful were the Progressives? What did they achieve? What were the major obstacles to Progressivism?

Reading Guide: Consider the following prompts to help you focus your reading.

(1) According to Schweikart & Allen, who were the Progressives? How do they describe/characterize Progressives?
(2) How do Schweikart & Allen portray/characterize the leading candidates in the 1912 Presidential election (Roosevelt, Taft, Wilson & Debs)
(3) What are Schweikart & Allen's views on Progressive Era bank reform?
(4) What are Schweikart & Allen's views on income taxes and Progressive efforts to establish an income tax?
(5) To what extent was Progressivism a success?

Progressive Reformers

…An even larger movement, that of the Social Gospel, sprang from mainstream Protestant ministers who emphasized social justice over perfecting the inner man, and the relationship of Christians to others in society. Social Gospel advocates included Washington Gladden, an Ohio Congregational minister; Walter Rauschenbusch, a New York Baptist preacher; and Kansan Charles Sheldon, whose In His Steps sold 23 million copies and was a precursor to the twenty-first-century WWJD (What Would Jesus Do?) movement. Most Social Gospelers endorsed minimum wage and child labor laws, favored a redistribution of wealth, and generally embraced state regulation of business. To do so usually involved significant revisions of the Bible, and many (though not all) Social Gospelers abandoned any claims about scripture's literal accuracy. Instead, the Social Gospelers viewed the Bible as a moral guidebook—but no more than that. These modernists also "abandoned theological dogmatism for greater tolerance of other faiths."

Secularist reformers continued the quest for perfectionism with something like a religious zeal. They wielded great influence in the first decade of the new century. By 1912, Progressives found adherents in both political parties and had substantial support from women, who supported health and safety laws and prohibition and temperance legislation. In turn, woman suffrage became a centerpiece of all Progressive reform. Theodore Roosevelt had done much to dull the campaign issues of food and drug reform and trust-busting. Individual states initiated many Progressive ideas for direct election of judges, popular initiative for legislation that the state assembly did not wish to bring up, public referenda on unpopular bills advanced by the legislatures, and recall of public officials. (Indeed, Arizona's statehood had been held up until 1912 because its constitution had all these features.)

Reform impulse sprang up as much in the West as in the big cities of the East. Arizona, California, Nevada, Oregon, Washington, New Mexico, Texas, Kansas, Montana, Wyoming, Utah, Idaho, Oklahoma, and South Dakota all had enacted woman suffrage by 1919. Progressive ideas were in the air everywhere: from Virginia to Wisconsin, professional city managers replaced city councils, and new campaigns to reform government swept from South Dakota to Texas. There was a certain illogic to the whole reform mentality. Full-time career politicians were venal, and thus needed to be replaced with professional managers. But professional managers were also untrustworthy because they wanted the job in the first place! Jefferson and Madison's dream of part-time citizen legislators, who would convene at the capital, do their business, and then go home to their constituents, under assault since the Jacksonian party system, now yielded further to demands for the professionalization of politics. This professionalization hardly eliminated corruption. Rather, it changed the names of those controlling the graft.

Under ordinary circumstances, immigrants were the object of considerable pandering, but election days brought even more extreme treatment for those who had newly arrived on American shores. Bosses trucked the immigrants to polls and paid them to vote for the machine. When possible, party loyalists voted multiple times, honoring Tweed's maxim to "vote early and often." Supporters stuffed ballot boxes with the names of dead voters, wrote in fictitious residents, or, conversely, helped lose ballot boxes from areas where the opposing party might do well. Secret ballots, of course, undercut this power by hampering vote buying and also by preventing illiterate citizens from voting, since they could no longer take a colored card that indicated party preference, but had to actually read a ballot.

All the while a climate of violence and larceny—and, not surprisingly, organized crime—hovered around the perimeter of political machines, occasionally swooping in to grab a contract or blackmail an official. Every ethnic group in a large city had its own mob. The Italian Mafia was merely the most notorious of these; the Irish, Jews, and, in subsequent decades, blacks, Puerto Ricans, Chinese, and Jamaicans had gangs, and every gang battled every other, often in bloody shootouts. Corruption filtered down into police departments, where being on the take was viewed as a legitimate bonus as long as it did not interfere with prosecuting real criminals. Law enforcement officials routinely winked at brothels, gambling rooms, even opium dens—as long as the users remained blissfully pacific—in return for payola envelopes that appeared in the officers' coat pockets during their daily rounds.

In 1911 the Chicago Metropolitan Vice Commission conducted a thorough study of prostitution, which shocked the investigators. At least five thousand full-time prostitutes worked the city—one for every two hundred women in Chicago—although that number, the commission estimated, might have represented a conservative guess that did not include so-called clandestine prostitutes, such as married women making part-time money. Equally stunning, the prostitution business (when counting procurers, pimps, tavern owners, thugs, and crime lords who ran the districts) probably generated upward of $15 million in annual revenues.

Had the money stayed only with the criminals, it would have been easier to deal with. But as the commission reported, the graft was so widespread that prostitution income found its way into the hands not only of the owners of the bordellos, but also of the police, judges handling the cases, and politicians appointing the judges.

Progressive-era reformers tried to remedy such social ills and vices through education, their most valued weapon. Public education in such areas as hygiene, they contended, would solve the problems of venereal disease and alcoholism. Only a few groups, such as the Catholic Church, pointed out that a wide gap existed between education and morality, or that secular knowledge did not equate with spiritual wisdom. Reformers silenced those voices with ridicule and embarrassment.

Reformers such as Jane Addams firmly believed all urban dwellers should conform to certain Progressive ideals regarding living spaces ("clean" and not too crowded), personal behavior (eschewing hard liquor, prostitution, gambling, and other vices), and civic equality (women should vote and be educated). The fact that they were imposing what were, in reality, upper-class values on people who did not have the means to maintain them did not stop the reformers.

Social activists found that they needed more than good intentions to gain the upper ground in the reform debates—they needed an aura of expertise. Consequently, intellectuals and academics appropriated the concept of professionalism and special insight based on science and numbers, and now they applied a strange twist. To claim superior understanding of urban issues, reformers could not rely on established fields of learning, so they created entirely new subjects in which they could claim mastery. These social sciences by their very name asserted scientific explanations for human behavior. The new social scientists found that if, in addition to numbers, they could invoke esoteric and virtually indecipherable theories, their claims to special insight became even more believable. Many Americans would dismiss them immediately as cranks, while some (especially the elites and other intellectuals) would find them to be on the cutting edge and revolutionary and would feed their ideas back into the system. Thorstein Veblen was one of the first sociologists to emerge from the new disciplines. Writing A Theory of the Leisure Class (1899), a predictably antibusiness book, Veblen proposed a new economic system in which power would reside in the hands of highly trained engineers, including, one suspects, himself. Famous (or, perhaps, notorious) for his theory of conspicuous consumption, Veblen viewed the economic world as a zero-sum scenario in which one person's consumption decreased the amount of goods available to someone else. In that sense, he reinforced the positions of Progressive social scientists, who sought to use science to bolster their antivice crusades. Social scientists managed to exert great influence on lower levels of society by inserting Progressive views of morality and behavior into the public education system through the social hygiene movement. Who, after all, could oppose cleanliness and good health? And whom better to target than children?

Cleaning up individual morality still took a backseat to the central task of eliminating corruption of the city and state governments. Obsessed with perfecting the political system at all levels, Progressives were responsible for the bookends that touched on each end of reform. The first, the income tax, represented a continued irrational antipathy toward wealthy Americans. Hostility toward the rich had characterized the Populists' platforms, and had never completely disappeared after the 1890s. The interesting twist now was that guilty Progressive elites sought to take wealth from other non-Progressive elites by appealing to still other strata in society. Concerns over inequities in wealth distribution and banking reform were the central features of the Progressives' agenda. The second, temperance, which had receded temporarily as an issue after the Civil War, found renewed interest in the early twentieth century.

In the 1960s former Alabama governor George Wallace, running as a third-party candidate, complained that there wasn't a dime's worth of difference between the Republicans and the Democrats. He would have been right in 1912, when not one, and not two, but all three of the major candidates to one degree or another embraced the agenda of Progressivism. The incumbent William Howard Taft, the Democratic challenger Woodrow Wilson, and the former president Theodore Roosevelt, now an insurgent seeking to unseat Taft, all professed their belief in strong antitrust actions, tariff reform, direct taxation, and more equitable wealth distribution. Of the three, Wilson (perhaps) was the most idealistic, but given the nature of Progressivism itself, all three suffered from a skepticism of free markets and an affinity for government intervention in public health.

Roosevelt held the key to the election. No successor would have satisfied him. "Theodore Rex," as one recent biographer called him, had an ego that precluded yielding the spotlight. Few leaders inherently combined such raw frontier aggressiveness with an upper-class Progressive reform mentality. Roosevelt was a fusion of human diversity as opposite as Arnold Schwarzenegger is from Ralph Nader. Certainly Taft, despite his intention to continue TR's Progressive agenda, could not measure up. Roosevelt was at his best when campaigning against something, or someone, even if it was his own successor.

He selected Taft as his heir, then ran off to Africa on a safari, only to be hunted down himself by Pinchot and other malcontents who disliked the new president. Within two years of anointing Taft, Roosevelt had second thoughts. The president had a poor public image, despite an activist agenda that would have made even Roosevelt blanch. He had brought eighty antitrust suits (compared to TR’s twenty-five) and declared more lands for public use (that is, yanking them from the private sector) than Roosevelt. Many Republicans, however, disliked Taft, partly out of his sour relations with Congress, partly out of a concern for his weak public image, but most of all because he was not Roosevelt. Consequently, a group of Republican leaders contacted Roosevelt about running in the 1912 election, which the former president greeted with his characteristic toothy smile. Roosevelt planned to enter the primaries, gaining enough convention delegates to wrest the nomination from the incumbent Taft.

Party hierarchies, though, do not embrace change any more readily than the professional business managers on whom they pattern themselves. Unpopular incumbents, whether Taft in 1912, Hoover in 1932, or Ford in 1976, generally maintain sufficient control over the machinery of the party to prevent a coup, no matter how attractive the alternative candidate. Roosevelt should have recalled his own dominance of the procedures in 1904, when he had quashed an insurgent movement to replace him at the top of the ticket. Taft’s men knew the same tricks. TR needed only 100 votes to win the nomination, but it may as well have been a thousand. The Taft forces controlled the procedures, and the president emerged as the party’s nominee. Unwilling to bow out gracefully, Roosevelt declared war on Taft, forming his own new party, the Progressive Party (which had as its logo the Bull Moose). Roosevelt invoked thoroughly Progressive positions, moving to the left of Taft by advocating an income tax and further regulation of business. This not only stole votes that normally would have gone to Taft, but it also allowed Democrat Woodrow Wilson to appear more sensible and moderate.

Roosevelt won 4.1 million votes and 88 electoral college votes, compared to 3.4 million for Taft (and 8 electoral votes). This gave Wilson an electoral victory despite taking only 6.2 million popular votes (45 percent of the total), a number lower than any other victorious president since Lincoln had won with less than half the country in 1860. TR effectively denied the White House to Taft, allowing the second Democrat since Reconstruction to be elected president.

An ominous note was sounded by the candidacy of the avowed socialist Eugene V. Debs, who received nearly a million votes. Uniting the anarchists, Populists, Grangers, and Single Taxers, the Socialist Party had witnessed a rapid growth, from 10,000 in 1901 to 58,000 in 1908 to its peak of just under 1 million votes, or 6 percent of the total vote cast, in the 1912 election. Debs, whom fellow socialist Margaret Sanger once dubbed a silly silk-hat radical, was the glue that held together the disparate groups.21 Despite their meteoric rise, however, the socialists flattened out against the hard demands of industry in World War I.

One could not miss the contrast of the American election, where the winner had only a plurality and where there was no challenge whatsoever to the legitimacy of the election, with the events in Spain the same year, where not one but two prime ministers in succession were assassinated; or in Paraguay, where two successive presidents were overthrown in coups (one hunted down and killed); or in neighboring Mexico, where Francisco Madero overthrew President Porfirio Díaz, but who lasted only a few months himself before being overthrown by Victoriano Huerta. In short, America’s remarkable stability and willingness to peacefully abide by the lawful results of elections was a glaring exception to the pattern seen in most of the world.

Woodrow Wilson was a throwback in many ways to the old Van Buren ideal, or rather, the reverse of it—a Southern man of Northern principles. Born in 1856, Wilson grew up in Georgia, where he saw the Civil War firsthand as a boy. His Presbyterian minister father sent Woodrow to Princeton, then to the University of Virginia Law School, then to Johns Hopkins, where he earned a doctorate. Throwing himself into academia, Wilson became a political science professor at Princeton, then, in 1902, its president. His 1889 book, The State, adopted a strangely Darwinian view of government. He called for regulation of trade and industry, regulation of labor, care of the poor and incapable, sumptuary laws, as well as prohibition laws.22 With great pride, Wilson observed that government did whatever experience permits or the times demand, and he advocated a "middle ground" between individuals and socialism. Wilson argued that "all combination [emphasis added] which leads to monopoly" must be under the direct or indirect control of society.

Both Wilson's Progressive positions and his prominent place at Princeton made him a prime prospect for the New Jersey governorship, which he won in 1910 on a platform of ending corruption in state government. By the time he ran for president in 1912, Wilson could claim roots in both the South and North, blending the two under the banner of Progressive idealism.

Wilsonian Progressivism

Timing is a large part of any presidency. Presidents receive credit for programs long under way before their arrival, or pay the penalty for circumstances they inherit. As a Progressive president, Wilson benefited from ideas already percolating through the system, including the income tax and reform of the national banking system. This one-two punch, it could be argued, did more to fundamentally reorder American economic life than any other package of legislation passed anytime thereafter, including the New Deal and Great Society programs. Both received the enthusiastic support of Wilson's secretary of the treasury, William Gibbs McAdoo, who helped craft the banking reform, which he called a "blow in the solar-plexus of the money monopoly." A Georgia Populist/Progressive lawyer, McAdoo stood firmly on the side of reform, whether it was food and product safety, taxes, or banking, and as a Southerner, he bridged the old Confederacy gap by invoking the name of Lincoln favorably while touting Wilson as a Southerner. However, he abandoned states' rights entirely by hastening the transfer of financial power from New York to Washington through both taxation and banking policies.

America's banking system had suffered criticism since the Civil War. It was too elastic. It was not elastic enough. It was too centralized in New York. It was not centralized enough in New York. For twenty years, it had seemed that the colossus J. P. Morgan alone might carry the nation's banking community on his shoulders like Atlas. He did so in 1893, then again in 1907, at which time he announced that even with support from other syndicate members, including some foreign bankers, the next panic would sink him and the country. Consequently, by the turn of the century most of the so-called bank reformers—including numerous bankers from the Midwest who feared for their own smaller institutions if large East Coast banks got into trouble—agreed on three main principles for shoring up the system.

First, genuine bank reform needed (in their view) to fill the void left by the old BUS as a central bank. Never mind that the BUS had never fulfilled that function. Collective memory inaccurately said that the Bank had restrained the inflationary impulses of the state banks, and thus provided a crucial check on the system in times of stress. The new central bank above all should be a lender of last resort, that is, it should provide cash (liquidity) when there were isolated bank runs.

Second, bank reformers concluded that an elastic money supply was needed in which credit and cash could expand in good times and contract in bad. This was a main complaint about the money supply under the National Bank Act—that the national banks lacked the ability to rapidly issue new banknotes or any mechanism for withdrawing them from circulation. Of course, any elastic powers would centralize even further the money supply in the hands of one source, as opposed to the many national banks who each issued their own notes, providing some tiny measure of competition.

Third, all but a few of the most conservative East Coast bankers wanted to reduce the power of New York's financial community. A certain element of anti-Semitism accompanied this because the phrase "New York bankers" was really code for "New York Jewish bankers." It regurgitated the old fears of the Rothschilds and their "world money power," but even well-meaning Midwestern bankers looked suspiciously at the influence eastern banking houses had over affairs in Kansas or Colorado. It seemed unfair to them that an East Coast panic could close banks in Littletown or Salina.

Critics noted another problem, namely, that national banks could not just print money willy-nilly. To expand the number of notes they issued, the national banks had to purchase additional U.S. government bonds, a process that could take several months. Certainly the structure did not enhance elasticity. On the other hand, states permitted branch banking (which enhanced stability and solvency), whereas national banks were denied branching privileges.

The entire banking structure still relied on gold as a reserve. For gold to effectively police international transactions, all nations had to abide by the rules of the game. If one nation had a trade deficit with another, it would make up the difference in gold. But this meant a decrease in that nation's gold reserve, in turn decreasing the amount of money issued by that nation's central bank, causing a recession. As prices fell, the terms of trade would then swing back in that country's favor, whereupon gold would flow in, and the cycle would reverse.

The difficulty with the gold standard was not financial, but political: a nation in recession always had an incentive to go off the gold standard. However, from 1900 to 1912 most nations faithfully submitted to the discipline of gold in a time of prosperity. Such false optimism cloaked the fact that when the pressure of national recessions began, the temptation would be for each country to leave the gold standard before another. In the meantime, however, it reinforced the desire on the part of American reformers to create a financial system with a central bank along the lines of the European model.

Following the many plans and proposals drawn up by bankers' organizations over the previous thirty years, in November 1910 five men met in secrecy on Jekyll Island, Georgia, to design a new financial system for the nation. Frank Vanderlip (president of National City Bank), Paul Warburg (a powerful partner in Kuhn, Loeb and Company), Henry Davison (a partner in the Morgan bank), Harvard professor A. Piatt Andrew, and Senator Nelson Aldrich of Rhode Island outlined the plan that became the Federal Reserve System. They presented their completed plan to Congress, where it stagnated. Many viewed it as too centralized, and others complained that it did not deal with the "money power" of New York's banks.

Meanwhile, the House held hearings in 1912 that dragged J. P. Morgan and other prominent bankers before the Banking and Currency Committee. Morgan was accused of "consolidation" and stifling competition. In fact, Morgan and his contemporaries had strengthened the system and protected depositors by establishing combinations and utilizing clearinghouses, which were private organizations that reduced the likelihood of panics and provided a setting for effective information exchange. House members pontificated about the evils of consolidation—an incredible irony given that in the 1930s, after the Great Depression, another set of congressional investigators would complain that the competitiveness within the securities industry helped cause the stock market crash. Thus, bankers were criticized for competing and criticized for combining!

Congressional interest in the Jekyll Island proposal revived, but with emphasis on decentralizing the system and in reducing the influence of New York's banks. The result was the Federal Reserve Act, passed by Congress in 1913. Under the act, twelve Federal Reserve banks would be established across the country, diminishing New York's financial clout. Atlanta, Boston, Dallas, San Francisco, Minneapolis, Chicago, Cleveland, Philadelphia, and Richmond all received Federal Reserve Banks, and Missouri got two—St. Louis and Kansas City. Each bank was a corporation owned by the commercial banks in its region and funded by their required deposits. In return, the member banks could borrow from the Reserve bank in their region. A separate board of governors, housed in Washington, D.C., consisting of representatives from each bank, was to set policy, but in reality, each bank tended to go its own way. These characteristics allowed the Federal Reserve System to appear to be independent of the government and nonpartisan.

While decentralizing the financial system answered one critical need demanded by the reformers, the Fed (as it became known) also met another in that it served as the lender of last resort. The district banks were to step in during emergencies to rescue failing private banks, but if the crisis grew too severe, one Federal Reserve bank could obtain help from the Reserve bank in another region (or all regions, if necessary). Few really imagined that even under the new system, there might exist an emergency so broad that every Federal Reserve District would come under siege at the same time. But the reformers had ignored the single most important corrective: introducing interstate branch banking. This disadvantage kept large branch-bank systems from becoming member banks, especially A. P. Giannini's powerful Bank of America and Joseph Sartori's First Security Bank and Trust, both in California. To rectify this problem, Congress passed the McFadden Act in 1927, which permitted national banks to have branches in states where the state laws permitted branching, thus allowing both Giannini and Sartori to join the Federal Reserve System as members. But Giannini's dream of nationwide interstate banking was never reached, contributing to the collapse of the banking system during the Great Depression.

Contrary to all intentions, the New York Federal Reserve Bank quickly emerged as the most powerful influence in the new Fed system. The creation of the Fed also marked the end of any form of competition in money, since the new Federal Reserve notes eventually replaced money specifically (and legally) backed by gold or silver.

Another pillar of Progressivism came to fruition on Wilson's watch. The idea of an income tax had long been cherished by socialists, and it was one of the ten planks desired by the Communist Party in Karl Marx's Communist Manifesto. During the Civil War, the Republicans had imposed a 3 percent tax on all incomes over $800, then raised it twice thereafter. Several utopian socialists called for income taxes in the postwar years, and both the Populists and the Democrats advocated an income tax in the 1890s. But not until 1894 did Congress pass a 2 percent tax on all incomes above $4,000. Within a year, the Supreme Court struck down the measure as unconstitutional—which it clearly was.

For several decades, the tariff (and land sales) had provided most of the revenue for running the operations of the government, which was adequate as long as the government remained small. However, tariffs carried tremendous political baggage. They pitted one group of Americans against another, usually by section. Northern manufacturers, who obtained a tariff on manufactured imports, received artificially higher prices for their goods at the expense of all other Americans; southern sugar planters, who obtained a tariff on sugar, could raise prices for all sugar consumers; and so on. While some argued that the tariff burdens balanced out—that in one way or another everyone was hurt, and everyone benefited—each tariff bill focused the debate on specific groups who gained and lost. In this regard, the substitution of income taxes for tariffs "efficiently conserved legislative energies: Life became simpler for Congress [because] the battle against tariffs had always involved direct, urgent, and threatening lobbies." The proposed income tax, on the other hand, only affected a small group of the wealthy.

Proponents also designed the first proposed tax with two features that would reduce resistance to it. The tax rates would be extremely low, even for wealthy groups, and the filing process would be absurdly simple—only a few pages were required for the first income tax. Since people had become convinced that equal taxes meant proportional taxes—which was surely untrue—then the income tax promised to "equalize tax burdens borne by the various classes…and to ensure it was paid by the wealthiest classes." To underscore this fact, the income tax had "little to do with revenue and everything to do with reform."

There was one small hurdle—the Constitution. Since income taxes were unconstitutional, imposing the new tax demanded the Sixteenth Amendment, which was ratified in 1913. Reformers gained support using three major strategies: (1) they emphasized the extremely low nature of the tax and the fact that many Americans would pay no tax at all; (2) they stressed its simplicity; and (3) they pointed to the problems and controversies surrounding tariffs. The original tax exempted anyone earning less than $3,000 per year or married couples earning less than $4,000 per year; whereas those earning between $20,000 and $50,000 paid only 2 percent. For the richest of the rich, those earning over $500,000, the top rate was 7 percent. Contrasted with taxes in the twenty-first century, the state tax rate alone in many states exceeds the top rates exacted by the federal government in 1913. Although some liberal historians claimed that the income tax was a "conservative measure designed to placate the lower classes with a form of pretend punishment of the rich," it certainly did not help the workingman by any stretch of the imagination. By the year 2000 the average American worked until May of every year to pay just his federal taxes; whereas that same American worked only nineteen days to purchase all the food he would eat in a year!

Income taxes introduced a significant danger to American life, especially through the hidden growth of the federal government. Minor rate changes in the tax would be enacted without any public reaction; then, after World War II, they were deducted directly from workers' paychecks so that they never saw the damage. Moreover, during an emergency, rate increases became substantial, and even if lowered later, never returned to the preemergency levels. Economist Robert Higgs described this as a "ratchet effect" in which government power grew with each crisis. At the end of World War I, the top tax rate would rise by a factor of ten, illustrating the grave danger inherent in the structure.

Wilson's reduction of tariff rates was inconsequential and irrelevant after passage of the income tax. He was a big-government Progressive, and his inclinations were on display in numerous other policies, especially the creation of the Federal Trade Commission, a group appointed by the president to review and investigate business practices. Ostensibly, the FTC was to prevent the formation of monopolistic combinations, using its cease-and-desist orders, augmented by the 1914 Clayton Antitrust Act. A follow-up to the Sherman Antitrust Act, it prohibited interlocking directorates and tying clauses, whereby a producer could tie the sale of a desired product it made to another product the buyer did not particularly want.

Both the FTC and Clayton, in the truest style of Teddy Roosevelt, targeted big business and trusts. Unfortunately, like taxes, the burden of regulations fell on unintended groups, whereas those usually targeted by the regulations and taxes escaped. Such was the case with the Clayton Act. A study of antitrust laws and their effect on overall business activity revealed that the antitrust actions against large firms coincided with business downturns, suggesting that the downturns resulted from the attacks on a few large firms.34 (These results were repeated in the 1990s when an antitrust suit against Microsoft sparked a massive sell-off in tech stocks, adding support to the argument that antitrust law had done little to encourage competition and had inflicted substantial damage to the U.S. economy for more than a century.)35 While creation of the Fed and the passage of the income tax amendment characterized Progressivism at home, events in Mexico gave a brief glimpse of Wilson's vision for Progressivism abroad.