

BETWEEN FAIRNESS AND EFFICIENCY: TESTING WILSON'S THEORY OF PUBLIC ADMINISTRATION

BY

SOPHIE AGULHON 

AND

THOMAS MICHAEL MUELLER 

During his first presidential term, faced with antitrust law reform, Woodrow Wilson had to deal with the reconstitution of conflicting values. These were, on the one hand, the importance of efficiency, guaranteed by the role of experts capable of effectively managing public administration; and, on the other hand, the importance of public and democratic participation, and therefore respect for traditional democratic values. Wilson faced a theoretical impasse in defining concepts such as competition and fairness when developing antitrust laws and had to put his theory of administration to the test. He opted for a pragmatic approach, based on managerial ideas and integrating the figure of the manager, expert in know-how.

I. INTRODUCTION

During the Progressive Era, the mission entrusted to progressive reformers (whether politicians, scientific experts, or leading businessmen) was to develop a legal platform for raising wages, lowering prices, and fostering economic development (Haber 1964). The key value advocated by progressive economists was efficiency (Leonard 2016). Efficiency was somehow a one-size-fits-all concept, ranging from a scientific value to a useful political propaganda tool. Yet many progressive figures, including Woodrow Wilson—as an academic—in his founding article on the study of public administration (1887), argued that efficiency was a value that could be managed only by experts. Wilson's writings were heavily influenced by German scholars (Sager and Rosser 2009; Rosser 2010) and by the organization of the German Empire. He tried to adapt German bureaucratic efficiency to the values and habits of democracy and of American citizens.

Sophie Agulhon: sophie.agulhon@univ-paris8.fr; Thomas Michael Mueller: thomas.mueller@univ-paris8.fr. The authors acknowledge this journal's editorial and reviewing work, and LED (Paris 8 University) for funding.

ISSN 1053-8372 print; ISSN 1469-9656 online/23/0100094-116 © The Author(s), 2022. Published by Cambridge University Press on behalf of the History of Economics Society
doi:10.1017/S1053837222000050

Later, as the twenty-eighth president of the United States, Wilson attempted to create a new antitrust law and a regulating commission to enforce a form of business efficiency, endorsing a second value derived from public sentiment: fairness.

Woodrow Wilson is an intriguing character of modern American history. Historical literature has closely analyzed Wilson's thought (Diamond 1943; Link 1947), specifically his theory of administration, which was the core of his research (Rosenbloom 2008). As a politician, Wilson has sometimes been described as a political chameleon, changing from conservative Jeffersonian views (Ruiz 1989) to opportunistic progressivism (Thies and Pecquet 2010; Eisenach 1994; Dallek 1991). However, the day-to-day governance of the Wilson Administration is less well documented (Link 1947; Cook 2007), although it allows his theoretical contributions to be compared with their actual practical implementation. We focus here on his first term of office, more specifically on the development of the Clayton Antitrust Act (1914), which was at the heart of many progressive ideals, a milestone in the 1912 presidential campaign, and one of the least documented periods of Wilson's presidency (Cook 1998), shortly before World War I.

Expertise for Wilson—the scholar—meant mainly theoretical knowledge. This stress on knowledge started to be tempered during Wilson's mandate by the importance of know-how. His attempt to manage the state and to reconcile administrative theory and political practice reflected a wider attempt to implement practical management and administrative tools in the business world. Thus, to some extent, Wilson treated the management of the state as analogous to the management of the firm, especially with respect to economic issues such as the antitrust law.

As we will show, the resulting antitrust package was a compromise between competing values and competing networks. The first presentation of the Clayton bills to Congress in spring 1914—which mainly promoted efficiency—failed. Wilson then maneuvered to enroll businessmen and the people under the banner of business fairness. This attempt implicitly acknowledged the limits of his administrative theory and the need for practical and applied knowledge to handle complex governmental issues. It also reinforced the importance of know-how rather than theoretical knowledge. This choice deeply influenced the final form of the Clayton Act and the Federal Trade Commission (FTC), whose main role was to counsel and guide on a case-by-case basis rather than to define *a priori* what was authorized or forbidden in business practices.¹

Wilson steered the conflict between technocracy and democracy to achieve efficient and fair regulation through the new ideas emerging from scientific management. Our argument is that the conflict among customers, businessmen and firms, politicians, and workers was transformed into a multifaceted concept of general welfare for the public. Managerial instruments and practices—a third way between central planning and unrestrained *laissez-faire*—were the cornerstone of this form of general welfare. In this sense, the study of the Clayton Antitrust Act and the development of the FTC explain the extent to which Wilson's theory of administration was applicable in context, but that

¹ Our archival sources are the papers of Woodrow Wilson and his Administration, with a focus on the key actors of the Clayton Act and the FTC Act, the letters that civil society addressed to the Wilson Administration, the Records of Congress and Senate on the Antitrust bills, and Wilson's statements at press conferences. We have also included several autobiographies of major industrial figures of the time, such as Henry Ford and Alfred P. Sloan.

study also brings out an important aspect of the increasing strength and importance of management compared with political economy.

Section II provides a little background on the Progressive Era and some pointers about Wilson's vision of the science of administration. Section III tells the story of the antitrust regulation of 1914, torn between technique-oriented views and morality, with a focus on the public. Section IV shows that a new kind of expert could be found outside academia, particularly among the emblematic self-made men and business references, and it shows how they supported Wilson's Administration. Section V concludes our paper on law-making and looks at some broader implications.

II. WILSON'S VISION OF STATE GOVERNANCE AND ADMINISTRATION

The Political Scientist

Woodrow Wilson was born in Virginia and raised in Georgia. He was the third son of Joseph Ruggles Wilson, a Presbyterian pastor. Wilson had been raised in the Calvinist tradition, which influenced his vision of accountability and organization in a broad sense. As John Mulder (1978) argues, Wilson's early association with liberal economic policies was not paralleled by an underlying liberal political philosophy. He developed an organic-oriented vision of society rather than a contractual one. In fact, Wilson's household held two strong positions: "first, individual responsibility; and, second, the church as an organic entity in the service of God. ... Each man is responsible for providing for his own family, and an elite council is responsible for leading the church in its mission. In one of his college essays, Wilson describes the church as an advancing army with a mission. This metaphor shaped his philosophy of the state" (Thies and Pecquet 2010, p. 260).

In 1883 Wilson enrolled at Johns Hopkins University for his doctoral studies. It is known that his relationship with his supervisor Richard T. Ely was not based on any close acquaintanceship (Thies and Pecquet 2010, p. 260). However, Wilson's public shift from conservative to progressive positions and the greater role he attributed to labor many years after his graduation pacified Ely (1938). In his doctoral dissertation, *Congressional Government: A Study in American Politics*, Wilson (1885) considered democracy as the highest form of human development due to the influence of public opinion from the masses of people who embody the forces of labor. As Brian Cook argues:

public opinion was a controlling but not a deciding force, in Wilson's view. That is, public opinion gave general expression to national purpose, and it placed constraints on those given the responsibility to govern, but it did not decide specifically what to do. What most concerned Wilson was that the structures of democracy, particularly American structures, were archaic. They were not capable of giving proper expression to public opinion, nor could they effectively carry out the tasks required of the state, as those tasks arose from the new demands generated by the rapid social, economic, and technological changes of a new age. (Cook 1998, p. 45)

Consequently, Wilson set about describing the roles and duties of every major entity of the state, like the presidency and especially Congress, so they might serve the American people efficiently and sustainably (Cook 1998, p. 45). By doing so, Wilson also distinguished between two bodies of administration: congressional and parliamentary or cabinet. There is first “administration by semi-independent executive agents who obey the dictation of a legislature to which they are not responsible, and administration by executive agents who are accredited leaders and accountable servants of a legislature virtually supreme in all things” (Cook 1995, pp. 19–20).

Wilson is well-known for his vision of administration and its relationship with politics, which has often been ascribed to a dichotomy he himself did not make between politics and administration (McCandless and Guy 2013; Van Riper 1984). His doctrine is, unfortunately, often reduced to a necessary separation of the two to guarantee a healthy and functioning democratic society (Rosenbloom 2008). His thinking is presented as distinguishing political life—what one could call partisan or electoral politics seen as closely tied to public opinion and actors’ personal networks to gain a greater influence over the masses—from administration, which requires the professionalization of civil servants. Moreover, by defining a narrow scope for representativeness and accountability in the way political elites should be chosen, Wilson was acknowledging the utmost importance of the electoral process as a watchdog for the general welfare (Wilson 1885, 1887). However, Wilson stated that the need for public administration should no longer be considered as a technical matter that could be solved along the way, as implied by political sciences back then, and that administration should not suffer from opportunistic political behaviors for the sake of its efficient functioning (Rosenbloom 2008).

Besides, Cook (1995) implies that there might be a triptych rather than a dichotomy in Wilson’s works, composed of politics, legislation, and administration. If we follow the conclusions in Wilson’s *Congressional Government*, these three dimensions should, at some point, be interwoven. For instance,

the political philosopher of these days of self-government has, however, something more than a doubt with which to gainsay the usefulness of a sovereign representative body which confines itself to legislation to the exclusion of all other functions. Buckle declared, indeed, that the chief use and value of legislation nowadays lay in its opportunity and power to remedy the mistakes of the legislation of the past; that it was beneficent only when it carried healing in its wings; that repeal was more blessed than enactment. (Wilson 1885, p. 295)

In a nutshell, during the mid-1880s, Wilson was mainly preoccupied by “the paralysis of American government resulting, in his opinion, from the separation of powers. Administrative reform was only one of several ideas that occurred to him as having promise of making government more responsible and efficient” (Clements 1998, p. 320). That is why he devoted his time to developing public administration mechanisms to fulfil society’s needs. So, his aim in the 1887 essay to be prepared was to maintain and enhance democratic rules in the face of the vagaries of the modern age through an efficient apparatus (Cook 1998).

Like many of his peers, Wilson thought that political science should study how governments are run and should develop a science of administration, a young branch of study to which he felt drawn (McCandless and Guy 2013) and to which he would

become one of the leading contributors (Pestritto 2005). Wilson devoted himself to the study of administration in order to separate it from the spheres of politics and the constitution. In his foundational article “The Study of Administration” (1887), he set out his views on politics and public management, arguing for a strong state institution, inspired by European doctrines but adapted to the American democratic spirit.

Practical matters regarding state governance should no longer be considered details. Administration was seen as “government in action” (Wilson 1887, p. 198) and was to be developed into a science. As stressed in this essay and further explored in his second book, *The State* (1889), government’s sole purpose was to accomplish the objects of organized society. In this sense, there must be constant adjustment of governmental assistance to the needs of a changing social and industrial organization, and administrative tasks have to be studiously and systematically adjusted to carefully tested standards of policy (Wilson 1887, 1889). That is why Wilson “came to believe that administrative reform could give government that power without constitutional changes” (Clements 1998, p. 320).

It is important here to keep in mind that Wilson uses the term of “responsibility” in two different though intermingled ways.

The first meaning is the same as ‘accountable’, that is, being held to account for one’s actions, in this case to public opinion, which is given form by the efforts of statesmen. The second meaning is a mixture of integrity and trustworthiness. That is, an official acting responsibly is acting with integrity, and can be trusted. For Wilson, the former type of responsibility—accountability—brought about the latter type, and both were the result of a particular organizational structure reflecting ‘business principles.’ (Cook 1998, p. 47)

Government control, acting as an armed wing of morality and loyal behavior, was required to handle powerful organizations. To address efficient and appropriate regulation, national commissions should be set up as tactful extensions of the administrative function. They should monitor organizations’ concerns and responsibilities with wisdom, knowledge, and experience. Moreover, insulating the administration from politics would have shielded the administrators from the corruption of the political world. Political corruption was a major issue for progressists (Wallis 2006), and even more so for Woodrow Wilson; the main reason for corruption was the spoil system that encouraged clientelist practices.

Undeniably, for Wilson, the field of administration was a field of business as “it is removed from the hurry and strife of politics; it at most points stands apart even from the debatable ground of constitutional study” (Wallis 2006, p. 29). Three main points were, for Wilson, to ensure the independence of the administration from petty and narrow interests: a (generously paid) life tenure; highly technical training and highly competitive examinations; and a short ballot vote system to define a specific scope of accountable authorities to the public. In general, Wilson thought that carefully selected administrators would serve the general interest, under the watch of public opinion.

Directly exercised, in the oversight of the daily details and in the choice of the daily means of government, public criticism is of course a clumsy nuisance, a rustic handling delicate machinery. But as superintending the greater forces of formative policy alike in politics and administration, public criticism is altogether safe and

beneficent, altogether indispensable. Let administrative study find the best means for giving public criticism this control and for shutting it out from all other interference. (Wilson 1887, p. 215)

However, as several progressive intellectuals would also claim, implementing “this much-to-be-desired science of administration” (Wilson 1887, p. 207) would necessitate some distance from popular sovereignty due to the average citizen’s lack of education (Leonard 2016). Administrators would be appointed independently of the popular vote or democratic control.

It is harder for democracy to organize administration than for monarchy. The very completeness of our most cherished political successes in the past embarrasses us. We have enthroned public opinion; and it is forbidden us to hope during its reign for any quick schooling of the sovereign in executive expertness or in the conditions of perfect functional balance in government. The very fact that we have realized popular rule in its fullness has made the task of organizing that rule just so much the more difficult. In order to make any advance at all we must instruct and persuade a multitudinous monarch called public opinion,—a much less feasible undertaking than to influence a single monarch called a king. (Wilson 1887, p. 198)

As one can observe, Wilson considered that public opinion should express its will and desires, but that administration should operate quite independently of public opinion with a delegation system. “Hence, Wilson stressed the value of hierarchy and delegation versus direct election in avoiding those consequences and achieving appropriately structured popular control” (Cook 1998, p. 47).

Wilson as a Practitioner of Political Science

The United States has a deep attachment to the idea of “progress,” although the definition of it has differed over time. That is why “reform movements in the United States generally have tried to bridge the gap between the promise of American ideals and the performance of American political institution[s]” (Ruiz 1989, p. 159). In this case, progressive ideas were a reaction to “the excesses of unrestrained laissez-faire capitalism, rapid urbanization, and industrialization in the late nineteenth and early twentieth century” (Ruiz 1989, p. 159). As stressed by Arthur Link (1947), since 1906, Wilson was targeting personal responsibility for monopolistic practices as a political moralist. He then developed his ideas into a coherent framework “grounded in notions of fixing personal responsibility through simple, clear and definite law [as] the major threat to democratic government and good administration were complex and convoluted statutes and organizational structures that obscured the accountability of officials, public or private” (Cook 2002, p. 494). Indeed, Wilson was quite suspicious of unaccountable authorities (Cook 2002, p. 494). What is more, in an unpublished 1909 essay, “The Man Behind the Trust,” “Wilson laid out his basic argument against regulation of trusts by government commission. He contended that regulation by commission would ‘bring the government sooner or later into the actual direction of the business of the country’” (Cook 1998, p. 48). However, Wilson became aware of this topic’s full potential a few years later.

Evolving from his position as an academic, Wilson spent eight years as the president of Princeton University, from 1902 to 1910. During this time, Wilson reformed Princeton's colleges to "make it a special university like Oxford and Cambridge, where undergraduate education emphasized critical thinking rather than the ideal of making a living" (Dallek 1991, p. 109). If, at first, Wilson successfully implemented such a major change towards academic fellows in a conservative university, he then hit a wall while trying to reorganize students' socializing away from private clubs. "Wilson assumed that he could put across his plan without the sort of consultation and preparation he had relied on to win approval for the preceptorial system. But his failure to consult alumni, faculty and trustees was a major political error that led to his defeat. Likewise, he did not effectively marshal the support he needed to win backing for his graduate-school plan" (Dallek 1991, p. 109). Now, as we will see with the antitrust bills question, winning popular support and allies became part of Wilson's political resilience.

As a Democrat governor, Wilson was caught up in a tricky duplicitous game. Indeed, he was a new face in the political landscape. Moreover, New Jersey was long considered as a state facilitating the prosperity of trusts with "covenants systems" limiting competition for holdings (Hovenkamp 1991; Congressional Record 1960, p. 18842). His nomination was due to his prestige as an academic, and it was assumed his inexperience would mean he could be easily directed by central Democrat bodies. Far from being an obedient recruit, Wilson gained popularity, developing a set of anti-corporate laws known as the Seven Sisters in 1910 (and ratified in 1913) and approving several pieces of legislation from the Republicans that restricted labor by women and children and raised standards for factory working conditions.

During the presidential campaign, Wilson initially focused on the tariff question, but this theme inspired little popular response while Roosevelt's campaign on trust regulation was gaining attention. Wilson then turned to Louis Brandeis (Strum 1984). Brandeis suggested "the idea that regulated competition would lead to the liberation of economic enterprise in the United States. This in turn would restore grassroots political power and control" (Dallek 1991, p. 111). Corporations that were too big, Brandeis argued, were inefficient. Wilson, who had always thought the same but had no idea how to limit this inefficiency, listened carefully. On September 30, 1912, Brandeis wrote to Wilson with detailed suggestions about how to deal with trusts and monopolies: "We have had in America nearly thirty years' experience with trusts.... We are able, in some measure, to determine to what extent these practices are necessarily or generally harmful" (Brandeis to Wilson, 9.30.1912). So, Brandeis got Wilson to realize the complementarity of an institutional perspective, encompassing the whole system and finding a remedy for its failures (Link 1947). Concurrently,

Wilson accurately sensed that the country's mood was overwhelmingly favorable to progressive reform, especially the reduction of the economic power of the trusts. He also saw correctly that Theodore Roosevelt's plea for a New Nationalism—regulated monopoly and an expanded role for federal authority in the economic and social life of the nation—impressed most voters as too paternalistic. (Dallek 1991, p. 111)

Consequently, Wilson won a majority of the popular vote in a four-way contest for the presidency.

III. HOW CIVIL SOCIETY BECAME AN ACTIVE STAKEHOLDER IN BUSINESS REGULATION AND WELFARE

The Clayton Act, Part One: Sow the Wind and Reap the Whirlwind

Efficiency involved better use of resources, improved coordination among different business sectors, and, more importantly, less waste. Resources might be squandered for many reasons, ranging from poor organization and flawed division of labor, as famously discussed in Frederick Taylor's *The Principles of Scientific Management* (Taylor 1911), to suboptimal intertemporal allocation of resources as emphasized by the American Conservation Movement. Yet inefficiency was also an unwanted by-product of market organization, especially when cutthroat competition led to what was perceived as too much competition, or when, on the contrary, it led to gigantic monopolies and trusts. In this context, antitrust legislation was viewed as an attempt to define and enforce business efficiency for the general welfare.

On January 20, 1914, President Wilson announced his antitrust initiative to Congress. He referred to the previous Democratic platforms and preliminary calls for a Federal Commission to exercise direct control over the prices of all monopolistic corporations (Newlands 1912). First, he asserted that private monopoly was indefensible and intolerable. However, he softened his 1912 rhetoric by declaring that the antagonism between business and government was over. He called for individual liability and definitions of competition "to 'explicitly and item by item' describe violations with such clarity as to practically eliminate uncertainty, the law itself and the penalty being made equally plain" (Winerman 2003, p. 52). While dropping the 1912 demand to limit the size of enterprises, Wilson proposed "to address holding companies, price discrimination and interlocking directorates" (Winerman 2003, p. 52). He made public his intention to set up an investigatory and advisory agency that would aid the courts in formulating dissolution decrees and that could aid business (Cook 2007).

In line with his doctrine on strong administrative power, Wilson played a major role in the entire process, breaking with tradition and addressing Congress personally. As a consequence, he was not unjustifiably accused of conflating legislative and executive powers (see, for instance, Congressional Record, comments of May 6, V8, p. 8161; V9, May 22, pp. 9066, 9077; May 26, p. 9254).² Wilson's strategy was to define a list of "monopolizing" practices that could be penalized directly. This strategy was soon to reveal its weaknesses. On January 27, 1914, Wilson wrote to Judge Henry De Lamar Clayton Jr. about the difficulty of defining a trust. He outlined several opinions opposing the Clayton bills (H.R. 15657) and the Trade Commission bill (H.R. 12120), fearing that any attempt to precisely define economic practices would either prove too restrictive or have unwanted consequences.

Wilson's Administration slowly realized that competition was a principle and could not be reduced to a list of defined practices. Senator Francis G. Newlands, who was a key figure in the deployment of Wilson's New Freedom policy, gathered several elements along these lines. In correspondence with geologist Charles van Hise, it was suggested that cooperation might mimic a trust but might not be detrimental to the public good (van

² References to the Congressional Records are always given with the volume and page. All references are to the year 1914.

Hise to Newlands, 16.2.1914). Lawyer and businessman Willis F. McCook, who among others represented industrialist Henry Clay Frick, even suggested that an absolute prohibition on one corporation holding stock in another might preclude legitimate forms of trade (McCook to Newlands, 18.2.1914). Free competition might even require some kind of regulation in order to prosper: for instance, advertising practices including offering free samples of new goods, and making them known to the market, should be allowed since “the best article in the world without some human motive power will become known very slowly” (William Cox Redfield to Clayton, 20.4.1914, p. 8). As a consequence, on March 12, 1914, Wilson publicly backtracked on his previous attempts to precisely define a list of unlawful economic practices.

Consequently, emphasis fell on the intensity of competition. For instance, Congressman James Harry Covington stressed the importance of protecting natural resources from excessive competition, which implied waste and loss of efficiency (Congressional Record, V9, May 19, p. 8851). The Clayton Act was also seen as an inducement to better organize the firm. Congressman James Francis Byrnes suggested that forbidding interlocking directorates would lead to rationalization and better management of firms and business. Finally, “the bills included numerous procedural provisions, as well as substantive provisions governing price discrimination, exclusive contracts and tying clauses, ... and holding companies” (Winerman 2003, p. 55). Adhering to Wilson’s philosophy of individual accountability, the first version of the Act mentioned in its section 3 that “any person, firm, or corporation violating any of the provisions of this Act shall upon conviction be adjudged guilty of a misdemeanor and be punished by a fine not exceeding \$5,000 or imprisonment not exceeding one year, or by both, said punishment in the discretion of the court” (January 23, 1914, p. 3).

The Clayton bills (H.R. 15657) caused substantial consternation. The project was perceived as a Standard Oil³ case-oriented reform by leading industrialists and politicians. It purported to proscribe agreements against free and unrestricted competition yet it did not refer to effects on prices or the type of injury to tackle. The result was a potentially complex provision that threatened to criminalize routine transactions. On top of that, in “section 7 dedicated to holding companies, no attempt was made to set standards for asset acquisition in an antitrust package touted as comprehensive” (Winerman 2003, p. 57), leading to the same dead end as the Sherman Antitrust Act (1890).

On June 5, the Clayton bills passed the House of Representatives and moved to the Senate, which voiced its doubts about them. As shown by Carlos Ramírez and Christian Eigen-Zucchi (1998), the evidence indicates that congressmen were influenced by their constituents’ interests and by pressure groups, from agriculture to large manufacturing companies with dominant market shares and small manufacturing companies with limited market shares. After the Wilson Administration’s initial announcements and a change of heart followed by division among congressmen, business quickly became skeptical that the Clayton bills would lead to clarity and came to fear that their criminal sanctions might pose a threat to entrepreneurs instead of protecting them.

³ Standard Oil was a company belonging to John D. Rockefeller that had been dismantled into thirty-four companies, under the Sherman Antitrust Act, during William Taft’s term (1911).

The initial reception of the antitrust legislation was a failure. Not only did the Wilson Administration lose face during the first hearings of bill H.R. 15657, but a massive struggle began in American society from early June 1914 until late July 1914. First, a rumor spread throughout the country about a business depression. This was highlighted by a famous open letter written by the Simmons Hardware Company of St. Louis on June 9 to the Wilson Administration: "Regardless of conflicting reports and opinions, we know that general business in the United States is exceedingly dull at present, and that the month of May—as shown by the records of the commercial houses—was one of the poorest months we have had in a great many years" (1914, p. 1—Arch 84).⁴ Soon, this hearsay sent a wave of panic through American society.

Antitrust reform came in the wake of the Underwood Tariff and the Federal Reserve Act of 1913. The former, also known as the Revenue Act or the Underwood-Simmons Act, was a federal law that substantially reduced the average tariff on imported goods to encourage American manufacturers to boost their efficiency and become more competitive in terms of prices. The Underwood Tariff also famously reimposed federal income tax. The latter created the Federal Reserve System, that is, the central banking system of the United States, to counter destabilizing events such as the 1907 Panic. Arguments from civil society against the Clayton Act were based mainly on the supposed depression and this policymaking sequence. The popular press criticized the poor timing of Wilson's measures, and stressed the need to send congressmen home for a break.

Opponents of the Clayton bills argued that congressional debates should be postponed until the end of the year for several reasons but mostly because the slow economic context was making them afraid of a potential impact on business health. As such, they alleged that business was not prepared to face new legal constraints. On June 9, George Welch Simmons, Simmons Hardware Company's CEO, who had been named as one of the Distinguished Successful Americans of his Day in 1912 and who was also a trusted supporter of Wilson, made public a critical statement in the name of the firm that split US public opinion. This letter stated:

[W]e recommend that no further attempts of legislation on the matter of the control of business or passing of Anti-Trust Laws should be continued at this time. What the country needs more now than anything else is a quiet time—an absolute rest from the agitation of politics, and assaults upon business—it does not make any difference whether it is big business or little business. Nine-tenths of the business of this country is thoroughly honest, but because one-tenth of it may be questionable in its character or methods, the whole of the ten-tenths is made to suffer by this agitation, which is doing so much damage. (Simmons, June 9, 1914, p. 1—Arch 84)

This fear of antitrust regulation was spread particularly by railroads, trusts, and a number of Republican representatives like Boies Penrose in the national and regional mass media to bash Woodrow Wilson's Administration (Abram I. Elkus to WW, June 19, 1914—Arch 47–48; T. A. Johnson to WW, June 22, 1914—Arch 95, Alexander P. Moore to J. P. Tumulty, WW's secretary, July 8, 1914—Arch 320; see also Arch 103–104; Arch 155). The editor of the Alabama-based journal *Dixie Manufacturer* expounded that "we are

⁴ Archive created by the authors from Wilson's papers in the Library of Congress known as the Woodrow Wilson Papers (Series 4: Executive Office File, 1912–1921), particularly volume 1339 with letters written between April and November 1914.

constantly receiving circulars, letters and offers of matter depreciating your administration and requesting us to write editorials in regard to the same, and in the name of the business interest to ask our Congressmen, as well as Senators to adjourn Congress and to call a meeting on your many moves that are not in the interest of big business” (J. A. Rountree, June 16, 1914, p. 1—Arch 17 and 18). In line with this PR campaign, some documents sought to discredit the president’s legitimacy and to portray him as inexperienced. For instance, L. L. Doug, secretary of the famous A. B. Chase Piano enterprise, called on Wilson to stop legislative work as follows:

When multiplied thousands of business men as honest as you can be, and who know infinitely more from experience, what is best for the prosperity of our country than you can know with your limited observation and no experience, unite in asking you and the Congress to stop legislating against the public good, it is high time for you to listen and heed this legitimate demand. If you do not do this, mark my words, your name will go down in history as the worst foe to the public welfare that our country ever knew: inevitably so, simply fulfilling the law of cause and effect (June 17, 1914—Arch 22).

Competitiveness was a keystone to antitrust opposition. After the Underwood Tariff reform to open up the internal market and the introduction of federal income tax, numerous businessmen wrote to Wilson’s Administration to share their concerns regarding their capacity to face foreign competition, particularly due to labor cost differences, and to be profitable enough to maintain and modernize their firms. Adding antitrust laws to these changes was portrayed as the straw that broke the camel’s back. Some businessmen opposed to the reform assumed that Wilson was out to attack the business world and, believing that existing legislation was sufficient, they even threatened him with petitions and protests (T. C. Uhlen to WW, June 23, 1914—Arch 111). Indeed, some opponents viewed antitrust endeavors to define good or bad competition practices as a sign of political empowerment of government over private property matters and as the start of a slippery slope toward socialist practices. In line with this fear, businessmen suspected crooked politicians of encouraging antitrust reform for their own profit and popularity instead of in the general interest: “There is a fear that unscrupulous politicians, to curry favor, may encourage or pass laws that would jeopardize property or make the situation of the employer an impossible one. There is lack of confidence in government support of honest business and honest profit” (Brooke, 1914, p. 2—Arch 59–69). Last but not least, some famous opponents of antitrust policies also highlighted contradictions and hypocrisy between political discourse and legal practices. For instance, the president of the Chicago Association of Commerce, Joseph E. Defrees, told his fellows:

The Bills under consideration are by no means entirely “Anti-Trust” Bills. As a matter of fact, many of their clauses involve a large number of the ordinary business operations of any person engaged in interstate commerce, without having any necessary relation to the Sherman law or the trust situation. For example; there are sections referring to common directors as between two ordinary corporations; to ownership of stock in another corporation; sections with reference to the making of prices to customers, and contracts of exclusive agency, which are attempted in many cases to be prohibited; also, sections with reference to the formation of corporations, and the amount and issuance of their capital stock. (Defrees, June 23 1914, p. 1—Arch 115–116)

Wilson's opponents were thus undermining the importance of antitrust measures, suggesting that the damage induced by the legislation would have been greater than that induced by the trusts. They were also pointing to the poor timing and the wide-ranging character of the proposed bill. They saw the legislation as doing too much, striking too hard, and hitting the wrong target at the wrong time.

Antitrust Enforcement Reception: From Discordant Voices to Public Support

The situation began to change in June and July 1914. At first, dissenters wrote to Wilson's Administration or journals to express their opinions and their opposition to the antitrust reforms, to stress how good the crop had been, and to show their own positive balance: S. W. Strauss & Co. (Arch 290–294), J. G. White & Company, Inc. (Arch 285), Royal Taylor Corner (Arch 388–389), etc. Indeed, crops were the symbol of positive economic circumstances, as businessmen might have sufficient assets to face major market transformations.

As emphasized by the CEO of the Grant-Hasson Hardware Company in Tennessee to R. K. Carter & Co.: "what the Trusts want you business men to do, [is to] write letters, send telegrams and print long editorials [:] 'adjourn the Congress, let's go home and digest the laws already made'" (Hasson, June 20, 1914, p. 1—Arch 92). On the contrary, the CEO stressed, "We say [antitrust legislation] is necessary." Step by step, supporting voices from the West defended by Senator Francis G. Newlands also became more audible (Arch 218; Arch 264–265).

Wilson's supporters were encouraging antitrust reforms such as the Clayton Act to frame objectionable practices (Clayton Act) and to empower an investigative entity like the Federal Trade Commission to stop unlawful competition, false advertising, mislabeling, adulteration, bribery, etc. (Federal Trade Commission Act). Their discourse focused mainly on values, business modernization, and social welfare. On the issue of values, antitrust supporters sent letters to Wilson's Administration calling for the abolition of privileges, in line with the spirit and history of America. One supporter, H. A. Nobles of Nobles Brothers Grocers Co. in Texas, had especially high praise for Wilson and his reform policies:

I write you this, as I believe it is the duty of every American citizen to let you know the conditions as they really are, and that the great American nation now stands like a stone wall behind your platform, ready to respond if need be, in this great reform which you have nobly begun. It means a new era in the annals of history; it means a broader minded people; it means a better race of people; it means a better distribution of the burdens to all alike; it means we are making history and adopting great principles which will continue on down through the ages. (June 23, p. 2—Arch 107–108)

Consequently, Wilson's supporters argued that in order to restore fairness, consumers must be protected from corporate abuse that was impeding internal and external market developments (I. Jacob, July 21, 1914—Arch 424–426): "Where you get one plea from corporation statesmen ... there are the unspoken and unwritten pleas of millions of consumers. These men do not know why and how they are robbed, and do not know how to protect themselves. They are the men who must be helped by a courageous and virtuous public official like yourself" (Franck A. Mehling to WW, June 22, 1914—Arch 99–100). Indeed, after Wilson's interview with Virginia editors on June 25, when he

suggested postponing antitrust law debates to the autumn session (Francis M. Brooke, June 26, 1914—Arch 138), some of his supporters provided more testimony on Big Business's unfair practices, particularly toward farmers and small enterprises. For instance, a small entrepreneur named Samuel B. Woods complained to Oscar Underwood, an Alabama Democratic senator, about the Cement Trust monopoly in Virginia, about small producers' financial hardship while the Tobacco Trust was growing rich, about unfair taxes of the Harvester Trust practices, and about the Steel Trust degrading the quality of its products, causing railway accidents, while selling its goods at high prices (Woods, June 25, 1914, p. 2—Arch 134–137).

As part of Wilson's reformist call for modernity, the Simmons Hardware Company issue had been written about extensively by supporters and opponents of the antitrust legislation. The Nash Hardware Co. replied to Simmons's open letter seeking his firm's support:

The first three propositions which you refer to, are very satisfactory [regarding the harvest, the Mexican war, and the railroad situation] but as you say nine-tenths of the business of this country is thoroughly honest, we cannot see where these nine-tenths would be affected by trying to make the other one-tenth honest. We believe it would be a step backward at this time to ask the Congress to undo what they have done so far. (Nash, June 13, 1914, p. 1—Arch 82)

On the pro-legislation side, some businessmen were trying to disassociate their situation from Simmons's difficulties by explaining their management methods and ethics. For example, the Shapleigh Hardware Company's CEO claimed that their profit came from good management practices: "How have we done it? Simply by having a good stock of well-selected merchandise, and an intelligent and well-trained sales and house force, and giving the trade good service.... We believe our salesmen should be fully posted on our business and in a position to talk intelligently and truthfully regarding the business we are doing" (Gordon, 1914, p. 1—Arch 74). Ironically, E. C. Simmons, whom the Wilson Administration had trusted at first but whom it considered a detractor at this point, would again become a strong advocate of Wilson's PR comeback in July 1914 (Arch Simmons Hardware Company 26—Arch 437).

Beyond good intentions and the E. C. Simmons scandal, a wide range of enterprises also endorsed antitrust legislation to promote progress and good management against old business habits in their entourage. The issue of efficiency was of particular significance in the railroad industry, as is evident in the recollections of medical equipment supplier J. W. Hughes about his conversation with M. Keller, president of the Fifth National Bank of New York:

M. Keller made the remark in about these words: 'That is true, Mr. Hughes, we can't have hard times when we have large crops, but', said he, 'it makes no difference how large the crops may prove to be if they cannot reach the market. How can the railroad handle the crops with the limited number of cars that they now have?' He continued by saying that the railroads needed money with which to build new cars, and the only way they could get the money was through an increase of freight rates. I suggested the practicability of suspending the payment of dividends on watered stocks, and cited the Hartford and New Haven deal. (Hughes, July 1, 1914, pp. 2–3—Arch 191–1913)

This suggestion was a well-founded analysis at that time, highlighting the rise of modern management and its role in business investment and customer welfare. For example, the Erie Railroad company, which could not borrow money in the 1910s due to its high level of indebtedness, started rationalizing its management and investing in its network instead of paying its earnings out as profits on the water taxes (a toll system administered by business) for interstate commerce or to its stakeholders. Later, this firm succeeded in installing double tracking on its western perimeter, allowing two trains to cross without danger as each train had its own track in a defined direction, and thereby multiplying its transportation capacities while lowering cost for all its stakeholders (P. S. Heat, July 3, 1914, p. 1—Arch 236–238).

IV. HOW WILSON'S ADMINISTRATION WON THE ANTITRUST PR BATTLE

Fleshing out the President's New Freedom: Wilson's Framework for Open Dialogue

Beyond business circles, some actors started to write to Wilson's Administration to endorse its actions to reinforce the Administration's power over big businesses, professionalize the civil service, and develop government control to ensure efficiency and fairness. As S. W. Mercer from Iowa wrote to Wilson: "We have accepted the doctrine of 'Business Freedom' rather than join with those who would thwart your efforts to remove the shackles from the business of this country" (Mercer, June 27, 1914, p. 1—Arch 159). Indeed, different kinds of businesses, including small ones, acknowledged that business's lack of dynamism was "due to the business methods in the past of those fellows who have been using the laws of the country to protect them after they had gotten away with the spoils" (Murphy, July 16, 1914, p. 1—Arch 403). For example, the Woodrow Business Men's and Manufacturers' League of California pointed out some unfair practices by Big Business, like diversifying chaotically to steal independent businesses' customers by offering them prices that undercut even the basic operational costs of those smaller businesses, with a single objective in mind: to break competition (I. Jacob, July 21, 1914—Arch 424–426)—though blaming tariff legislation. Antitrust legislation supporters would not miss these moribund business practices, and sought to abolish them (Kidde, July 11, 1914—Arch 352). What is more, even some Republican and Progressive Party supporters started to write to the White House to show their support to counterbalance the huge pressure and media campaign Big Business was orchestrating against Wilson's Administration (Hickley, June 29, 1914, p. 1—Arch 172; Horner, June 17, 1914, p. 1—Arch 57; Kidde, July 11, 1914, p. 1—Arch 352).

Business competitiveness was also one of the main arguments of non-democratic supporters of the Wilson Administration. They were particularly critical of unused business capacities due to managerial choices such as inefficient and wasteful management, railroad price gouging, hoarding of natural resources, or Wall Street scams like watered-down stock, as was common during the robber baron era of the later nineteenth century, and they considered existing remedies to be insufficient (O'Brien, July 26, 1914—Arch 454–456; Ward, July 11, 1914—Arch 360; Linthicum, July 13, 1914—Arch

370–373). At a time of economic uncertainty, the rise of a new generation of conservationist self-made men was seen as a providential opportunity to change the rules:

We have had plenty of prosperity all right but it has not been evenly distributed.... I see that you are to entertain Henry Ford at lunch. No one begrudges a man like him making a fortune out of something he created, but it is the men who are taking the necessities, coal and food, and transportation of people and goods controlling the same by methods that may be legal but are not fair, and by the watering of the stock of the same take so much toll that the masses can only exist. (Scott to WW, July 5, 1914, p. 2—Arch 271–273)

Finally, some leading senators and representatives started to pressure Wilson for a quick resolution of the antitrust package bills. These included Charles C. Carlin, who wrote a long letter of support on July 1, stressing the importance of a final resolution to end doubts and restore prosperity. As a wise politician, Wilson used this emerging new support to announce a massive consultation of the business world that reshuffled the deck. On June 26, in a local Virginia newspaper, President Wilson addressed to his nation a call for dialogue on the state of business, competition practices, and conditions of welfare. This news was widely commented on throughout the country. As B. C. Forbes noted, this decision was historic, as Wilson was known for his criticism of businessmen since his election campaign. The journalist attributed this change of heart to the discovery that public sentiment was now favoring recovery in industry and employment and would not tolerate misguided anti-business legislation with the coming of the fall elections (Forbes, July 13, 1914—Arch 368–369); forcing Wilson to set aside his administrative vision.

Wilson was therefore applying his idea about the role of public opinion in supervising the administration: confronted with popular opinion, he looked for a compromise and a rephrasing of the general rule, while maintaining intact the idea that the administrative system and not the courts or the government should regulate big business.

Wilson's Dialogue with the Business World: From Unbridled Capitalism to Henry Ford's Environmental and Social Vision

Wilson's consultations with business interests took several forms. At first, eminent businessmen were received at the White House, starting with Henry Ford. At that time, Ford's name was synonymous with business efficiency, and this first meeting with Ford was a bold move for Wilson. Even though healthier relations between the government and the nation's businessmen were necessary, it should be remembered that Theodore Roosevelt's image had been tarnished by his relationship with J. P. Morgan during the 1907 Panic. At the same time, Wilson was also close to the self-made businessman William Gibbs McAdoo. McAdoo was a Georgian who practiced law and led railroad tunnel construction efforts as president of the Hudson and Manhattan Railroad Company. He then became Wilson's right-hand man during the 1912 campaign, as well as his secretary of the treasury, and his son-in-law by marrying Eleanor Randolph Wilson on May 7, 1914 (Craig 2013).

Developing Frederick W. Taylor's principles of "scientific management," and including them in his production processes, Henry Ford rose to fame by implementing his assembly line on April 1, 1913, and tremendous productivity gains were measured in 1914 (Ford [1922] 2010, p. 44). The furniture manufacturers of Michigan had discussed

Ford's methods in five public meetings at the Grand Rapids Chamber of Commerce. "Over 300 of our local business men crowded into the Grand Rapids Chamber of Commerce to criticize and condemn, if possible, this representative and the methods which he had come to explain. [After giving Mr. Ford an ovation, they] went to Detroit to meet Mr. Ford personally, examine his methods at first hand, and apply his ideas to their own needs" (Barrett to WW, July 7, 1914, p. 1—Arch 304). These knowledge-sharing events were in line with Ford's convictions regarding society and management. For instance, when he analyzed the railroad problem, he noticed that everyone was disgruntled.

The public is dissatisfied because both the passenger and freight rates are too high. The railroad owners are dissatisfied because it is claimed that no adequate return is realized upon the money invested. All of the contacts of a properly managed undertaking ought to be satisfactory. If the public, the employees and the owners [are resentful], then there must be something very wrong indeed with the manner in which the undertaking is carried through. (Ford [1922] 2010, p. 116)

Ford believed that "a truly prosperous time is when the largest number of people are getting all they can legitimately eat and wear, and are in every sense of the world comfortable" (Ford [1922] 2010, p. 71). Consequently, the function of the manufacturer is to serve society by managing his enterprises so as to turn over to the public an increasingly better product at an ever-decreasing price, and pay an ever-increasing wage to all those who have a hand in his business, based upon the work they do.

As depicted by the US National Archives documentary *Henry Ford's Mirror of America* (1964), Henry Ford's public image was that of a simple man, unlike John P. Morgan, John D. Rockefeller, and other robber barons. He liked to go camping, enjoyed old-time country dancing, and was a friend of John Burroughs, an American naturalist and nature essayist. Due to so many differences with the Big Business ethics and practices, Ford was admired for his success, as he started his empire from scratch, and his innovative views on social issues made him the herald of a new era. According to W. Wilson's comments in several press conferences, it was hoped Henry Ford's visit would be an open discussion about business conditions, with no specific plan (Wilson, July 9, 1914—Arch Ford_Wilson from The Papers of WW, Princeton). Wilson was capitalizing on Ford's popularity and on his social image in an attempt to suggest that the values endorsed by the individual and by his entrepreneurial activity were also embodied in his attempt at reform. Indeed, Wilson was convinced that businessmen were feeling "the force of what has been urged as to relieving business of its uncertainty and getting through with a well-known program" as New Freedom's content was mainly inspired by several political campaigns during the Progressive Era (Wilson, July 2, 1914, 242—Arch Ford_Wilson, p. 11, from The Papers of WW, Princeton). Apparently, this dialogue between Ford and Wilson was also appreciated by the businessman. In a letter of July 11, 1914, E. G. Siebald, Henry Ford's secretary, sent to Wilson's private secretary, Joseph Patrick Tumulty, a clipping from the *Detroit Tribune* at Henry Ford's request (Arch 395–396). It is worth noting that Tumulty was a devotee/advisor from Wilson's 1910 governmental campaign and, among other duties, in charge of press and public relations for his Administration (Craig 2018).



FIGURE 1. Henry Ford Visits the President

This illustration, entitled “Henry Ford visits the President,” which appeared in the *Detroit Tribune* on July 11, 1914, depicts the business depression as an off-hand man stuck in a lazy rut kicked out of the White House by Henry Ford, suggesting the benefits of Ford’s influence on President Wilson to cure dull times.

Following the meeting between the two men in 1914, McAdoo organized hearings with delegates from several clearing house associations; the national Foreign Trade Council; various chambers of commerce; representatives from the New-York Produce Exchange and the Chicago Board of Trade, and west and northwest milling interests; and with banking, grain, foreign exchange, and shipping interests from different cities during summer 1914 (arch delegates to conference 1–5). Senator Atlee Pomerene also suggested inviting the Akron Chamber of Commerce to the White House (letter to WW on July 16, 1914). The PR battle took a new turn in July 1914, as Wilson’s political supporters (Congress representatives encouraged by Wilson’s staff) were mobilized to reverse this downward spiral by identifying the president’s main detractors. For instance, Representative J. C. Floyd wrote a long letter to Wilson on July 3, 1914, collating the opposition’s spearheads and main arguments.

Not only did the president receive Chicago Chamber of Commerce delegates at the White House to define fair business practices (PWW, 9. 7. 1914, Ford to Wilson) (Wilson July 9, 1914—Arch Ford_Wilson from The Papers of WW, Princeton), he also attended meetings of antitrust opponents, particularly in the eastern parts of the country. At one of these meetings, William E. Clow had a change of heart after one of his conferences. Clow wrote to Tumulty:

After our conference I was so well satisfied in my own mind that the proposed legislation would be so materially changed that it would not be injurious but helpful to business, that I was willing to take the chances and increase production of one of our plants to its maximum and actually prepare another plan in the firm belief that—if measures so changed that they were not injurious to business were passed and Congress adjourned—we would have the long hoped for revival in business. Our own lines have been so terribly depressed for the past eight months that when the turn does come we anticipate demand for our product in excess of our then possible production. (Clow, July 13, 1914, p. 1—Arch 361)

Little by little, the antitrust debate faded from the news, and was superseded by the early events of World War I. Public debate about the war drowned out the policy debate.

V. FILLING THE GAP BETWEEN ADEQUATE LEGISLATION AND SITUATION-BASED APPARATUS: A CODE OF CHIVALRY FOR BIG BUSINESS

On the political stage, unlike the Sherman Act and other federal acts that sought to deter anticompetitive harm caused by monopolization and agreements to restrain trade, the Clayton and Federal Trade Commission Acts concentrated on proposed mergers. For example, section 7 of the Clayton Act applied to mergers that substantially reduced competition or tended to create a monopoly in any line of commerce. The FTC granted to a group of civil servants appointed for a given term the power to counsel businessmen about fair competition and to compel them to desist from unfair commercial practices.

During July, the FTC Bill landed in the Senate. The discussion centered on the definition of “unfair competition” and its power to prevent monopolies from being created instead of busting them once they were already there. Unfair competition meant, for many, a moral judgment distinguishing between legitimate and illegitimate corporate practices—a code of chivalry for business. Several amendments attempting to define this very concept were rejected one after the other. The notion of fairness left some leeway that senators were quick to spot: it was one thing to recognize it and another to fix it by law. Almost any definition might easily become too rigid, have obvious exceptions, and limit honest business while attempting to regulate it. For instance, on July 30, Senator Charles Spalding Thomas gave a speech emphasizing the importance of interlocking companies that were vertically related. Spalding was opposed to the general sentiment that interlocking companies should be forbidden. Other senators made similar interventions.

Clearly, busting the trust could not outweigh the need for efficient business and efficient management. It was the purpose that mattered: big business was illegitimate

only when it was clearly against the public good, but it was also capable of finding its own road to efficiency, and should not be ostracized on that path. Unfair competition remained vague, and in rejection after rejection the Senate could not define it any better. On August 5, the Senate accepted the FTC, sent it to the committee, and moved to discuss the Clayton Act.

The purpose of the bill was openly becoming a different one. As Senator Pomerene put it: “the ultimate object of this law was not to prevent combinations of any kind, but its primary purpose was to prevent restraints of trade” (Pomerene, in Congressional Record, August 18, 1914, p. 13908). More precisely, “undue” restraint of trade, as the debate insisted, was as vague a concept as “unfair competition.” It was about the purpose more than the act. Legitimate and illegitimate business, due and undue restraint of trade, fair and unfair competition were the nuanced attempts that senators would take into account to regulate business. It was a compromise between Wilson’s idea of moralizing trusts and the need for concrete legislation.

Even holding companies, possibly the most criticized facet of trusts, were categorized into two kinds: “the holding company that is organized for monopoly, and the other ... that is organized for investment” (Pomerene, V14, in Congressional Record, August 31, 1914, p. 14470). Clearly only one of them should be proscribed.

So, “by prohibiting mergers that negatively affect competition, the Clayton and FTC Acts aim to preserve rather than enhance competition and to protect overall market competition rather than individual competitors” (Ruane 2017, p. 2). The legislation had a preventive rather than a curative purpose.

At the same time, through summer 1914, Wilson managed to explain and make public opinion acknowledge his struggle against the tariff, the banks, and the trusts (what the press called the “Triple Wall of Privilege”—e.g., *Life* magazine with an illustration of 1913 from Fred G. Cooper) and endorse his vision of society. From 1912 to 1914, Wilson’s position evolved considerably. The president no longer held consistent opinions about what might be considered an unfair business practice, as it appeared to him that context might play a significant part.

Accordingly, Wilson advocated that antitrust legislation should be accompanied by a trade commission with extended powers, acting like a clearing house for those problems and punishing fraudulent actions for their negative effects. Wilson argued that there are “two methods of clearing it up—one after a practice has been entered into and one before it is entered into—and I don’t think it is safe to say before-hand whether a practice is going to be good, bad, or indifferent. You don’t know until the effects are clear” (Wilson, July 9, 1914, p. 268—Arch Ford_Wilson from The Papers of WW, Princeton).

The Clayton Act was accepted by the Senate on September 2, finally moving to the Committee.

Back in the House of Representatives, the discussion was to be quite short:

The power to carry on business in large units means, to a certain extent, efficiency in cost, in selling methods, and better service and better goods for the public, but with a large organization, with the immense amount of capital which is at their disposal, with the large volume of business, there goes the power absolutely to drive out competitors by the use of unfair methods of competition. (Stevens, V15, in Congressional Records, September 10, 1914, p. 14941)

The final form promoted efficiency but under the rule of fairness: both efficiency and fairness were a matter of intention, and case-by-case evaluation was to be provided by a commission.

The remaining vestiges of direct legislation and regulation disappeared. Penal clauses that had survived through both House and Senate were struck out. So, the final version of the Clayton Act punished those who “substantially lessen competition or tend to create a monopoly in any line of commerce,” which was a much weaker clause than the first draft’s intention to punish “the purpose or intent thereby to destroy or wrongfully injure the business of a competitor” (V16, in Congressional Records, September 28, 1914, p. 15935). What was forbidden was to damage the business as a whole, not a given individual or firm. Vertical integrations were completely safe, as were natural monopolies; any trace of the numerous attempts to regulate them disappeared from the final version of the act. The Clayton Act was finally approved by 245 to 52 on October 8, 1914.

VI. CONCLUSION

The development of the Clayton Antitrust Act has provided an interesting perspective from which to discuss Wilson’s theory of administration as applied by its author himself. This historical analysis of the creation of the Clayton Act and the FTC displays the interweaving of fairness and efficiency in business practices. Instead of dividing society between private interests and public care to make good its shortcomings, as in the old times of robber barons and unbridled capitalism, a long-term alternative vision successfully convinced civil society, political decision-makers, and the business world. It was largely a clash of conflicting values (see also Hays 1999, pp. 260–264) in the decision-makers’ minds and in society. Indeed, efficiency was widely seen as a way to raise salaries and limit working time, cut prices, and pacify society. It was at the same time an optimum of management that minimized waste. Fairness encapsulated the moral values and the attitude of good and truly American citizens, trying to live the American Dream (but excluding other causes like gender and racial issues). That is why Henry Ford was seen as the herald of new and better times. His attitude struck a balance between efficiency and fairness that was seen as prototypical of a good entrepreneur. Yet efficiency was the greater good, which was only to be tempered by fairness within reason. So, if the mission of business is not profit in itself but to bring good to society, as Ford and later Peter Drucker advocated (Drucker 2008), then one might conclude that, with the development of antitrust law, a social contract had been passed between the business world and society.

Compared with its initial drafts, the Clayton Act and the FTC clearly attempted to regulate the general welfare and to foster efficiency instead of lashing out at individual behaviors or practices, a political third way between unregulated *laissez-faire* and state control. As such, the Acts promoted a new model of business conduct, a new ideal of optimal business behavior, but also a “third-way business ethics.” This was somehow a redefinition of morality and justice, a compromise between Wilson’s “moralizing” of the trusts and the pragmatic idea that private vices foster public benefit. The ethical compromise that emerged from business regulation was a utilitarian kind of

cost-benefit analysis between the efficiency of Big Business and its potential harmfulness. It also included the idea that businessmen themselves should act in the name of the public good and look for counsel (the FTC) when necessary.

“[T]he antitrust community [was] debating whether and to what degree competition law should embody values of fairness” (Khan 2018, p. 131), and the new moral entity that emerged—the corporation—had to actively search for a compromise between efficiency and fairness. Yet, how should those general rules of thumb be applied concretely? If the general public had to accept that rules of fairness might have relevant exceptions, in the name of efficiency and the greater good, the business world had to prove that its choices and behavior were for the public good. Industrial corporations had to actively prove their commitment to social well-being; the FTC could both sanction and guide firms in properly following the rule of reason, thereby defining the boundaries of social responsibility on a case-by-case basis (McGahan 2020).

Wilson’s synthesis between regulation and laissez-faire and between expertise and democracy passed through the know-how-based knowledge of scientific management and business leaders. He chose flexible and case-by-case-oriented solutions rather than rigid legislation and rules. He also attempted to have the alleged values of the American people embodied in the figures of successful business leaders, like Henry Ford, who implemented those new managerial tools in their firms. The administration of the firm and the state became increasingly united.

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