Section 4

Populism

Guide to Reading

Big Ideas
Economics and Society The Populist movement and its presidential candidate William Jennings Bryan strongly supported silver as the basis for currency.

Content Vocabulary
- populism (p. 242)
- greenbacks (p. 242)
- inflation (p. 242)
- deflation (p. 242)
- cooperatives (p. 243)
- graduated income tax (p. 245)

Academic Vocabulary
- bond (p. 242)
- currency (p. 243)
- strategy (p. 244)

People and Events to Identify
- Farmers’ Alliance (p. 244)
- People’s Party (p. 245)
- William Jennings Bryan (p. 246)
- William McKinley (p. 247)

Reading Strategy
Taking Notes As you read about the emergence of populism in the 1890s, use the major headings of the section to create an outline similar to the one below.

Unrest in Rural America

MAIN Idea Deflation, low crop prices, and tariffs hurt farmers economically.

HISTORY AND YOU What can you buy for a dollar today? Read on to learn how the value of a dollar has changed over time.

Populism was a movement to increase farmers’ political power and to work for legislation in their interest. Farmers joined the Populist movement because they were in the midst of an economic crisis. New technology enabled farmers to produce more crops, but the greater supply had caused prices to fall. High tariffs also made it hard for farmers to sell their goods overseas. Farmers also felt they were victimized by large and faraway entities: the banks from which they obtained loans and the railroads that set their shipping rates.

The Money Supply

Some farmers thought adjusting the money supply would solve their economic problems. During the Civil War, the federal government had expanded the money supply by issuing millions of dollars in greenbacks—paper currency that could not be exchanged for gold or silver coins. This increase in the money supply without an increase in goods for sale caused inflation, or a decline in the value of money. As the paper money lost value, the prices of goods soared.

After the Civil War ended, the United States had three types of currency in circulation—greenbacks, gold and silver coins, and national bank notes backed by government bonds. To get inflation under control, the federal government stopped printing greenbacks and began paying off its bonds. In 1873 Congress also decided to stop making silver into coins. These decisions meant that the money supply was not large enough for the country’s growing economy. In 1865, for example, there was about $30 in circulation for each person. By 1895, there was only about $23. As the economy expanded, deflation—or an increase in the value of money and a decrease in prices—began. As money increased in value, prices fell.

Deflation hit farmers especially hard. Most farmers had to borrow money for seed and other supplies to plant their crops. Because
money was in short supply, interest rates began to rise, which increased the amount farmers owed. Rising interest rates also made mortgages more expensive, but falling prices meant the farmers sold their crops for less, and they still had to make the same mortgage payments to the banks.

Realizing that their problems were partly caused by a shortage of currency, many farmers concluded that Eastern bankers had pressured Congress into reducing the money supply. Some farmers called for the printing of more greenbacks. Others, particularly those in the West where new silver mines had been found, wanted the government to mint silver coins. They referred to the decision to stop minting silver as “The Crime of ’73.”

The Grange Takes Action

In 1866 the Department of Agriculture sent Oliver H. Kelley to tour the rural South and report on the condition of the region’s farmers. Realizing how isolated farmers were from each other, Kelley founded the first national farm organization, the Patrons of Husbandry, better known as the Grange, in 1867.

At first Grangers met largely for social and educational purposes. Then, in 1873, the nation plunged into a severe recession, and farm income fell sharply. Farmers looking for help joined the Grange in large numbers. By 1874, the Grange had between 800,000 and 1.5 million members.

Grangers responded to the crisis by pressuring state legislatures to regulate railroad and warehouse rates. They also tried to create cooperatives—marketing organizations that try to increase prices and lower costs for their members.

One of the reasons farmers could not charge higher prices for their crops was that there were so many farmers in competition. If a farmer raised prices, a buyer could always go elsewhere and pay less. Cooperatives pooled farmers’ crops and held them off the market in order to force up prices. Because a cooperative controlled a large quantity of farm products, it could also negotiate better shipping rates with the railroads.
None of the strategies the Grangers employed improved farmers’ economic conditions. Several Western states passed “Granger laws” that set maximum rates and prohibited railroads from charging more for short hauls than for long ones. The railroads fought back by cutting services and refusing to lay new track. Then, in 1886, the Supreme Court ruled in Wabash v. Illinois that states could not regulate railroads or any commerce that crossed state lines.

The Grange’s cooperatives also failed, partly because they were too small to have any effect on prices, and partly because Eastern businesses and railroads considered them to be similar to unions—in illegitimate conspiracies that restricted trade—so they refused to do business with them. By the late 1870s, farmers began to leave the Grange for organizations they hoped would address their problems.

The Farmers’ Alliance

As the Grange began to fall apart, a new organization, known as the Farmers’ Alliance, began to form. By 1890, the Alliance had between 1.5 and 3 million members, with strong support in the South and on the Great Plains, particularly in Kansas, Nebraska, North Dakota, and South Dakota.

When Charles W. Macune became the leader of the Alliance, he announced a plan to organize very large cooperatives, which he called exchanges. Macune hoped these exchanges would be big enough to force farm prices up and to make loans to farmers at low interest rates. The exchanges had some success. The Texas Exchange successfully marketed cotton at prices slightly higher than those paid to individual farmers, while the Illinois Exchange negotiated slightly better railroad rates for wheat farmers.

Ultimately, the large cooperatives failed. Many overextended themselves by lending too much money at low interest rates that was never repaid. In many cases, wholesalers, railroads, and bankers discriminated against them, making it difficult for them to stay in business. They also failed because they were still too small to affect world prices for farm products.

**Reading Check**

**Explaining** How did the Farmers’ Alliance try to help farmers?

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**POLITICAL CARTOONS**

**Who Is to Blame for Farmers’ Problems?**

**Analyzing VISUALS**

1. **Analyzing** What is the cartoon on the left implying about the railroad’s relationship to farmers?
2. **Explaining** Who does the cartoon on the right blame for the problems facing farmers?
The Rise of Populism

**MAIN Idea** Farmers started the People’s Party to fight for their interests and attracted many supporters when a depression hit in the 1890s.

**HISTORY AND YOU** Do you remember reading about the creation of the Republican Party in the 1850s? Read how another new party, the Populists, shook up politics in the 1890s.

By 1890 the Alliance’s lack of success had started a debate in the organization. Some Alliance leaders, particularly in the western states, wanted to form a new party and push for political reforms. Members of the Kansas Alliance formed the People’s Party, also known as the Populists, and nominated candidates to run for Congress and the state legislature. Alliances in Nebraska, South Dakota, and Minnesota quickly followed Kansas’s example.

Most Southern leaders of the Alliance opposed the idea of a third party. They did not want to undermine the Democrats’ control of the South. Instead, they suggested that the Alliance produce a list of demands and promise to vote for candidates who supported those demands. They hoped this would force Democrats to adopt the Alliance program.

The Subtreasury Plan

To get Southern Democrats to support the Alliance, Charles Macune introduced the subtreasury plan, which called for the government to set up warehouses called subtreasuries. Farmers would store their crops in the warehouses, and the government would provide low-interest loans to the farmers.

Macune believed the plan would enable farmers to hold their crops off the market in large enough quantities to force prices up. The Alliance also called for the free coinage of silver, an end to protective tariffs and national banks, tighter regulation of the railroads, and direct election of senators by voters.

Macune’s strategy seemed to work at first. In 1890 the South elected four governors, all Democrats, who had pledged to support the Alliance program. Several Southern legislatures now had pro-Alliance majorities, and more than 40 Democrats who supported the Alliance program were elected to Congress.

A Populist Runs for President

Meanwhile, the new People’s Party did equally well in the West. Populists took control of the Kansas and Nebraska legislatures. Populists also held the balance of power in Minnesota and South Dakota. Eight Populist representatives and two Populist senators were elected to the United States Congress.

At first, Southern members of the Alliance were excited over their success in electing so many pro-Alliance Democrats to Congress and to Southern state legislatures, but over the next two years, their excitement turned into frustration. Despite their promises, few Democrats followed through in their support of the Alliance program.

In May 1891 Western populists met with some labor and reform groups in Cincinnati. There, they endorsed the creation of a new national People’s Party to run candidates for president. The following year, many Southern farmers had reached the point where they were willing to break with the Democratic Party and join the People’s Party.

In July 1892 the People’s Party held its first national convention in Omaha, Nebraska. James B. Weaver was nominated to run for president. The Omaha convention endorsed a platform that denounced the government’s refusal to coin silver as a “vast conspiracy against mankind” and called for a return to unlimited coinage of silver at a ratio that gave 16 ounces of silver the same value as one ounce of gold. It also called for federal ownership of railroads and a **graduated income tax**, one that taxed higher earnings more heavily.

Populists also adopted proposals designed to appeal to organized labor. The Omaha platform also called for an eight-hour workday and immigration restrictions, but workers found it hard to identify with a party focused on rural problems and the coinage of silver. The Populists had close ties to the Knights of Labor, but that organization was in decline, and the fast-growing American Federation of Labor had steered clear of an alliance with them. As a result, most urban workers continued to vote for the Democrats, whose candidate, Grover Cleveland, won the election.

**Reading Check** Summarizing What was the main outcome of the Populist campaign in the elections of 1892?
The Election of 1896

**MAIN Idea** Although William Jennings Bryan had the support of the Populists and the Democrats, Republican William McKinley defeated him.

**HISTORY AND YOU** What was the best speech you have ever heard? How did the speaker draw you in? Read on to learn how a powerful speech won the presidential nomination for William Jennings Bryan.

Unfortunately for the Populists, their strategy failed. The Democrats did not waiver on the silver issue. Instead, they nominated **William Jennings Bryan**, a strong supporter of silver. When the Populists gathered in St. Louis for their own convention, they faced a difficult choice: endorse Bryan and risk undermining their identity as a separate party, or nominate their own candidate and risk splitting the silver vote. They eventually decided to support Bryan as well.

**Bryan’s Campaign**

William Jennings Bryan, a former member of Congress from Nebraska, was only 36 years old when the Democrats and the Populists nominated him for president. Bryan had served in Congress as a representative from Nebraska. He was a powerful speaker and he won the Democratic nomination by delivering an electrifying address in defense of silver—one of the most famous in American political history.

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**Turning Point**

The Election of 1896

Before the Civil War, farmers of the West and the South determined the outcome of elections. As industrialization caused Eastern cities to grow, the balance of political power shifted. From the 1870s to the 1890s, elections became very close, and power swung back and forth between the parties. The election of 1896 marked a turning point. Political power shifted from voters in the rural parts of the country to those in urban areas in the Northeast and Industrial Midwest. Never again would farm votes determine the winner of a presidential election. The South and West did not regain their political importance until their urban areas grew to match those in the Northeast and Midwest.

**MAKING CONNECTIONS** Does the pattern of 1896’s election resemble recent elections? Write an essay comparing a recent election to the 1896 election.

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For many, the campaign to elect William Jennings Bryan was viewed as both a crusade and a revolution, as the symbols and slogans on this 1896 poster show.
With a few well-chosen words, Bryan transformed the campaign for silver into a crusade:

**Primary Source**

“Having behind us the producing masses of this nation and the world, supported by the commercial interests, the laboring interests and the toilers everywhere, we will answer their demand for a gold standard by saying to them: You shall not press down upon the brow of labor this crown of thorns; you shall not crucify mankind upon a cross of gold.”

—quoting in *America in the Gilded Age*

Bryan waged an energetic campaign, traveling thousands of miles and delivering 600 speeches in 14 weeks. Some found his relentless campaigning undignified, and Catholic immigrants and other city dwellers cared little for the silver issue. They did not like Bryan’s speaking style either. It reminded them of rural Protestant preachers, who were sometimes anti-Catholic. Republicans knew that Democrats and Populists would be hard to beat in the South and the West. To regain the White House, they had to sweep the Northeast and the Midwest. They decided on **William McKinley**, the governor of Ohio, as their candidate.

**The Front Porch Campaign**

Unlike Bryan, McKinley launched a “Front Porch Campaign,” greeting delegates who came to his home in Canton, Ohio. The Republicans campaigned against the Democrats by promising workers that McKinley would provide a “full dinner pail.” This meant more to urban workers than the issue of silver money because the economy was in a severe recession following the Panic of 1893. At the same time, most business leaders supported the Republicans, convinced that unlimited silver coinage would ruin the country. Many employers warned workers that if Bryan won, businesses would fail and unemployment would rise further.

McKinley’s reputation as a moderate on labor issues and as tolerant toward ethnic groups helped improve the Republican Party’s image with urban workers and immigrants. When the votes were counted, McKinley had won with a decisive victory. He captured 51 percent of the popular vote and had a winning margin of 95 electoral votes—hefty numbers in an era of tight elections. As expected, Bryan won the South and most of the West, but few of the states he carried had large populations or delivered many electoral votes. By embracing populism and its rural base, Bryan and the Democrats lost the northeastern industrial areas, where votes were concentrated.

The Populist Party declined after 1896. Their efforts to ease the economic hardships of farmers and to regulate big business had not worked. Some of the reforms they favored, including the graduated income tax and some governmental regulation of the economy—however, came about in the subsequent decades.

**Reading Check**

**Evaluating** What were the results of the 1896 presidential election?