

Sixty-Third Congress

April 7, 1913 – March 3, 1915

First Administration of Thomas Woodrow Wilson

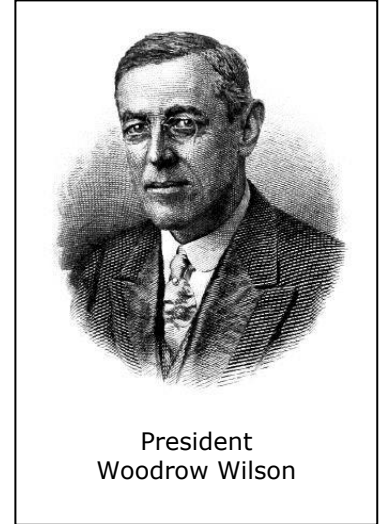
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Historical Background

Riding the wave of his New Freedom campaign, Woodrow Wilson during his first twenty months as President was able to gain congressional support for several monumental pieces of legislation. Using the Democratic majorities in the House and the Senate, he was successful in winning approval for the Underwood-Simmons Tariff Act, which reduced duties on 958 articles, and provided for an income tax and tax levies; the Federal Reserve Act, which gave the Federal Government control over the Nation's credit system; the Federal Trade Commission Act, giving the Federal Government authority to crack down on unfair competition in business; the Clayton Antitrust Act, which reinforced and strengthened the Sherman Antitrust Act; and the Smith-Lever Act of May 1914 formalized agricultural extension work as a joint undertaking between the Department of Agriculture and the nation's land-grant colleges with the intent of helping to make practical use of recent research and scientific advancements.

Elsewhere, the world quickly became an extremely dangerous place when, on June 28, 1914, Gavrilo Princip assassinated Austro-Hungarian Archduke and heir presumptive Franz Ferdinand and his wife Sophia, Duchess of Hohenburg in Sarajevo, in the recently annexed territory of Bosnia and Herzegovina, where the couple were to open the state museum after observing military maneuvers in Bosnia. Princip was part of a conspiracy organized by Danilo Ilić with ties to the Serbian-irredentist Black Hand secret society. The assassination spurred a period of civil violence in Bosnia and Herzegovina and, critically, set in motion the complex web of alliances and strategic partnerships constitutive of the balance of power in Europe at the time, ultimately instigating the First World War.

In the early months of the conflict, President Wilson followed a policy of neutrality, despite his sense that the United States had more in common with the Allied Powers, including Great Britain, France, and Russia than with the



House	Senate
Majority Party: Democrat (291 seats)	Majority Party: Democrat (53 seats)
Minority Party: Republican (134 seats)	Minority Party: Republican (42 seats)
Other Parties: Progressive (9 seats) Independent (1 seat)	Other Parties: Progressive (1 seat)
Speaker of the House: James Beauchamp Clark	Majority Leader: John W. Kern

Central Powers, including Austria-Hungary, Germany, and the Ottoman Empire. Despite the country's neutral stance, international trade declined precipitously with the outset of war and Congress approved the War Revenue Act of October 1914 to offset the tremendous decline in import duties.

Source:

Carr, Wilbur J. *The World War*. House, Jan. 12, 1914. 63rd Congress, 3rd Session, H. Doc. 63-1721/2. ProQuest Congressional, 6786 H.doc.1721/2

Dell, Christopher and Stephen W. Stathis. *Major Acts of Congress and Treaties Approved by the Senate, 1789-1980*. Government Division (CRS), Sept. 1, 1982. 97th Congress, 2nd Session, 82-156 GOV. ProQuest Congressional, CRS-1982-GOV-0005

War or Peace?

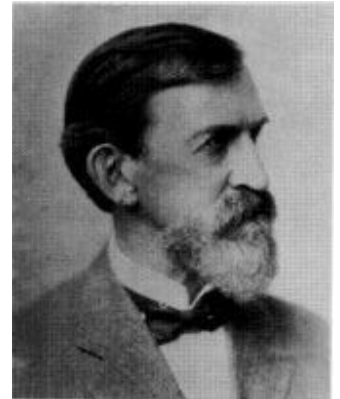
Tampico Affair

The United States faced several skirmishes during 1913 and 1914 with regional neighbors, including smaller military operations in Mexico, Haiti, and the Dominican Republic. In Haiti, U.S. ships were sent to protect American citizens and interests during a period of increased uprisings. On the other side of Hispaniola, U.S. gunships repelled advancements on the Dominican town of Puerto Plata and enforced the neutral zone in the Dominican capital, Santo Domingo.

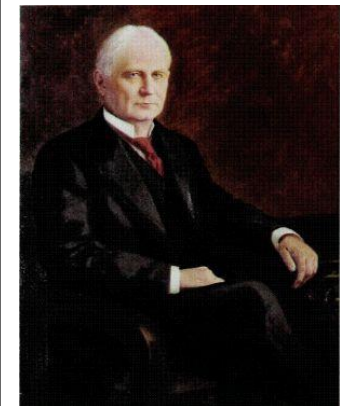
Tensions were already heightened between the United States and Mexico after several incidents, including cross-border raids, accidental arrests of American sailors, and news that an arms shipment was headed to the city of Veracruz, Mexico when an incident occurred that came to be known as the Tampico Affair. On April 9, 1914, Mexican soldiers detained nine sailors from a whaleboat who were attempting to purchase fuel near Tampico, Mexico, the location of an important Mexican oil field. Mexico was in the midst of an ongoing revolution and the incident occurred near a bridge under the control of Mexican President General Victoriano Huerta. An attack on the bridge was thought to be imminent and when the U.S. sailors failed to accede to the commands of the Mexican forces due to a language barrier, they were taken into custody. Though the sailors were promptly released from custody the commander of the U.S. Navy in the area demanded a formal apology, which was not forthcoming. Thus, on April 21, 1914, U.S. Marines and seamen entered the city of Veracruz with Congressional and Presidential consent. As a result of the fighting, American casualties totaled twenty service personnel, compared to the over 150 Mexican forces which were killed. United States forces occupied the city for six months after the initial invasion.

World War I

Meanwhile, events were moving at a dizzying pace in Europe following the assassination of Austro-Hungarian Archduke Franz Ferdinand in Sarajevo in June 1914. The assassins were associated with the Serbian-irredentist Black Hand secret society, which sought to liberate the South Slavic peoples then living under the suzerainty of the Austro-Hungarian Habsburg Empire. The



Senate Majority Leader
John W. Kern



Speaker of the House
James Beauchamp Clark

territory of Bosnia and Herzegovina, officially part of the Ottoman Empire as the Bosnia Vilayet, was placed under Austro-Hungarian occupation in 1878 under the terms of the Treaty of Berlin, which concluded Russo-Turkish War of 1877-1878. The Habsburgs long nurtured plans to formally annex the territory, despite its remaining formally a part of the Ottoman Empire. When the Young Turk Revolution shook the Ottoman Empire in July 1908, restoring the Ottoman Constitution and ushering in multiparty elections, the Austro-Hungarian leadership feared that the movement could spread to Bosnia and Herzegovina. To forestall that eventuality, Emperor Franz Joseph announced the formal annexation of the erstwhile Ottoman territory on October 5, 1908. This move angered South Slavic leaders within the territories of Bosnia and Herzegovina, as well as in the Kingdom of Serbia and Bulgaria, who looked at the move as a continuation of great power subjugation of the constituent nations.

The assassination of the heir presumptive to the Austro-Hungarian Empire by Serbian nationalists, significant as it was, might have remained a relatively local affair between the Habsburgs and neighboring Slavs were it not for the complex web of alliances and defense pacts that undergirded the balance of power in Europe at the dawn of the 20th century. Thus, in a dizzying sequence, Austria-Hungary sought Germany's support for a war against Serbia in the case of Russian intervention on July 5; Austria-Hungary declared war against Serbia on July 28th causing Russia to mobilize to protect its Serbian allies; Germany declared war against Russia on August 1 and against France on August 3; Germany invaded Belgium on August 4 when the latter country refused permission for the German army to march through its territory to reach France, causing the United Kingdom to declare war against Germany to protest their violation of Belgian neutrality, *ad nauseum* until the whole of Eurasia is at war with one another by the end of the year.

Hoping to keep the United States out of a costly war that had little to do with American interests, President Wilson officially declared U.S. neutrality in early August, but indicated that Americans would defend themselves if need be. In his 1914 State of the Union, he stated, "We are, indeed, a true friend to all the nations of the world, because we threaten none, covet the possession of none, desire the overthrow of none." He claimed that the United States was, and should never be, a country with a large standing Army but argued that citizens should be trained in arms in case the call comes to defend the nation. To further this aim, Wilson called for the National Guard to be "developed and strengthened which is not inconsistent with our own obligations to our own people or with the established policy of our government."

Sources:

Daniels, Josephus. [*Annual Reports of the Navy Department for the Fiscal Year 1914*](#). House, Dec. 1, 1914. 63rd Congress, 3rd Session, H. Doc. 63-1484 (N1.1:914). ProQuest Congressional, 6812 H.doc.1484

Wilson, Woodrow. [*Address of the President of the United States Delivered at a Joint Session of the Two Houses of Congress*](#). Committee on Ways and Means. House, Dec. 8, 1914, 63rd Congress, 3rd Session, H. Doc. 63-1184 (Pr28.1:914). ProQuest Congressional, 6888 H.doc.1184

Economic Trends and Conditions

A major aspect of President Wilson's economic policy was his focus on increasing competition among U.S. businesses and setting up regulatory mechanisms to enforce "trustbusting" policies. He signed legislation creating the Federal Trade Commission, an agency intended to stop unfair trade practices. Other policies focused on curbing anticompetitive practices such as price discrimination and regulated acquisitions and mergers of companies.

The most significant contribution to fiscal policy during the 63rd Congress was the enactment of the Federal Reserve Bank Act, which created a system of Federal Reserve Banks and a governing Federal Reserve Board that, together, would issue a single national currency and manage a single, national monetary policy. The Federal Reserve Bank Act was the third attempt to establish a U.S. central bank, after the First and Second Banks of America. The Second Bank of America was established in 1816 to contend with the high inflation that followed the War of 1812. The bank was soon blamed for problems associated with overextension of credit and was allowed to transition into a private institution and ultimately dissolve after its twenty-year charter expired in 1836. A series of financial panics in the late-19th and early-20th centuries convinced many that the U.S. needed a robust central bank and reform of the currency and banking systems.

During the 62nd Congress, the National Monetary Commission issued a report along with recommendations as to the establishment of a new central bank governed by bankers in the private sector. Republican Senator Nelson Aldrich of Rhode Island introduced legislation to this effect, however with the Democratic victories in the 1812 elections, this bill was tabled in favor of a plan that, while in many respects similar to Aldrich's bill, opted for strong government oversight.

Secretary of the Treasury William Gibbs McAdoo covered several economic factors in his 1914 address to the Congress. He highlighted the total number of tax returns came out to 357,598, under the recently enacted Sixteenth Amendment of the U.S. Constitution, which allowed the government to collect income taxes. As part of the Federal Reserve System required the United States to carry enough gold to back the number of tenders issued, McAdoo stated the Treasury held \$1.1 billion in gold reserves. Moreover, he stated that the combined total of gold holdings by national, state, private banks, along with personal holdings and in circulation came out to \$1.9 billion. Other figures mentioned were a total of \$380 million collected from income and corporate taxes, \$292 million raised from customs revenue, \$2.6 million from the sale of public lands, and \$60 million collected from various other sales for a total of \$735 million added to the government.

Sources:

Baker, James M. [*Recent Antitrust and Labor Injunction Legislation*](#). Senate, Oct. 22, 1914. 63rd Congress, 2nd Session, S. Doc. 63-614. ProQuest Congressional, 6596 S.doc.614

McAdoo, William Gibbs. [*Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30 1914*](#). House, Dec. 7, 1914. 63rd Congress, 3rd Session, H. Doc. 63-1521 (T1.1:914). ProQuest Congressional, 6787 H.doc.1521

Landmark U.S. Supreme Court Decisions

Hoke v. United States, concluded that while the Federal government did not have the authority to regulate prostitution, as that was reserved to the states, Congress did maintain the authority to regulate interstate travel for “immoral purposes” such as prostitution, upholding the Mann Act, 227 U.S. 308 (1913)

Charlton v. Kelly, concluded that the extradition of American Porter Charlton, who had confessed to the murder of his wife in Italy, was in fact legal and the Court recognized the authority of the executive department, which had denied his petition for a writ of habeas corpus, to waive a breach of treaty by Italy and to remain bound thereby, 229 U.S. 447 (1913)

Weeks v. United States, concluded that the warrantless seizure of documents from private residences violate the Fourth Amendment of the U.S. Constitution and prevented local officers from securing evidence by means prohibited under the federal exclusionary rule and giving it to their federal colleagues, 232 U.S. 383 (1914)

Houston E. & W. T. Ry. Co. v. United States, concluded that the Federal government's power to regulate interstate commerce also allowed it to regulate purely intrastate commerce in cases where control of the former was not possible without control of the latter, 234 U.S. 342 (1914)

Source:

Costello. George A. and Johnny H. Killian. [*Constitution of the United States of America. Analysis and Interpretation*](#). Senate, Jan. 1, 1996. 103rd Congress, 1st Session, S. Doc. 103-6. ProQuest Congressional, 14152 S.doc.6

1913 Events

- **Jan. 13:** [The first Ulster Volunteer Force formed, founded by Edward Carson, when he united several loyalist militias to resist Irish home rule](#)
- **Feb. 3:** [The U.S. government begins to collect income taxes after the 16th Amendment of the Constitution is ratified](#)
- **Mar. 4:** [Woodrow Wilson succeeds William Howard Taft to become 28th President of the U.S.](#)
- **Apr. 8:** [The Seventeenth Amendment of the U.S. Constitution passes Congress, requiring the direct election of Senators](#)
- **May 13:** Igor Sikorsky becomes the first person to pilot a 4-engine aircraft
- **June 11-15:** [U.S. General John J. Pershing leads a four-day siege of U.S. and Philippine troops armed with guns and heavy artillery against 500 Moro rebels armed with kampilan swords, resulting in the rebels being disarmed and killed](#)

- **July 10:** Death Valley, CA, hits 134 degrees Fahrenheit, the highest temperature on record
- **Aug. 3:** English inventor Harry Brearley invents stainless steel in Sheffield, England
- **Sept. 17:** The Anti-Defamation League of B'nai B'rith is founded by Sigmund Livingston in Chicago, IL
- **Oct. 10:** [President Wilson triggered the explosion on the Gamboa Dike, which signified the end of construction on the Panama Canal](#)
- **Nov. 7-11:** A storm known as The Great Lakes Storm of 1913 sinks 19 ships and kills more than 250 people
- **Dec. 23:** [President Wilson signs the Federal Reserve Act and creates a central banking system, known as the Federal Reserve System](#)

1914 Events

- **Jan. 5:** The Ford Motor Company introduces an eight-hour work day and a \$5 a day minimum wage
- **Mar. 27:** The first successful non-direct blood transfusion, using anticoagulants, is performed by Belgian surgeon Albert Hustin
- **Apr. 20-21:** President Wilson asks Congress to authorize military force in Mexico after the Tampico Incident, with 2300 Sailors and Marines arriving in Vera Cruz, Mexico the next day
- **June 28:** *World War I* - [Serbian nationalist Gavrilo Princip assassinates Archduke Franz Ferdinand of Austria and his wife, Duchess Sophie, in Sarajevo, Bosnia and Herzegovina](#)
- **July 18:** [The U.S. Army's Signal Corps is formed and gives definite status to the Army's air service](#)
- **July 28:** *World War I* - The Austro-Hungarian Empire declares war against Serbia, leading Russia to mobilize in its ally's defense
- **Aug. 1:** *World War I* - [Germany declares war on Russia, following the mobilization of Russian troops in support of its ally Serbia](#)
- **Aug. 3:** *World War I* - Germany declares war on France, but is rebuffed in its request to pass through Belgian territory to invade France
- **Aug. 4:** *World War I* - Germany invades Belgium as a strategic move to outflank the French military
- **Aug. 6:** *World War I* - The Austro-Hungarian Empire declares war on Russia and Serbia declares war on Germany
- **Aug. 7:** *World War I* - The British Expeditionary Force arrives in France for the defense of its ally
- **Aug. 7-Sept. 13:** *World War I* - Germany defeats the British Expeditionary Force and the French Fifth Army in the Battle of the Frontiers
- **Sept. 26:** [The Federal Trade Commission is formed by the Federal Trade Commission Act](#)
- **Oct. 3:** *World War I* - Canada sends 25,000 troops to Europe
- **Nov. 16:** [The first Federal Reserve Bank officially opens for business](#)
- **Dec. 17:** [President Wilson signs the Harrison Narcotics Act, regulating opiates and Coca products](#)

- **Dec. 24-25:** *World War I* – An unofficial “Christmas Truce” is observed by British and German forces along portions of the Western Front

Sources:

["An Act To increase the efficiency of the aviation service of the Army, and for other purposes."](#) (38 Stat. 514, Chap. 186; July 18, 1914). ProQuest Congressional

["Certificate of adoption of the Seventeenth Amendment to the Constitution. May 31, 1913."](#) (38 Stat. 2049; May 31, 1913). ProQuest Congressional

Baker, James M. [Hearings before the Committee on Banking and Currency. United States Senate.](#) Committee on Banking and Currency, Senate, Nov. 6, 1913. 63rd Congress, 1st Session, S.doc.232. ProQuest Congressional, 6532 S.doc.232

Carr, Wilbur, J. [The World War.](#) Department of State, House, Jan. 12, 1914. 63rd Congress, 3rd Session, H.doc.1721/2 (S1.1:914). ProQuest Congressional, 6786 H.doc.1721/2

Committee on Foreign Affairs. House. [To Provide for the Salaries of a Minister and Consuls to the Republic of Ireland.](#) GPO, Dec. 12-13, 1919. 66th Congress, 2nd Session, H229-5 (Y4.F76/1:lr2). ProQuest Congressional, HRG-1919-FOA-0006

Committee on the Judiciary. Senate. [One hundredth anniversary of the birth of General of the Armies John J. Pershing.](#) May 2, 1960. 86th Congress, 2nd Session, S.rp.1304. ProQuest Congressional, 12234 S.rp.1304

[Federal Reserve Bulletin.](#) Federal Reserve Bulletin, GPO. Jan. 1, 1916. ProQuest Congressional, FR1.3-1.2

Fletcher, Duncan Upshaw. [How to make the Panama Canal pay.](#) Senate, Dec. 18, 1913. 63rd Congressional, 2nd Session, S.doc.333. ProQuest Congressional, 6593 S.doc.333

Mr. Williams. [Opinions of Hon. John K. Shields of Tennessee, Hon. Cordell Hull of Tennessee, and Thurlow M. Gordon \[...\] on the proposed income-tax provision of the pending tariff bill.](#) Office of the Attorney General, Senate, Aug. 26, 1913. 63rd Congress, 1st Session, S.doc.171. ProQuest Congressional, 6537 S.doc.171

[Statutes and decisions pertaining to Federal Trade Commission: Comprising Federal Trade Commission Act \[...\].](#) Federal Trade Commission, GPO. Jan. 1, 1914. ProQuest Congressional, FT1.13-1

[Traffic in narcotic drugs: Report of special committee of investigation \[...\] with data on registrations under Harrison Narcotics Act \[...\].](#) Bureau of Internal Revenue, Department of Treasury, GPO. Jan. 1, 1919. ProQuest Congressional, T22.2-53

Wilson, Woodrow. [Inaugural addresses of Woodrow Wilson and Thomas R. Marshall.](#) Senate, Mar. 15, 1913. 63rd Congress, Special Session, S.doc.3 (Pr28.6:913). ProQuest Congressional, 6507 S.doc.3

Wilson, Woodrow. [Neutrality of U.S. in wars between Austria-Hungary and Serbia, Germany and Russia, and Germany and France.](#) Numbered Presidential Proclamations, Aug. 4, 1914. ProQuest Congressional, 1914-PR-1271

Major Acts

Underwood-Siumona Tariff Act. Lowered the overall average of duties from 38 percent under the Payne-Aldrich Tariff of 1909 to less than 30

percent. Reduced duties on 958 items including iron, steel, and woolens, greatly expanded the free list to include wool, sugar, iron ore, barbed wire, agricultural implements, hides, leather, footwear, hemp, wood, coal, and many foodstuffs. In addition, it empowered the President to negotiate reciprocal trade agreements, provided anti-dumping measures, established a one percent tax on incomes above \$2,000 with a \$1,000 exemption for married men, and a graduated one to six percent levy on incomes from \$20,000 to \$500,000 and above. Approved Oct. 3, 1913. ([38 Stat. 114; PL63-16](#))

Federal Reserve Bank Act. Authorized the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Federal Reserve Bank Organization Committee," to designate not fewer than eight nor more than twelve cities to be known as Federal reserve cities, and divided the continental United States into districts containing only one Federal reserve city. The districts thus created could be readjusted from time to time, but could not exceed twelve in all. Created the Federal Reserve Board of seven members (later enlarged to eight) with authority to raise or lower the rediscount rate prevailing in the several districts. Required that each Reserve Bank, barring an emergency, maintain a gold reserve amount to 40 percent of the notes it had issued. Approved Dec. 23, 1913. ([38 Stat. 251, Chap. 6; PL63-43](#))

Smith-Lever Act. Provided for an elaborate system of agricultural work, based on cooperation between the Department of Agriculture and the land grant colleges. Approved May 8, 1914. ([38 Stat.372, Chap. 79; PL63-95](#))

Federal Trade Commission Act. Outlawed the practice of unfair methods of competition in interstate commerce. Established a five-man Federal Trade Commission (no more than three of whom might belong to the same political party) with authority to demand annual and special reports from corporations and to investigate the activities of persons and corporations, publish reports on findings, and issue cease and desist orders (subject to judicial review in the Federal courts), to maintain retail prices, and to prevent unfair business practices, trade boycotts, mislabeling, adulteration of commodities, combinations, and false claims to patents. Approved Sept. 26, 1914. ([38 Stat. 717, Chap. 311; PL63-203](#))

Clayton Antitrust Act. Prohibited price discrimination where their effect might "be to substantially lessen competition or tend to create a monopoly," and "tying" contracts in which a purchaser agreed not to handle the products of the seller's competitors. Outlawed inter-corporate stock holding and interlocking directorates among industrial corporations of \$1 million or more. Authorized parties injured by monopolistic practices to seek relief through court injunctions, cease and desist orders from the Federal Trade Commission, and civil suits for 3-fold damages. Exempted labor and farm organizations from antitrust laws. Also prohibited court injunctions in labor disputes unless necessary to prevent irreparable property damage; declared strikes, peaceful picketing, and boycotts legal under Federal law; and provided for a jury trial in contempt cases except in instances where the act

of contempt took place in court. Approved Oct. 15, 1914. ([38 Stat. 730, Chap. 323; PL63-212](#))

War Revenue Act of 1914. Imposed an increase in several internal taxes including excise tax on liquors; the license tax impose on bankers, brokers, tobacco dealers, manufacturers, theaters and other amusement enterprises; and the stamp taxes laid on promissory notes, insurance policies, bills of lading, steamer tickets, parlor car seats, sleeping car berths, telegraph and telephone messages. Approved Oct. 22, 1914. ([38 Stat. 745, Chap. 331; PL63-217](#))

Creation of U.S. Coast Guard. Combined the Revenue Cutter Service and the Life Saving Service to create the U.S. Coast Guard. Approved Jan. 28, 1915. ([38 Stat. 800; PL63-239](#))

Source:

Dell, Christopher and Stephen W. Stathis. [Major Acts of Congress and Treaties Approved by the Senate, 1789-1980](#). Government Division (CRS), Sept. 1, 1982. 97th Congress, 2nd Session, 82-156 GOV. ProQuest Congressional, CRS-1982-GOV-0005

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