

# SECTION 2 Populism

## Guide to Reading

### Main Idea

In the 1890s an independent political movement called populism emerged to challenge the two major parties.

### Key Terms and Names

populism, greenback, inflation, deflation, Grange, cooperative, People's Party, graduated income tax, goldbug, silverite, William Jennings Bryan

### 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.

Populism  
I. Unrest in Rural America  
A.  
B.  
II.  
A.  
B.

### Reading Objectives

- **Explain** why farmers wanted a greenback currency and why the adoption of the gold standard led to the Farmers' Alliance.
- **Describe** who joined the Populist Party and what the party's goals were.

### Section Theme

**Economic Factors** Currency and credit problems led to the rise of the Populist movement.

### Preview of Events

◆ 1865

**1867**  
Grange founded to aid farmers

◆ 1875

**1873**  
Congress adopts a gold standard for currency

**1877**

Farmers' Alliance founded in Texas

◆ 1885

**1890**  
People's Party formed in Kansas

◆ 1895

**1892**  
National People's Party formed

## ★ An American Story ★



*Populist farmers gather in Dickinson County, Kansas*

On July 4, 1890, Leonidas L. Polk took a political gamble. He stepped up to make a speech to a crowd of 6,000 in a small town in Kansas. Polk was a Southerner, a lifelong Democrat, and a former Confederate soldier. He was not in friendly territory.

Polk had come to Kansas because he was now involved in a different kind of battle, one that cut across the lines dividing Northerners from Southerners and Democrats from Republicans. He was calling on farmers from both parties and both regions to unite for their common good. Polk urged the crowd to reject the two-party system and join the emerging movement that became known as populism:

“I tell you this afternoon that from New York to the Golden Gate, the farmers have risen up and have inaugurated a movement such as the world has never seen. It is a revolution of thought. . . . The farmer of North Carolina, Georgia, Texas, South Carolina is your brother. . . . Some people have stirred up sectional feelings and have kept us apart for twenty-five years. . . . They know that if we get together and shake hands . . . their doom is sealed. . . . Congress could give us a bill in forty-eight hours that would relieve us, but Wall Street says nay. . . . I believe that both of the parties are afraid of Wall Street.”

—quoted in *Democratic Promise: The Populist Movement in America*

## Unrest in Rural America

**Populism** was the movement to increase farmers' political power and to work for legislation in their interest. The economic crisis that drove farmers to embrace this movement had its origins in the years immediately following the Civil War. A major



problem was that farm prices had dropped due to new technology. Farmers were producing more crops, and greater supply tended to lower prices. At the same time, high tariffs increased the cost of manufactured goods farmers needed and made it harder 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 world that farmers now dealt with was more and more one of big business, and they felt they were losing power and influence.

**The Money Supply** One specific problem that greatly concerned farmers was the nation's money supply. To help finance the Union war effort, the United States Treasury had greatly expanded the money supply by issuing millions of dollars in **greenbacks**—paper currency that could not be exchanged for gold or silver coins. This rapid increase in the money supply without an accompanying 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 United States did not have a large enough money supply to meet the needs of the country's growing economy. In 1865, for example, there was about \$30 in circulation for each American, but by 1895 it had sunk to about \$23. As the economy expanded, **deflation**—or an increase in the value of money and a decrease in the general level of prices—began. As money increased in value, prices began to fall.

**Deflation Hurts Farmers** 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. For those who wanted to expand their farms, rising interest rates also made mortgages more expensive. The falling prices of the period of deflation meant the farmers sold their crops for less. Nevertheless, they still had to make the same mortgage payments to the banks.

Realizing that their problems were due to 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 to expand the money supply. Others, particularly those living in the West where new silver mines had been found, wanted the government to begin minting silver coins. They referred to the decision to stop minting silver as “**The Crime of '73.**” Increasingly, farmers realized that if they were going to convince the government to meet their demands, they needed to organize.

**The Grange Takes Action** In 1866 the United States 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 the farmers were from each other, the following year, Kelley founded the nation’s first national farm organization, the Patrons of Husbandry, better known as the **Grange**.

At first Grangers got together 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 in three ways. Some pressured state legislatures to regulate railroad and warehouse rates, which they believed were too high. Others joined the Independent National Party. This new political party, nicknamed the Greenback Party, wanted the government to print more greenbacks to increase the money supply. Grangers also pooled their resources and tried to create **cooperatives**—marketing organizations that worked for the benefit of 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.

**The Grange Fails** None of the strategies the Grangers employed improved farmers’ economic condition. Several western states passed “Granger laws” setting maximum rates and prohibiting railroads from charging more for short hauls than for long ones. The railroads fought back by cutting services and refusing to lay new track until the laws were repealed. The 1886 Supreme Court ruling in *Wabash v. Illinois* then greatly limited the states’ ability to regulate railroads by ruling that states could not regulate commerce that crossed state lines. 📖 (See pages 496 and 1083 for more information on *Wabash v. Illinois*.)

Meanwhile the Greenback Party failed to gain much public support. Many Americans were very suspicious of paper money. They did not believe it would hold its value, and they considered the Greenback Party’s proposal to print more paper money dangerous for the economy. 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—illegitimate conspiracies in restraint of trade—and refused to do business with them. By the late 1870s, membership in the Grange had begun to fall, as farmers moved to other organizations that they hoped would better address their problems.

## The Farmers’ Alliance

Even as the Grange began to fall apart, a new organization, known as the **Farmers’ Alliance**, began to form. The Farmers’ Alliance began in Lampasas County, Texas, in 1877. By 1885 it had built a substantial following throughout the state. The following year, Charles W. Macune became the leader of the Alliance. Macune called for the organization to begin recruiting farmers outside of Texas.

**The Alliance Grows** During the late 1880s, Alliance members traveled across the South and West speaking to farmers and organizing local chapters. By 1890 the Alliance had between 1.5 and 3 million members. Its support was very strong in the South and on the Great Plains, particularly in Kansas, Nebraska, and North and South Dakota.

When Macune became the leader of the Alliance, he also announced a plan to organize very large cooperatives that the Alliance called exchanges.

**Farmers’ Alliance** This small band of farmers met in a cabin in Lampasas County, Texas, to form the Farmers’ Alliance.





### **Picturing History**

**Hard Labor** Southern farmers spent long hours working in their fields. Harvesting cotton (left) and husking corn (right) were family activities that were done by hand with no expensive mechanical equipment. **What do you notice about the ages of the group husking corn?**

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.

**The People's Party** Despite their temporary success, the large cooperatives failed for several reasons. Many overextended themselves by loaning too much money at low interest rates that was never repaid. In many cases, wholesalers, manufacturers, railroads, and bankers discriminated against them, making it difficult for them to stay in business. The exchanges also failed because they still were too small to dramatically affect world prices for farm products.

By 1890 the failure of the Alliance to fix farmers' problems had started a power struggle within 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.

**The Subtreasury Plan** Most Southern leaders of the Alliance, including Charles Macune, opposed the idea of a third party. They did not want to undermine the Democrats' control of the South. Instead, Macune suggested that the Alliance produce a list of demands and promise to vote for candidates who supported those demands. He hoped this strategy would force the Democrats to adopt the Alliance program.

As part of this strategy, Macune introduced the subtreasury plan, which called for the government to set up warehouses called subtreasuries. Farmers would store the crops in the warehouses, and the government would provide low-interest loans to the farmers. Macune believed that the plan would allow farmers to hold their crops off the market in large enough quantities to force prices up. He hoped that the Democrats would adopt the subtreasury plan and thereby win farmers' votes.

**✓ Reading Check Explaining** How did the Farmers' Alliance try to help farmers?

## **The Rise of Populism**

In 1890 members of the Farmers' Alliance met in Ocala, Florida, and issued what came to be known as the Ocala Demands. These demands were intended



to guide farmers in choosing whom to vote for in 1890. The demands called for the adoption of the sub-treasury plan, 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 instead of by state legislatures.

To prevent farmers from voting for Populists, the Republicans in Congress, led by Senator John Sherman, pushed through the **Sherman Silver Purchase Act of 1890**. This act authorized the United States Treasury to purchase 4.5 million ounces of silver per month. It put more money into circulation and may have reduced the deflation slightly, but it did little to help the farmers.

The midterm elections of 1890 seemed to suggest that both the Southern and Western strategies had worked for the farmers. In the South, four governors, all Democrats, were elected after promising to support the Alliance program. Several Southern legislatures now had pro-Alliance majorities, and over 40 Democrats who supported the Alliance program were elected to Congress. 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 Populists were elected to the U.S. House of Representatives and two to the Senate.

**The South Turns to Populism** At first Southern members were excited over their success in electing so many pro-Alliance Democrats to Congress and Southern state legislatures, but over the next two years, their excitement turned into frustration.

Despite their promises, few Democrats followed through by supporting the Alliance program, either at the state or the federal level.

In May 1891, Western populists met with some labor and reform groups in Cincinnati. The meeting endorsed the creation of a new national People's Party to run candidates for president. Only a few Southerners attended the convention. By the following year, however, it had become obvious to many Southern members of the Alliance that the Democrats were not going to keep their promises to the Alliance. By early 1892 many Southern farmers had reached the point where they were willing to break with the Democratic Party and join the People's Party.

**A Populist for President** In July 1892, the People's Party held its first national convention in Omaha, Nebraska. There, members officially organized their party and nominated **James B. Weaver** to run for president. Weaver was a former Union Army General who had run for president before as the candidate of the Greenback Party. The Omaha convention also endorsed a platform, or program, that spelled out the party's positions in strong terms. First of all, the Omaha platform denounced the government's refusal to coin silver as a "vast conspiracy against mankind." To increase the money supply, it called for a return to unlimited coinage of silver at a ratio that gave 16 ounces of silver the same value as 1 ounce of gold. Other platform planks called for federal ownership of railroads and a **graduated income tax**, one that taxed higher earnings more heavily.

Above all, the Populists wanted to strengthen the hand of government so that it could defend the public against what they saw as greedy and irresponsible private interests.

"We believe that the powers of government—in other words, of the people—should be expanded," the platform stated, "as rapidly and as far as the good sense of an intelligent people and the teachings of experience shall justify."

Although the Populists also adopted proposals designed to appeal to organized labor, workers found it hard to identify with the rural Populists. The Populists did have close ties to the Knights of Labor, but that organization was in decline, while the fast-growing American Federation of Labor steered clear of an alliance with them. The Omaha

## Profiles IN HISTORY

### Mary Ellen Lease 1853–1933

Mary Ellen Lease, a former school-teacher and daughter of an Irish political refugee, earned a law degree while raising four children on the Kansas frontier. She was one of the most passionate speakers for the People's Party in Kansas during the 1890 election campaign. Political opponents nicknamed her "Mary Yellin" and criticized the tall and forceful Lease for acting in an "unfeminine" manner by speaking in public.

Lease's blunt style, however, appealed to Kansas farmers. "Wall Street owns the country," she declared. "It is no longer a government of the people, for the people, by the people, but a government of Wall Street, for Wall Street, and by Wall Street." Lease urged farmers to spend less time raising crops and more time campaigning against the banks and railroads.



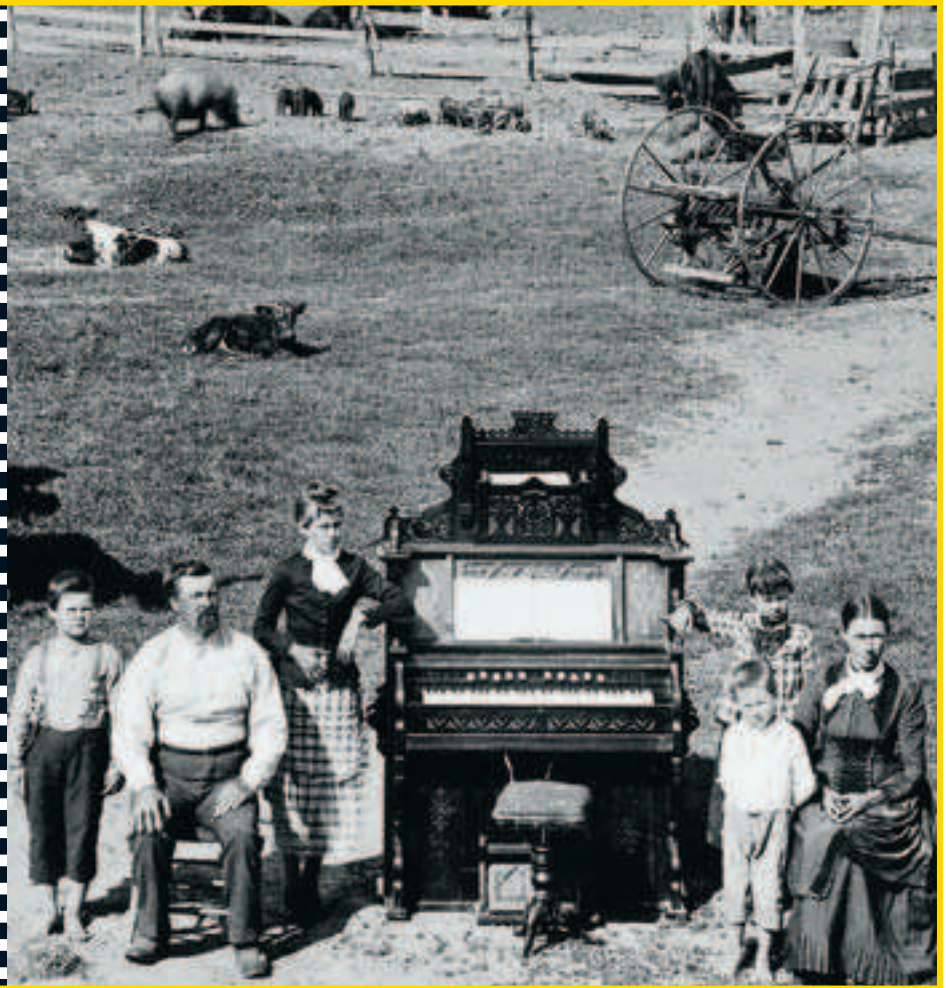


NATIONAL  
GEOGRAPHIC

## MOMENT in HISTORY

### HARD LIFE ON THE PLAINS

English-born immigrant farmer David Hilton and his family proudly pose beside their pump organ on their homestead in Nebraska. The organ, their prized possession, had been rescued from the Hiltons' sod-built dugout after the roof collapsed. Farm families on the sparsely-settled, treeless plains had to cope with isolation as well as a variety of natural hazards, including dust storms, tornadoes, erratic rainfall, and the occasional plague of destructive insects that could strip entire fields of crops in a matter of hours.



platform took positions popular with labor, including calling for an eight-hour workday, restricting immigration, and denouncing strikebreaking, but most urban workers still preferred to remain within the Democratic Party.

Democrats retained support in Northern cities by nominating the popular New Yorker, Grover Cleveland, who was seeking to return to the White House after his close defeat in 1888. The South also remained solidly Democratic, despite determined efforts by Populists. When the votes were counted, Cleveland had won a resounding victory in the Electoral College, with 277 votes to 145 for Harrison. The Populist candidate, James Weaver, had done remarkably well, winning four states and splitting two others for a total of 22 electoral votes.

**The Panic of 1893** Not long after Cleveland's inauguration in 1893, the nation plunged into the worst economic crisis it had ever experienced. The panic began in March when the Philadelphia and Reading Railroads declared bankruptcy. Many railroads had expanded too rapidly in the period before the panic and now found it hard to repay their loans. The stock

market on Wall Street crashed, and banks closed their doors. By 1894 the economy was deep in a depression. About 690,000 workers went on strike that year, and more than 4.6 million more were unemployed, approximately 18 percent of the workforce.

**Goldbugs and Silverites** The Panic of 1893 also created a crisis for the United States Treasury. Many American and European investors owned U.S. government bonds, but as the economy worsened, they began cashing in their bonds for gold. This caused gold to drain out of the U.S. Treasury and left the federal government's gold reserves at a dangerously low level.

Although President Cleveland could not stop the flow of gold to redeem bonds, he could protect the government's reserves in another way. Gold was also being lost every time people exchanged silver for gold under the Sherman Silver Purchase Act. Unlike many Democrats, Cleveland believed the United States should use gold as the basis for its currency, not silver or paper money. In June 1893, he summoned Congress into a special session and pushed through the repeal of the Sherman Silver Purchase Act.



## Picturing History

**Campaigns in Contrast** In 1896 Democrat William Jennings Bryan (left) ran an energetic campaign for president, traveling far and wide. Republican William McKinley (right) campaigned from the front porch of his Canton, Ohio, home. [How did their campaign styles work out?](#)

Cleveland’s actions split the Democratic Party into two factions, nicknamed “goldbugs” and “silverites.” The **goldbugs** believed the American currency should be based only on gold, while **silverites** believed coining silver in unlimited quantities would solve the nation’s economic crisis.

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

## The Election of 1896

As the election of 1896 approached, leaders of the People’s Party decided to make the silver issue the focus of their campaign. They also decided to hold their convention after the Republican and Democratic conventions. They believed the Republicans would endorse a gold standard, which they did. They also expected the Democrats to nominate Cleveland again and hoped that when the People’s Party strongly endorsed silver, pro-silver Democrats would abandon their party and vote for the Populists in large numbers.

Unfortunately for the Populists, their political strategy failed. The Democrats did not waffle 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.

**Bryan’s Campaign** William Jennings Bryan, a former member of Congress from Nebraska, was only 36 years old when the Democrats and Populists nominated him for president. Bryan had served in Congress for two terms as a representative from Nebraska. He was a powerful speaker, and he won the nomination by delivering an electrifying address in defense of silver, one of the most famous in American political history. He began by telling delegates that he had come to speak “in defense of a cause as holy as the cause of liberty—the cause of humanity.” With a few well-chosen words, Bryan transformed the campaign for silver into a crusade:

“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.”

—quoted in *America in the Gilded Age*

Bryan waged an unusually energetic campaign for the presidency, traveling thousands of miles and making 600 speeches in 14 weeks. Some found his relentless campaigning undignified, however, and his crusade in favor of silver alienated others. 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 Bryan would be hard to beat in the South and the West. To regain the White House, they would have to sweep the Northeast and



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the Midwest. They thought that **William McKinley** of Ohio, a former governor and member of Congress, was the candidate who could do it.

**The Front Porch Campaign** In sharp contrast to the hectic travels of Bryan, McKinley stayed at his home in Canton, Ohio. He conducted what the newspapers called his “Front-Porch Campaign” by meeting with various delegations that came to visit him. Meanwhile, across the Midwest and Northeast, the Republican Party launched an intensive campaign on McKinley’s behalf.

The Republicans campaigned against the Democrats by blaming Cleveland’s administration for the depression and promising workers that McKinley would provide a “full dinner pail.” This meant a lot more to most urban workers than the issue of silver money. At the same time, most business leaders supported the Republicans, convinced that unlimited silver coinage would ruin the country. They donated huge sums of money to the Republican campaign. Many employers warned their workers that if Bryan won, businesses would fail, unemployment would rise, and wages would be cut.

McKinley’s reputation for moderation on labor issues and tolerance toward different ethnic groups helped improve the Republican Party’s image with urban workers and immigrants. When the votes were counted, McKinley had won 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 Northern industrial areas where votes were concentrated.

**Populism Declines** Opposition to the gold-based currency dwindled during McKinley’s time in office. The depression was over, and prospectors found gold in Canada in 1896 and in Alaska in 1898. That wealth, combined with new gold strikes in South Africa and other parts of the world, increased the money supply without turning to silver. This meant that credit was easier to obtain and farmers were less distressed. In 1900 the United States officially adopted a gold-based currency when Congress passed the Gold Standard Act.

When the silver crusade died out, the Populists lost their momentum. Their efforts to ease the economic hardships of farmers and to regulate big business had not worked. Some of the reforms they favored, however, came about in the next century, including the graduated income tax and some governmental regulation of the economy.

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

## SECTION 2 ASSESSMENT

### Checking for Understanding

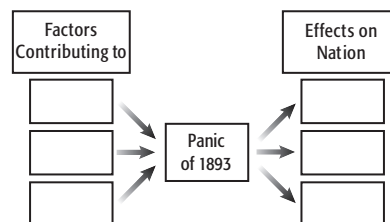
- Define:** populism, greenback, inflation, deflation, cooperative, graduated income tax, goldbug, silverite.
- Identify:** Grange, People’s Party, William Jennings Bryan.
- List** the issues that the Democrats endorsed in the 1896 presidential election.

### Reviewing Themes

- Economic Factors** What economic problems caused farmers to support populism?

### Critical Thinking

- Analyzing** How did the Farmers’ Alliance contribute to the rise of a new political party?
- Organizing** Use a graphic organizer similar to the one below to list the factors that contributed to the Panic of 1893 and its effects on the nation.



### Analyzing Visuals

- Analyzing Photographs** Examine the photograph of David Hilton and his family on page 505, showing them with an organ they rescued from a collapsed sod house. Why do you think it was so important for them to rescue the organ?

### Writing About History

- Persuasive Writing** Imagine you support the Populist Party and that you have been asked to write copy to be used in a campaign poster for your party’s candidates. Include a slogan that provides reasons for people to support the Populists.