

The Populist Movement



Economic Timeline:

1860 -1876

The Lincoln administration printed up excess paper currency to pay for the Civil War → caused inflation →

To try to curb inflation, Congress “demonetized” paper currency and silver coins with the Coinage Act of 1873 (nicknamed the “Crime of 1873”)

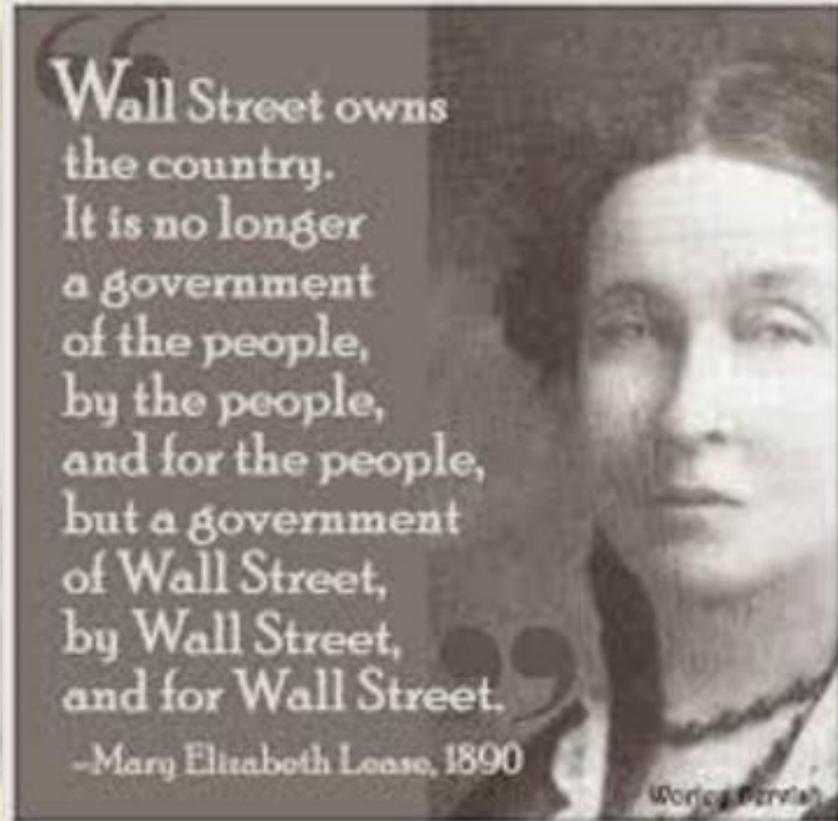
Farmers struggle with deflation and overproduction, which put them further into debt

Railroad companies were building too fast, going “nowhere to no one”; when Jay Cooke’s RR company closed, everything spiraled from there



Mary Elizabeth Lease

- At the age of 20, she moved to Kansas to teach school in St. Paul
- Three years later she married Charles L. Lease, a local pharmacist
- They lost their Kingman County farm in the Panic of 1873 and moved to Denison, Texas where she studied law
- Their family of 6 later moved to Wichita, Kansas, where she took a leading role in civic and social activities to improve the lives of farmers



How might she have come to be such a vocal promoter of the cause of farmers?

“Quoted” by reporters “Raise less corn and more hell.”

The Grange

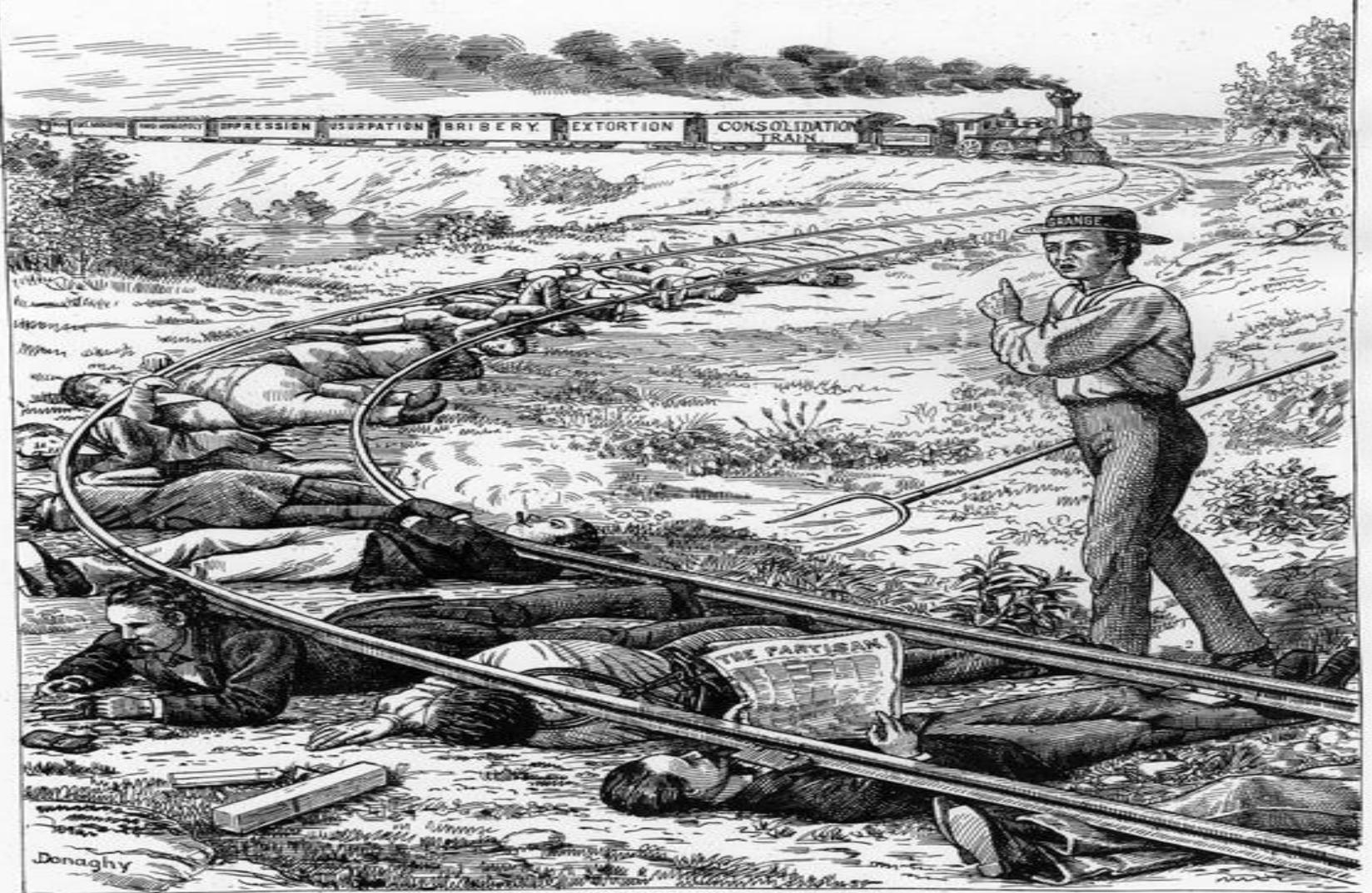
-Founded by Oliver Hudson Kelley in 1867

-AKA “Patrons of Husbandry”

-Social and educational “fraternal organization” for farmers to feel a sense of community

-Discussed a need for govt regulation of “big business”, RRs, and banks





THE FARMERS AND THE RAILROADS: THE GRANGE AWAKENING THE SLEEPERS.

1. What is happening to the ordinary people in the cartoon?
2. Who is the "hero" of the cartoon, warning the people of the coming danger?
3. How does this cartoon depict the plight of the farmers?
4. Who does the cartoonist suggest is responsible for the farmers' plight?

Gibbons v. Ogden (1800)

Chief Justice Marshall ruled that only Congress (not state legislatures) has the power to regulate interstate trade

Munn v. Illinois (1877)

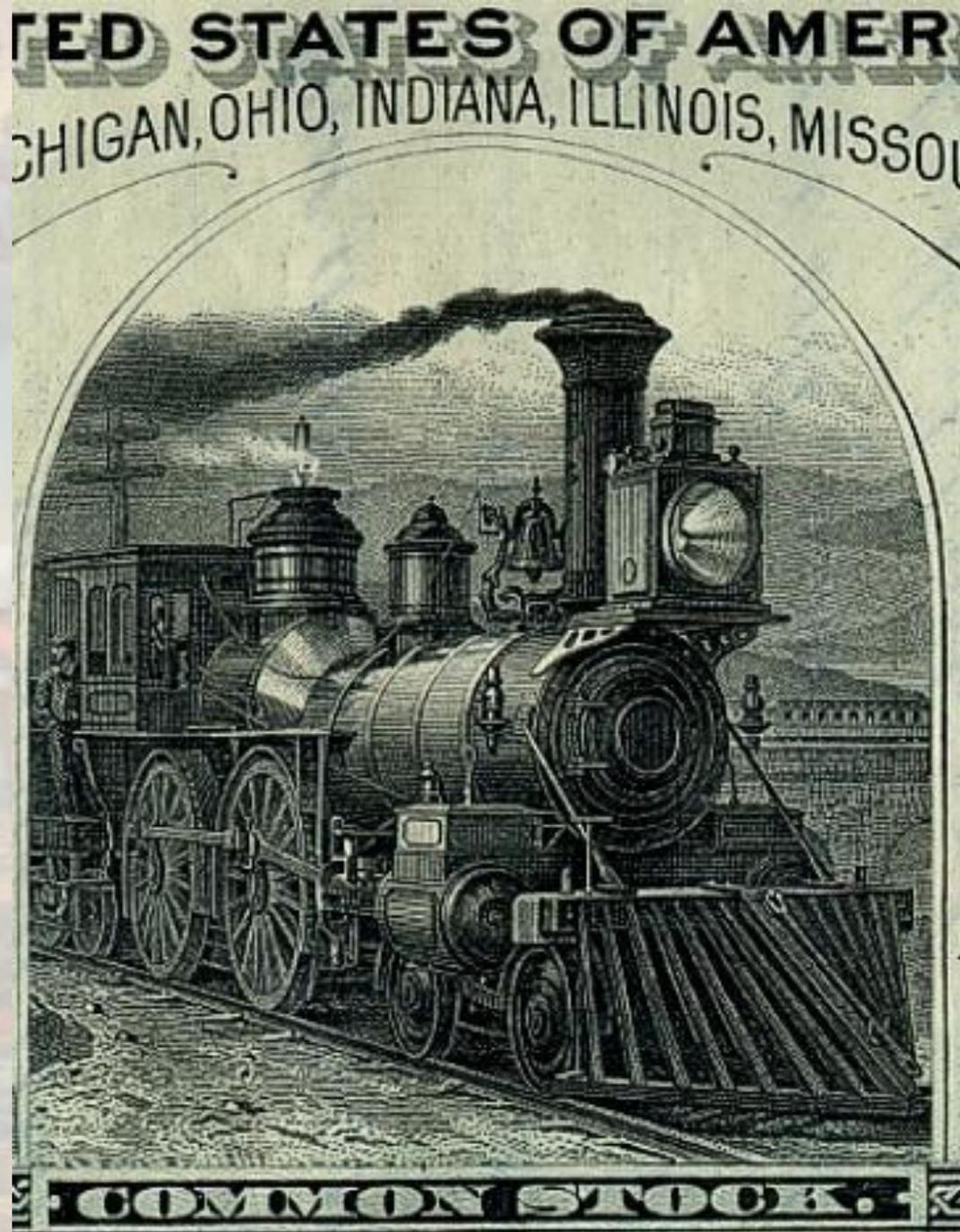
- Grangers began to regulate RR rates in Illinois through state legislation → RR companies argue laws violate *Gibbons v. Ogden*, because RRs cross state lines
- Supreme Court rules in favor of Grangers; states could regulate intrastate commerce (did not include over-the-border traffic)
- “**Granger Laws**” (series of “farmer-friendly” legislation passed after *Munn v. Illinois*) are found to be legal →



Wabash v. Illinois
(1886)

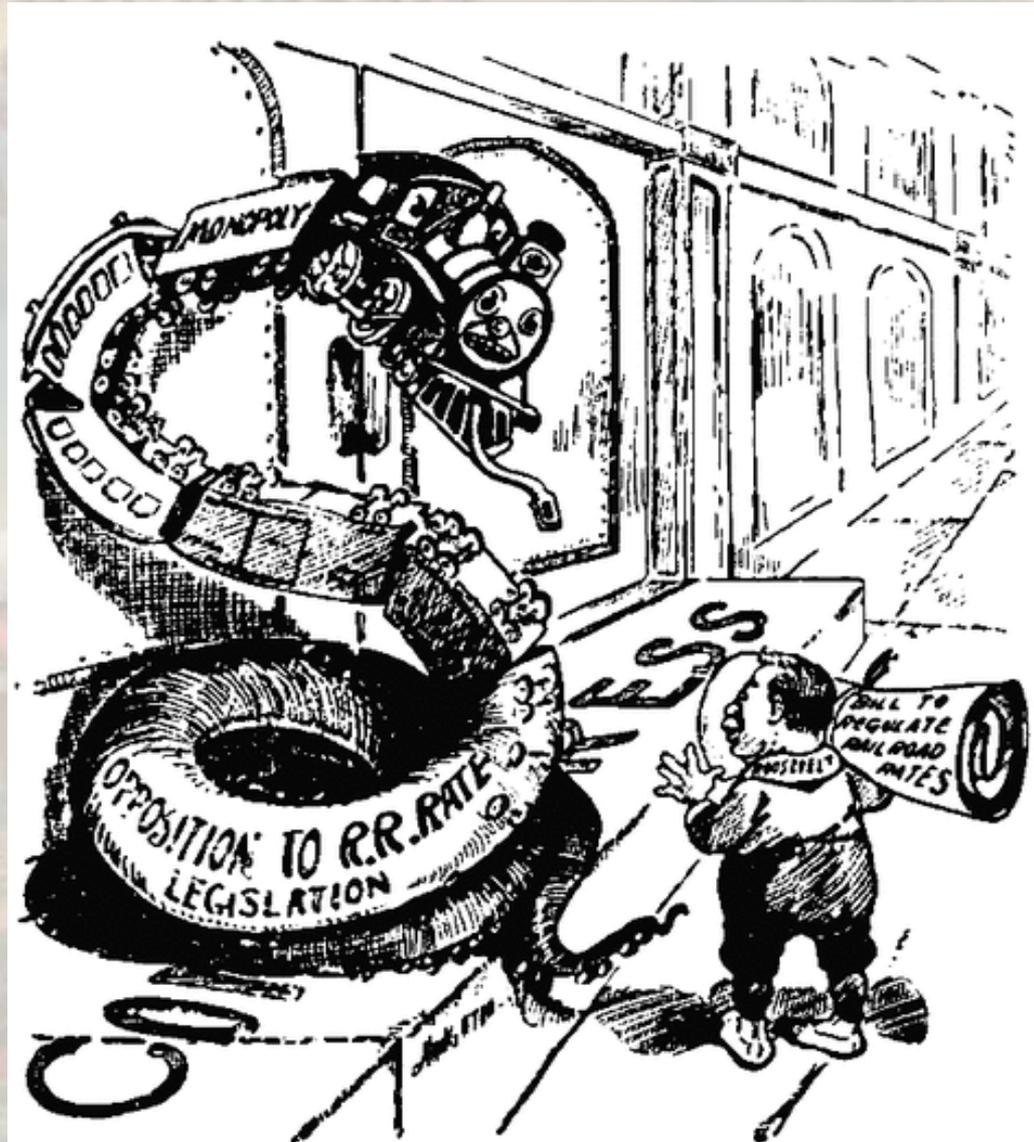
- Supreme Court overturns *Munn* ruling
- Only Congress can regulate railroad rates due to the Interstate Commerce Act
- Grangers go into decline

This would be a short-term defeat for the farmer, but a long-term beneficial commission in the future → Led to the ICA/ICC



Interstate Commerce Act (1887)

- Federal govt regulates RRs
- Marks the “beginning of the end” of *Laissez-faire* govt regulation



TRYING TO BLOCK HIS WAY
From the Tribune (Minneapolis)

Crop prices drop drastically from 1875-1895 → blame falls on:

RRs

-Farmers could not rely on a standard rate

Banks

-Call in loans early, which helped RRs and businesses seize farmland

-The “Crop-lien System”
“Big Business”

-Bonanza farm investors pressure RRs and banks to grab up land



The Farmer's Alliance - 1875

-Organized in the South by tenant farmers and sharecroppers

-Platform:

- “Free Silver” (use of silver coins to cause inflation)
- Govt take-over of RRs
- Anti-trust laws (to break up monopolies)
- Easy credit for farmers

-Class warfare between the “common people” (farmers link up with Democrats) versus the business class (Republicans)

-Many are elected to Congress in 1888



If a farmer owes \$3,000 and can earn \$1 for every bushel of wheat sold at harvest, he needs to sell 3,000 bushels to pay off the debt

If there's inflation, it pushes the price of a bushel of wheat up to \$3, so he only needs to sell 1,000 bushels



Also popular during the election of 1896 were political cartoons. Above is Uncle Sam sinking in gold quicksand, from "Coin's Financial School."



If a farmer borrowed 10,000 for a farm, years later (if inflation is present) their payments are fixed at a percentage →

When they sell their farm, they could make more on the sale

INFLATION HELPS BORROWERS

Bankers		Inflation (100%)	Deflation (100%)
Deposits	\$2,500	\$5,000	\$1,250
Loans	-\$5,000	-\$10,000	-\$2,500
Money in bank	\$5,000	\$5,000	\$5,000
Utilities	-\$500	-\$1,000	-\$250
Salaries	-\$1,000	-\$2,000	-\$500
Money Remaining	\$0	-\$3,000	\$3,000

Farmers		Inflation (100%)	Deflation (100%)
Income	\$2,000	\$4,000	\$1,000
Mortgage payment	-\$1,000	-\$1,000	-\$1,000
New equipment	-\$500	-\$1,000	-\$250
Groceries	-\$200	-\$400	-\$100
Feed/Seed	-\$100	-\$200	-\$50
Money Remaining	\$200	\$1,400	\$400

GIFT TO THE GRANGERS

Laborers Affected by Farm Decline:

→ Foreclosed upon farmers move to cities, lowering wages



Farmer's
Alliance
“rebrands” →

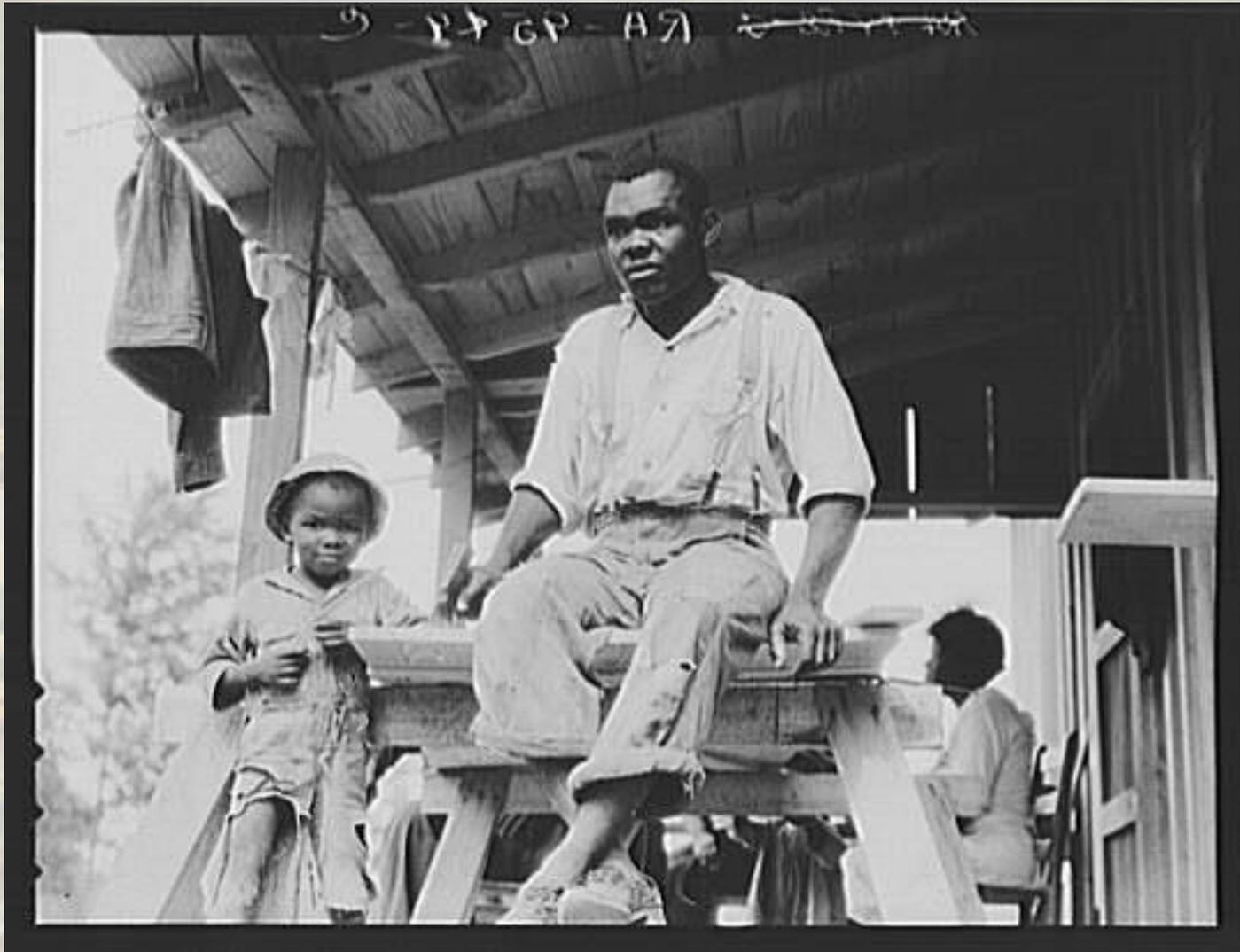
People's Party
AKA the

Populists



The Colored Farmer's National Alliance and Cooperative Union

-Grew in popularity from 1886-1890 until its split with the Populists over Southern white farmer's resentment for their inclusion of blacks





Sherman Anti-trust Act of 1890

-Monopolies & trusts could be made illegal because they stifle competition & keep prices high (Between 1890 – 1902 the SAA will be used to break up labor unions *instead* of corporations)

Sherman Silver Purchase Act of 1890

-U.S. govt will purchase every ounce of silver & issue new notes backed up with gold and silver

-Passed to appease farmers and silver miners who had been building up a surplus (which led to miners' wages being cut)

-Introduced **Bimetallism** in the ratio of 16 ounces of silver to 1 ounce of gold, or **16:1** ratio → gold becomes more valuable & is bought up by J.P. Morgan & European bankers (like the Rothschilds)

The purpose of the ICA, the Sherman Antitrust Act (and later the Clayton Antitrust Act):

- Eliminate unfair business practices
- Reduce imports
- Reduce the power of unions
- Increase the power of local governments

“At times like the present, when the evils of unsound finance threaten us, the speculator may anticipate a harvest gathered from the misfortune of others, the capitalist may protect himself by hoarding or may even find profit in the fluctuations of values; but the wage earner – the first to be injured by a depreciated currency – is practically defenseless. He relies for work upon the ventures of confident and contented capital. This failing him, his condition is without alleviation, for he can neither prey on the misfortunes of others nor hoard his labour.”

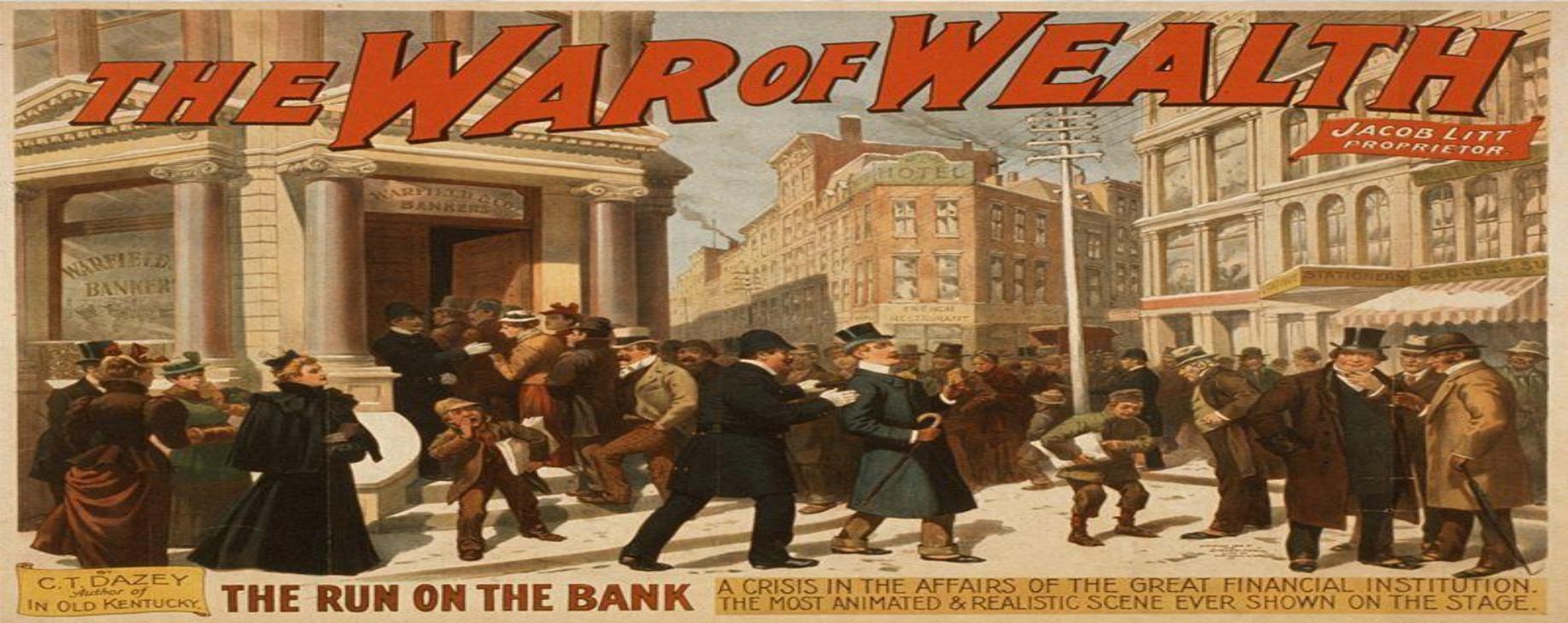


	“Gold Bugs”	“Silverites”
Demographics	Bankers, businessmen, wealthy, Republicans	Farmers, industrial laborers, Democrats
Interests	-Gold Standard: less money in circulation	-Bimetallism: more money in circulation
Why?	Loans would be repaid, profits would be in “stable money”	Products sold at higher prices
Effects	Deflation: -Prices fall -Value of the dollar increases -Concentrated wealth	Inflation: -Prices rise -Value of dollar decreases -More people have money

Cleveland
returns the
U.S. to the
“Gold
Standard” in
1893,
angering the
Populists to
mobilize for
the upcoming
election



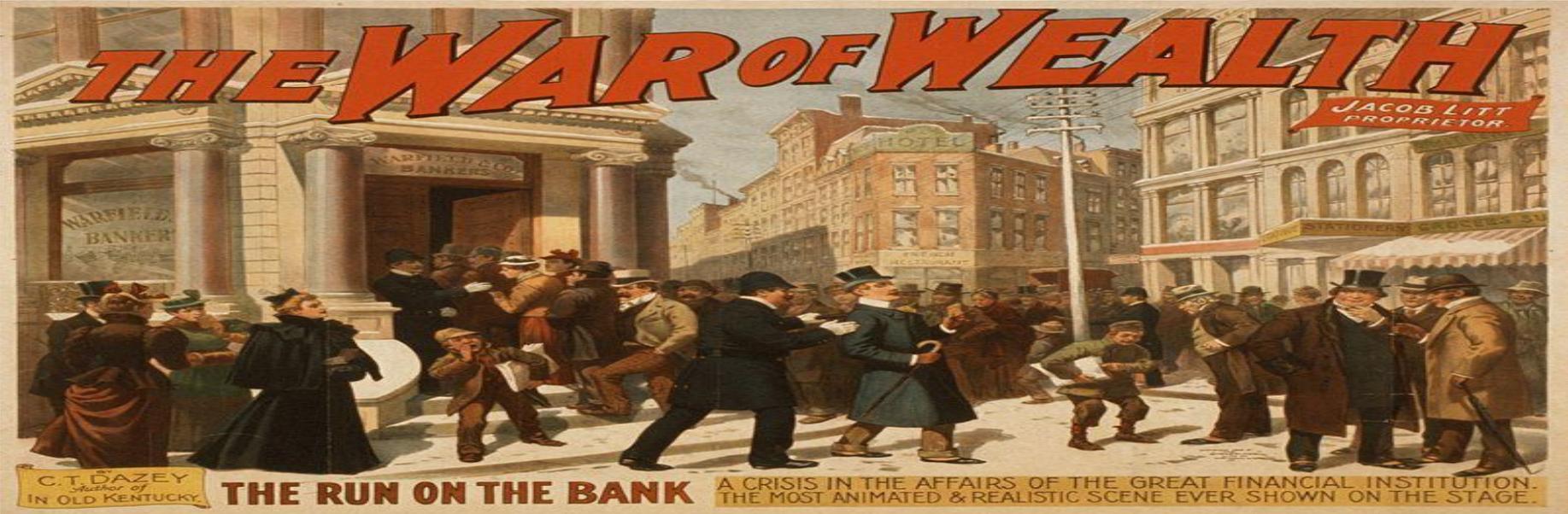
PANIC OF 1893



CAUSES

1. RR expanded faster than the market needed → Some RRs went bankrupt
→ Stock market collapsed → Banks stopped loaning \$ and called in loans
2. Farmers had already borrowed too much
3. Businesses sold too much “on credit”

PANIC OF 1893



EFFECTS

- 15,000 businesses collapse
- 156 RR companies bankrupt
- 600 banks are forced to shut down
- Govt revenue decreases
- Gold reserves drop severely

Election of 1896



William McKinley

- Republican candidate
Campaign Manager: Mark Hanna (master planner)
- Led a “front porch” campaign
(brought people to McKinley’s house via RR)
- Depicted WJB as a “dictator-like” figure
- Spent larger sums on his campaign

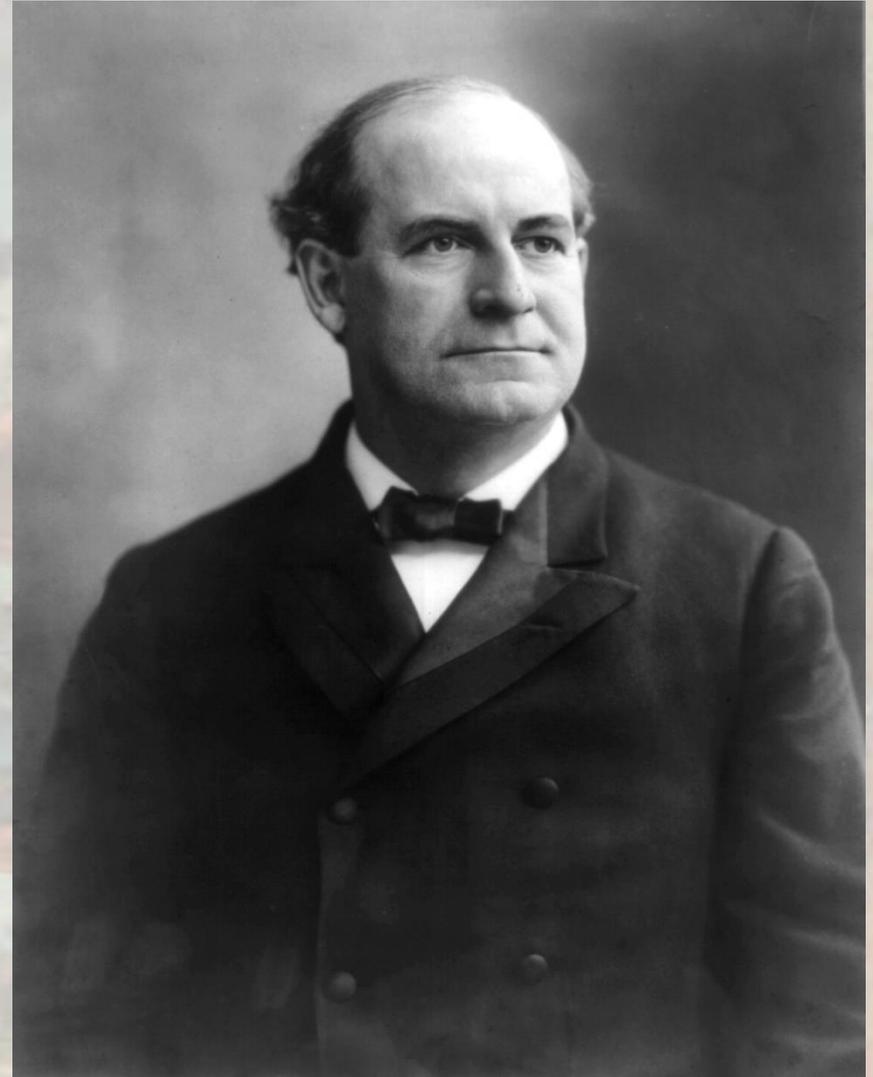


William Jennings Bryan

Democrat and Populist-
endorsed nominee

-Led a “Whistle Stop”
campaign across the
country (stopped at
many different railroad
towns)

-Bimetallist



“CROSS OF GOLD” SPEECH

9 July 1896: WJB preached
the dangers of a single-
based currency

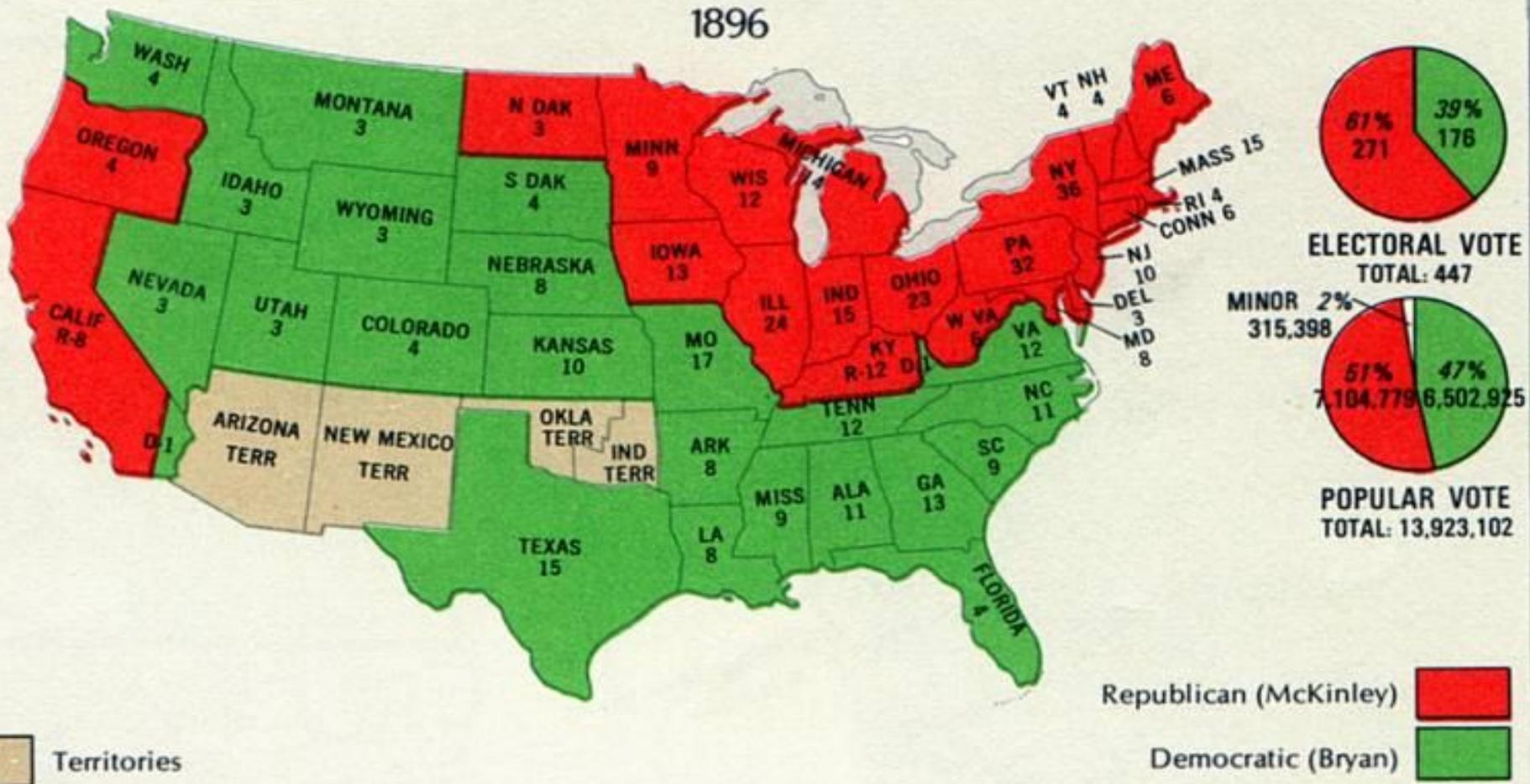
Called the gold standard a
“cross of gold” in that it
would end up crucifying
hard-working Americans



RESULTS

McKinley: 7,035,638 (51%) 271 EC

WJB: 6,467,946 (47%) 176 EC



The Decline of the Populists

- Loss of the Election of 1896
- Immigration to urban areas led to higher prices for agricultural products
- Crop failures in Europe led to an increase in U.S. grain exports
- 1898: Yukon gold strike increased the U.S. govt's supply of gold and eased farmers' access to credit



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Effects of Populism

- Upper-class becomes aware of the need to reform corruption of politics, big business, and social effects (caused from industrialization of the “Gilded Age”)
- The “Progressive Movement” is on its way and will “absorb” some of the Populist Party’s reforms



*By 1890, 71% of the nation's wealth belonged to less than 9% of the public