

# Congress and the Money Trust

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## Worksheet 1: Vocabulary and the Background to Congress's Investigation of the Money Trust

### A. Vocabulary

**Instructions:** This matching activity requires you to identify the best match between terms and definitions by reading for clues that connect each term to one definition. Draw a line clearly linking one term to the one definition it best matches.

| Terms                    | Definitions  |
|--------------------------|--|
| Clayton Anti-trust Act   | A group of separate companies brought under the control of a single managing board of directors to reduce or eliminate competition and maximize their joint (or total) profits.  |
| Federal Reserve          | Progressivism refers to the type of reforms made in response to economic and social changes in American society caused by industrialization, primarily from 1890 – 1920. The Progressive reforms included changes in government's relationship to business.        |
| Federal Trade Commission | A subcommittee of the United States House of Representatives formed in 1912 to investigate the Money Trust.  |
| Progressivism            | A system of 12, privately controlled, regional banks created in 1913. The banks are supervised by the Federal Reserve Board whose members are appointed by the President subject to Senate confirmation. The banks receive government deposits and issue currency. |
| Pujo Committee           | A law passed in 1914 outlawing trade practices that had given investment banks control over many corporations.   |
| Trust                    | A Federal agency established by legislation in 1914 with the power to limit the actions of corporations found to be using unfair methods of competition in commerce.   |

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### B. Background to Congress's Investigation of the Money Trust

**Instructions:** Read and text code this passage. Create a one-sentence summary of each paragraph in the boxes below.

1. From 1890 - 1910 investment banks, such as J.P. Morgan and Co., gained a controlling interest in many major corporations. The banks influenced the economy by appointing directors of corporations and influencing corporate decisions.

2. J.P. Morgan & Co. and other large investment banks used a legal device called a trust to expand their control over corporations. A trust is a group of separate companies brought under the control of a single managing board to reduce or eliminate competition and thereby maximize profits.

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3. Controlling many of America's largest corporations gave major investment banks leverage over the national economy. The banks were referred to as the Money Trust, and the public demanded that Congress investigate it. Were a few bankers running the whole economy? The House of Representatives Committee on Banking created a subcommittee, known as the Pujo Committee, to investigate the Money Trust.

4. The Pujo Committee's investigation was an important event in the Progressive Era. As a result of its work, Congress passed the Clayton Anti-trust Act to limit the banks' control over corporations, established the Federal Trade Commission to oversee economic competition, and created the Federal Reserve to lessen the control of the Money Trust over the nation's money supply.