



Farmers and Industrialization

Farming in America



Farmers Problems -

due to changes in the economy farmers were extremely vulnerable to changes in the market

- Overproduction - caused by more land and better machinery
- International competition - railroads and steamships had created an international market; consumers had options to buy American or buy foreign goods
- Money - there was not enough money in circulation to keep up with the demand; even though prices and profits continued to drop the expenses attributed to farming continued to increase
- Middlemen - farmers did not sell directly to consumers of urban markets; these middlemen would buy at lower prices - hold the product until the market adjusted and then sell for a profit. In many cases farmers would use middlemen for storage and be charged large fees (grain elevators)



Problems continued ...

- Shipping cost-due to railroad monopolies farmers had little negotiating power; no federal regulation
- High costs - on manufactured products and equipment
- Farm Debt -
 - Cheap money- favored by farmers; inflation of currency would make the loan debt less
 - Inflation- prices increase
 - Deflation- prices drop = hard to pay loan payments

Sherman Silver Purchase Act - Law required the government to purchase large amounts of silver each month; this would increase money in circulation; the Act fails in 1893 and the country falls into a depression

- Natural Disasters - droughts
- Isolation - psychological impact of being so far away from others; also could not share techniques and ideas/innovation



Farming in America

Getting Organized - The Grange Movement

1867 - Oliver Hudson Kelley organized a national association of farmers' social clubs.

The Grange was an attempt to break rural isolation of farmers and spread information needed by farmers. (Techniques, innovations, etc)

Within 10 years, the Grange had 1.5 million members

In an attempt to eliminate the middleman they established farming cooperatives to sell goods to markets/the consumer; lack of experience would cause most cooperatives to fail



Farming in America

Granger Laws - tried to compete and regulate railroads and grain storage (elevators)

New regulations would lead to:

Munn v Illinois 1877 - Supreme Court will uphold Granger Law that regulated grain elevators. Ruling this law was constitutional. States can regulate private property/utilities if that utility was serving public interests

9 years later **Wabash, St. Louis, and Pacific Railroad v Illinois** will limit the previous ruling. Stating that states cannot regulate railroads running through more than one state. This right was given to Congress in the Constitution. This ruling will invalidate many Granger Laws



Interstate Commerce

1887 - Congress passed the ICA in response to Wabash ruling

This was the first step in regulating unfair business practices

- Stated: companies could not give different hauling rates to different customers hauling the same freight the same distance
- Banned price fixing agreements AKA pooling, Railroads must publish “fair and reasonable rates” for all customers

A formal Commission was created to investigate complaints and enforce the act, first regulatory agency created to watch over an industry.



The Populist Party

The Populist Party - started by the “*Farmers Alliances*” (regional political groups) this national political party would work for change for the people.

The “*People’s Party*” believed that rich industrialist and bankers were controlling the government and that the Rep. and Demo. had sold out and were no longer representing the people.

They also believed that government officials were restricting the money supply to make their own gold more valuable; they only way to fight back was to unite farmers and industrialists.



Populist Party - The Election of 1892

The Populist national convention would be held in Omaha, Nebraska in 1892.

Many of the ideas proposed at this convention would eventually become law.

In the election, Populists would elect 5 senators and receive more than a million votes for their Presidential candidate.

The Election of 1892

Omaha Platform:

- Free and unlimited coinage of silver (1oz of gold = 16 oz of silver)
- Direct Election of Senators
- Gov't ownership of railroads, telegraphs, and telephones
- Secret ballot elections
- Graduated Income Tax
- Postal savings bank
- "Initiative" and "referendum" to call for accountability in the gov't
- Restrictions on immigration
- 8 hour work day
- 1 term Presidency
- Gov't warehouses for storage of farm goods and food prices.

Election of 1896

The Depression of 1893 began shortly after the election in 1892.

Populists believed that *bimetallism* was the answer to the financial crisis; basing money on both silver and gold would raise farm prices and make farm loans easier to repay.

This idea would become the platform for the 1896 election.

President Cleveland - Democrat had decreased the purchase of silver, used federal troops to end the Pullman Strike and failed to lower tariffs.

His track record in office had split the Democratic Party. These "free silver" Democrats would support the Populist candidate William Jennings Bryan.



Election of 1896

William Jennings Bryan won the Democratic nomination following the delivery of his “Cross of Gold Speech”.

This speech praised the farmer and denounced banking interest; accusing them of attempting to “crucify mankind upon a cross of gold.”

His nomination for the Democratic Party put the Populist Party in a awkward position. They decided to also nominate Bryan and avoid splitting “free silver” supporters. This caused the party to lose their independence and became under the control of the Democratic Party.



Election of 1896

The election would put:

W.J. Bryan against Republican William McKinley

Bimetallism against the Gold Standard

Gov't regulation vs noninterference

Lower tariffs vs high tariffs



Election of 1896

McKinley would be backed by Ohio businessman Marcus Hanna.

McKinley was a “Big Business” candidate; backed by wealthy businessman including Carnegie, Rockefeller and Morgan.

Because of Cleveland’s record many people thought Bryan was a lunatic and would leave the country in ruins. Hanna used fears and propaganda to sway voters



Results of the Election

Bryan would sweep the South, Great Plains, and Rocky Mountains = 6.5 Million voters

McKinley won the Northeast, Midwest, CA and OR = 7 million votes and **the majority of the electoral votes**

Bryan would run again in 1900, and 1908 but lose each time.