

to address points of national concern. One major piece of legislation, introduced by Representative William McKinley of Ohio, was a tariff bill that cut tobacco taxes and tariff rates on raw sugar but greatly increased rates on other goods, such as textiles, to discourage people from buying those imports. The McKinley Tariff lowered federal revenue and transformed the nation's budget surplus into a budget deficit.

The Republican-controlled Congress also responded to popular pressure to do something about the power of trusts. Senator John Sherman of Ohio introduced the Sherman Antitrust Act of 1890, which declared illegal any "combination in the form of trust . . . or conspiracy, in restraint of trade or commerce among the several States." The courts were responsible for enforcement, however, and judges saw nothing in this vaguely worded legislation that required them to make big companies change the way they did business. In the years following passage of the act, businesses formed trusts and combinations at a great rate.

Reading Check **Explaining** Why were so few new policies introduced at the federal level in the 1870s and 1880s?

Picturing History

Populist Territory This farm family in Nebraska represents the kind of people who typically supported populism. [Why did farmers dislike Eastern bankers?](#)



Populism

Main Idea Farmers in economic crisis embraced an independent political movement called populism that emerged in the 1890s to challenge the two major parties.

Reading Connection In what ways do today's political parties serve the interests of individual citizens? Read on to learn why a new political party, the Populists, was formed in the late 1800s to address the needs of farmers.

As the midterm congressional election of 1890 approached, some Americans concluded that the two-party system was incapable of solving the nation's problems. That conviction was strongest among farmers, who faced an economic crisis that developed in the years immediately following the Civil War.

Unrest in Rural America In those years, farmers were producing more crops, but greater supply tended to lower prices. At the same time, high tariffs increased the cost of the manufactured goods farmers

needed and made it harder for farmers to sell their goods overseas. Farmers also felt victimized by large and faraway entities: the banks from which they obtained loans and the railroads that set their shipping rates. They doubted that either the Democrats or the Republicans would respond to their concerns. Instead, farmers embraced **populism**, a movement to increase farmers' political power and to work for legislation in their interest.

One 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, the United States had three types of currency in circulation—greenbacks, gold and silver coins, and national bank notes backed by government bonds. To bring 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. As the economy expanded, **deflation**—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.

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



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.

Many farmers concluded that Eastern bankers had pressured Congress into reducing the money supply. They began to call for the printing of more greenbacks and the minting of silver coins. Farmers realized that if they were going to convince the government to meet their demands, they needed to organize. In increasing numbers they joined the first national farm organization, the Patrons of Husbandry, better known as the **Grange**. Grangers tried to create cooperatives—marketing organizations that helped farmers by pooling crops and holding them off the market in order to force up prices and by negotiating better shipping rates with the railroads. The Grange's cooperatives ultimately 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.

Meanwhile, 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. Then the 1886 Supreme Court ruling in *Wabash v. Illinois* greatly limited the states' ability to regulate railroads by ruling that states could not regulate commerce that crossed state lines. 📖 (See page 1007 for more information on *Wabash v. Illinois*.)

The Farmers' Alliance By the late 1870s, membership in the Grange had started to fall, and a new organization, the Farmers' Alliance, took its place. Alliance leaders hoped that by establishing very large cooperatives, called exchanges, they could force farm prices up and make loans to farmers at low interest rates. Despite their temporary success, the large cooperatives failed. 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 were still 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. Most Southern leaders of the Alliance did not want to undermine the Democrats' control of the South. Instead, they endorsed candidates who supported their demands.

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 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 instead of by state legislatures.

To discourage 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 farmers' strategies had worked. In the South, several states had pro-Alliance governors and state legislatures, and over 40 Democrats who supported the Alliance program were elected to Congress. The People's Party did equally well in the West.

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 and endorsed the creation of a new national People's Party to run candidates for president. By early 1892 many Southern farmers had also 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 newly organized People's Party nominated James B. Weaver to run for president. At their convention in Omaha, Nebraska, party members endorsed a platform, or program, that spelled out the party's positions in strong terms. The platform denounced the government's refusal to coin silver and called for a return to unlimited coinage of silver, federal ownership of railroads, and a **graduated income tax**, one that taxed higher earnings more heavily.

Above all, the Populists wanted government to defend the public against what they saw as greedy and irresponsible private interests. The Omaha platform took positions popular with labor, including calling for an eight-hour workday, restricting immi-

gration, and denouncing strikebreaking. Still, most urban workers preferred to remain within the Democratic Party.

Democratic candidate Grover Cleveland, who wanted to return to the White House after his close defeat in 1888, won with the support of Northern cities and the South. He had 277 votes in the Electoral College, compared to 145 for his Republican opponent Benjamin Harrison. The Populist candidate, James Weaver, did remarkably well, winning four states and splitting two others for a total of 22 electoral votes.

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, with approximately 18 percent of the workforce unemployed.

The Panic of 1893 also created a crisis for the United States Treasury. Many American and European investors who owned U.S. government bonds began cashing in their bonds for gold, leaving the federal government's gold reserves at a dangerously low level. Unlike many Democrats, President Cleveland believed the United States should use gold, not silver or paper money, as the basis for its currency. In an effort to protect the government's reserves, in June 1893 he pushed through the repeal

Picturing History

Populist Farmers When attempts to organize support organizations failed, farmers began to turn to populism. [Why did farmers and other populists form a new party?](#)





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?](#)

of the Sherman Silver Purchase Act, which had allowed the exchange of silver for gold. Cleveland's actions split the Democratic Party into two factions: goldbugs, who believed American currency should be based only on gold, and silverites, who believed coining silver in unlimited quantities would solve the nation's economic crisis.

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 waver 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 waged an unusually energetic campaign for the presidency, traveling thousands of miles and making 600 speeches in 14 weeks. In sharp contrast,

Republican William McKinley, a former governor and member of Congress, conducted what the newspapers called his "Front-Porch Campaign" by meeting with various delegations that came to visit him at his Canton, Ohio, home.

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. 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. By embracing populism and its rural base, Bryan and the Democrats lost the more populous Northern industrial areas where votes were concentrated.

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 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, including the graduated income tax and some governmental regulation of the economy, came about in the next century.

Reading Check **Explaining** What were the main goals of the Populist Party?

The Rise of Segregation

Main Idea In the late 1800s, Southern states passed laws that denied African Americans the right to vote and imposed segregation.

Reading Connection What is a “loophole”? Think of a loophole from which you may have benefited or suffered. Then read on to learn how Southern racists used a loophole in the Fifteenth Amendment to prevent African Americans from voting.

After Reconstruction, many African Americans in the rural South lived in conditions that were little better than slavery. They were technically free, but few escaped from grinding poverty. Most were sharecroppers, landless farmers who had to hand over to the landlord a large portion of their crops to cover the cost of rent, seed, tools, and other supplies. They had barely enough income to survive, and they were always in debt.

Resistance and Repression Many African Americans eventually left farming and sought jobs in Southern towns or headed west to claim homesteads. In 1879, 70-year-old Benjamin “Pap” Singleton, himself formerly enslaved, organized a mass migration of thousands of African Americans from the rural South to Kansas. The newspapers called it “an Exodus,” like the Hebrews’ escape from Egyptian bondage. The migrants themselves came to be known as “Exodusters.”

While some African Americans fled the South, others joined with poor white farmers who had created the Farmers’ Alliance. In 1886 they created the Colored Farmers’ National Alliance. When the Populist Party formed in 1891, many African American farmers became members. They hoped that the new People’s Party would unite poor whites and poor blacks to challenge the Democratic Party’s power in the South. Populism posed a new challenge to the Democratic Party in the South. If enough poor whites left the party and joined with African American Populists, the new coalition might become unbeatable.

To win back the poor white vote, Democratic leaders began appealing to racism. They warned whites that support for Populists or joint Republican-Populist parties would return the South to “Black Republican” rule similar to Reconstruction. Election officials also began using various methods to make it harder and harder for African Americans to vote.

Disfranchising African Americans The Fifteenth Amendment prohibited states from denying citizens the right to vote on the basis of “race, color, or previous condition of servitude.” However, it did not bar the governments from requiring that citizens be literate or own property in order to vote. Using this loophole, Southern states began imposing restrictions that barred nearly all African Americans from voting.

Mississippi took this step first in 1890 by requiring that all citizens registering to vote pay a **poll tax** of \$2, a sum beyond the means of most poor African Americans. Mississippi also instituted a literacy test, requiring that **prospective** voters be able to read or understand the state constitution. Few African Americans were able to read, and even those who

Picturing History

A Kansas Home Many African Americans left the rural South to find a new life. They usually began with very little. **Why were they called Exodusters?**

