



## The Progressive Legacy: Part II

Their legacy is very much alive today, both in their mindset — including government picking winners and losers in the economy and interventionism in foreign countries — as well as specific institutions created during the Progressive era, such as the income tax and the Federal Reserve System.

Like so many Progressives today, Theodore Roosevelt felt no need to study economics before intervening in the economy. He said of “economic issues” that “I am not deeply interested in them, my problems are moral problems.” For example, he found it “unfair” that railroads charged different rates to different shippers, reaching the moral conclusion that these rates were discriminatory and should be forbidden “in every shape and form.”



It never seemed to occur to TR that there could be valid economic reasons for the railroads to charge the Standard Oil Company lower rates for shipping their oil. At a time when others shipped their oil in barrels, Standard Oil shipped theirs in tank cars — which required a lot less work by the railroads than loading and unloading the same amount of oil in barrels.

Theodore Roosevelt was also morally offended by the fact that Standard Oil created “enormous fortunes” for its owners “at the expense of business rivals.” How a business can offer consumers lower prices without taking customers away from businesses that charge higher prices is a mystery still unsolved to the present day, when the very same arguments are used against Wal-Mart.

The same preoccupation with being “fair” to high-cost producers who were losing customers to low-cost producers has turned anti-trust law on its head, for generations after the Progressive era. Although anti-trust laws and policies have been rationalized as ways of keeping monopolies from raising prices to consumers, the actual thrust of anti-trust activity has more often been against businesses that charged lower prices than their competitors.

Theodore Roosevelt’s anti-trust attacks on low-price businesses in his time were echoed in later “fair trade” laws, and in attacks against “unfair” competition by the Federal Trade Commission, another agency spawned in the Progressive era.

Woodrow Wilson’s Progressivism was very much in the same mindset. Government intervention in the economy was justified on grounds that “society is the senior partner in all business.”

The rhetorical transformation of government into “society” is a verbal sleight-of-hand trick that endures to this day. So is the notion that money earned in the form of profits requires politicians’ benediction to be legitimate, while money earned under other names apparently does not.

Thus Woodrow Wilson declared: “If private profits are to be legitimized, private fortunes made



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honorable, these great forces which play upon the modern field must, both individually and collectively, be accommodated to a common purpose.”

And just who will decide what this common purpose is and how it is to be achieved? “Politics,” according to Wilson, “has to deal with and harmonize” these various forces.

In other words, the government — politicians, bureaucrats and judges — are to intervene, second-guess and pick winners and losers, in a complex economic process of which they are often uninformed, if not misinformed, and a process in which they pay no price for being wrong, regardless of how high a price will be paid by the economy.

If this headstrong, busybody approach seems familiar because it is similar to what is happening today, that is because it is based on fundamentally the same vision, the same presumptions of superior wisdom, and the same kind of lofty rhetoric we hear today about “fairness.” Wilson even used the phrase “social justice.”

Woodrow Wilson also won a Nobel Prize for peace, like the current president — and it was just as undeserved. Wilson’s “war to end wars” in fact set the stage for an even bigger, bloodier and more devastating Second World War.

But, then as now, those with noble-sounding rhetoric are seldom judged by what consequences actually follow.

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