

The Populist Movement in the United States

ANNA ROCHESTER



INTERNATIONAL PUBLISHERS, NEW YORK

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A POPULIST CAMPAIGN SONG IN KANSAS IN 1890

*I was once a tool of oppression,
And as green as a sucker could be
And monopolies banded together
To beat a poor hayseed like me.*

*The railroads and old party bosses
Together did sweetly agree;
And they thought there would be little trouble
In working a hayseed like me.*

*But now I've roused up a little
And their greed and corruption I see,
And the ticket we vote next November
Will be made up of hayseeds like me.*

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FOREWORD

Our American principles of democracy were threshed out in the days when most of the people were farmers. Some were richer than others, and large landowners had undue power over their tenants. The cancer of Negro slavery was weakening the vitals of democracy and to this day Jim-Crow restrictions remain as a running sore in our nation's body.

But until mid-nineteenth century, independent producers—farmers and artisans—together with wage workers who had a reasonable chance of becoming small employers themselves, played a leading role in the northern states. In the South they outnumbered the slave owners.

It was the farmers and artisans who won the victory in our war for national independence. Later, in 1791, under Thomas Jefferson's leadership they carried through the Bill of Rights amendments to the Constitution. The new political democracy of those revolutionary years was deeply rooted in the economic independence of the masses.

Our political democracy is still a living treasure in the United States. It has been weakened by the forces of large-scale capitalist industry, as these have undermined the way of life which created and nourished our democracy. It has been marred and restricted by cross-currents of race hatred and religious prejudice. It is now viciously threatened by the Nazi-Japanese fascists and their Fifth Column friends in this country.

Even as we fight for victory over the Axis, we shall be stronger if we remember the internal struggles through which our own democracy has been defended and new creative forces have developed among the people.

Populism, which in this country arose after the Civil War and culminated in the national People's Party of 1892, expressed primarily the struggle of farmers and other small producers to protect themselves against the rising power of monopoly and finance capital. It overlapped the earlier stages of the labor union movement and gave political support to the workers' struggles.

Now the People's Party has long since disappeared, but populism has left a deep impress upon our national life. Some of the measures for which it worked have been realized. But the battle for genuine democracy continues in a more highly developed form. On the economic field, the labor movement has achieved recognition and power with its mass organizations of wage workers. On the political field, the fight against monopoly and the rule of finance capital goes forward with the new perspective of a socialist future.

It is, of course, a truism that the present grows out of the past. This is peculiarly true of the present stage in our long struggle for democracy. This little book attempts briefly to describe the rise of the Populist movement; to show the forces from which it developed; and to indicate why populism failed to achieve the economic and political freedom which the masses of people desire.

I. FARMING AFTER THE CIVIL WAR

The Civil War years had marked a new stage in our economic life. President Lincoln was well aware of the way business interests had utilized the war emergency to grow rich by fair means and foul. He wrote to a friend in Chicago:

"I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned and an era of corruption in high places will follow. The money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless."¹

Lincoln's premonitions about the corruption of the post-Civil War period were fulfilled. The "gilded age" which flourished between the financial crisis of 1873 and the still deeper crisis of 1893 marked the rise of great fortunes. Then Rockefeller was building his oil trust and Morgan was consolidating the power of Wall Street. Carnegie was laying the foundations of the steel trust. Railroad promoters like Jay Gould, Leland Stanford, James J. Hill, and others were manipulating legislatures and piling up wealth. Cornelius Vanderbilt reached the peak of his power and six years after his death his son could boast of having increased his father's fortune by another ninety million dollars.² The flaunting extravagance of the new industrial rulers and their Wall Street brothers covered depths of mass poverty and suffering. Both the crowded tenements and the scattered farms were cruelly exploited in this onward march of American capitalism.

By 1890 non-farm production had outstripped agriculture, and wage workers greatly outnumbered the heads of farm families. As more and more of the mechanics and artisans had lost their independence in the rapid rise of industry, the expanding class of industrial wage workers had set up new unions to fight the new hazards which made more terrible the old burden of long hours and small earnings. But they did not immediately leave behind the feelings of the small producer.

The Knights of Labor, organized in 1869 and growing up with the industrial expansion of the 1870's and the earlier 1880's, included teachers and doctors and small businessmen along with wage workers. Most of them looked beyond capitalism to co-operative production. By 1881, other unions were developing toward the American Federation of Labor. These unions were more class-conscious than the Knights in accepting the fact that the industrial working class had its own special struggles, distinct from the problems of the small employer. They concentrated on the fight for decent conditions on the job.

A Socialist political movement based on the working class had been developing slowly since before the Civil War. By 1877 it had taken shape in the Socialist Labor Party. And many of the leading figures in the labor unions were influenced by socialist thinking.

Labor struggles were definitely a part of the social and political ferment of the Populist period. And the unrestrained violence with which historic strikes were broken by the corporations not only stiffened the class feeling of the workers but aroused much sympathy for the working class in the "reformer" circles of the time. The railroads' bitter resistance in 1877, when the workers on some roads struck for higher wages, was a factor in the large Greenback vote of 1878. The Homestead battle on July 6, 1892, when armed thugs attacked striking steel workers, helped to swell the People's Party vote four months later. And Cleveland's breaking of the Pullman strike in 1894 turned thousands away from the Democratic candidates and toward the Populists in the state and congressional elections of that year. Some union leaders participated

in the organizing of the People's Party and in the independent political movements which preceded it. But the working class was not the guiding force in the Populist movement.

The struggle which culminated in the People's Party was primarily a defensive movement of farmers and other small business interests against the relentless advance of finance capital. Even in 1890, two Americans out of three (instead of two out of five today) lived in villages or open country. Much of the new manufacturing was in small plants in little country towns which were trading centers for the surrounding farms. And here the farmers still felt kinship with the whole community, for many of the local businessmen and wage workers were only one step removed from farming themselves. Farmers and these small factory owners had a common interest in trying to regain the political power which had been seized by political machines subject to control by big industry and finance.

These small producers were harassed and even threatened with ruin by the power of banks and trusts and their political henchmen. They were joined in the political struggle by reformers of all kinds who were horrified by the corruption and brutality of big business and its control of government. Knights of Labor, labor unions, woman suffragists, Prohibitionists, ministers, journalists, professional men, all had a hand in the Populist movement. But it was most deeply rooted among the farmers of the West and the South. Here its mass base had been developed as the farmers organized in their vain attempt to solve the economic problems with which they were confronted after the Civil War. These problems were not identical in the new West and the old South, but farmers West and South had recognized their common enemy and the need for common struggle long before the People's Party entered the national campaign of 1892.

WESTERN PIONEERING

Pioneer life had never been a paradise. Problems of land title and debt had always been interwoven with problems of subsistence

and shelter. Then farmers who had fought valiantly against the slave states returned from the Civil War to face new capitalist forces which increasingly hindered their own free enterprise. These new forces preyed upon the farmer in relation to land and transportation. They took possession of his markets and his need for credit. They fixed the import tariffs and developed monopolies which held up prices for much that the farmer needed to buy.

On land, for example, farmers had welcomed the Homestead Act of 1862 as a long-desired charter giving freedom to settle on public land and obtain title to 160 acres with only a nominal payment for registering the claim and the title. But cutting across the new homestead policy, the government continued to subsidize various big-business projects with grants of land that would then be offered for sale. Railroad companies were given, before 1890, four times as much acreage as had been taken up by genuine homestead settlers. These grants were most lavish in the new country west of the Mississippi and greatly reduced the amount of free western land within easy reach of railroad transportation.

As more Indian lands were taken over in the West, under treaty, much of the new acreage was sold to large investors. Also government Land Office agents were shockingly negligent in permitting fraudulent homestead claims to be taken up by squatters who had no intention of farming. Some were holding title for resale. Others were gathering up acreage for large absentee speculators.

Corruption in the General Land Office was admitted by a reform Land Commissioner in 1885:

"The widespread belief of the people of this country that the land department has been very largely conducted to the advantage of speculation and monopoly, private and corporate, rather than in the public interest, I have found supported by developments in every branch of the service."³

Western railroad lands were sold to settlers on terms that seemed easy enough to farmers used to the much higher land prices of the East. And the railroads spent enormous sums in boosting settle-

ment of the regions they were entering. They even drew thousands of European peasants with rosy pictures of abundant crops and high returns. Railroad promoters had everything to gain from the rising land prices and increased traffic that would result from rapid settlement of the West.

Settlers responded to the lure. The less than half a million who had been in Kansas and Nebraska in 1870 grew to nearly a million and a half by 1880 and two million and a half by 1890.

Of course, many of the settlers helped to promote the boom created by the railroads. Some farmers who had started by mortgaging their land, to build and to buy equipment, saw land prices rising and plunged further into debt. Speculators planned innumerable little towns. They dickered for branch railroad lines, mortgaging their local revenue for years to come so as to borrow eastern capital and subsidize the railroad. By the 1880's the floating of western bond issues and the loaning of money on mortgage to western farmers had become a specialized and (temporarily) highly profitable business in the East.

For the western farmers themselves, this meant higher taxes and huge interest payments. Interest rates were high, running up sometimes to 15 per cent on real estate mortgages, and from 10 per cent to 18 per cent on chattel mortgages (on livestock or other movable property). Foreclosures were prompt and ruthless. Delinquent taxes involved high penalties, and if taxes remained unpaid the farmer lost his property entirely.

Land prices soared to unheard of heights. Borrowed capital expanded far beyond the capacity of the settlers' productive forces. Sooner or later the boom was bound to collapse.

Record wheat crops in 1882 and 1884, coinciding with a slump in exports, brought a sharp decline in the price of grain. The following year (1885) gave wheat farmers a record low in money return per acre harvested. Meantime the financial panic of 1884 had slowed up industrial production. This depression held down the

market for western farm products and was, in turn, made worse by defaults on western loans. Western land prices collapsed and 1887 marked a definite end of the western boom.

For many of the western farmers the later 1880's were increasingly disastrous. "From 1887 to 1897 there were only two years in which the central and western areas [of Kansas, Nebraska, and Dakota territory] had enough rainfall to insure a full crop, and for five seasons out of the ten they had practically no crops at all."⁴ "Settlers who had taken up claims in Cheyenne county, Nebraska, in 1886, harvested no crop until 1893."⁵ Even the wild prairie grasses dried up and the ranges were stripped of cattle, sold by the cattle kings to meet their debts.

But, unluckily for the western farmers, when crops were short in Kansas and Nebraska they were still large in the grain states east of the Mississippi, so that prices did not rise high enough to make up to the western farmer for the smallness of his crop.

Thousands of small eastern investors lost in the collapse of the western boom, but this crisis hit the western farmers harder than anyone else. Tens of thousands lost their farms entirely. From Kansas many returned in their horse-drawn wagons, decorated with such placards as "Going back east to the wife's folks," or "In God we trusted, in Kansas we busted!" Some were so completely "busted" that they had to stay where they were for they could not even remove the horse and wagon, held by chattel mortgage.

But while some turned back eastward and others remained in the West to farm as tenants or to seek work for wages, thousands more continued to struggle along on heavily mortgaged land. Kansas, Nebraska, and Dakota Territory were most seriously affected. Here some counties showed in the 1890 census that 90 per cent of their farm land was mortgaged. Five years later, Kansas had fifteen counties in which from 75 per cent to 90 per cent of the land was owned by loan companies.

When the Populist revolt began, these western states—and the most debt-ridden counties within these states—played the most active, the most aggressive role.

FARMERS VERSUS MONOPOLY

Farmers' grievances against the railroads spread far beyond the boundaries of the western boom. For as the railway mileage increased, the farmers became more and more dependent upon railroad transportation.

In the older regions of the Middle West, farmers had long been producing for the market. And when settlers poured westward beyond the Mississippi they went with an eye to large cash crops and livestock herds. As railroads came in, the farmers who had hauled their grain more than a hundred and fifty miles to a city market or a river port had to abandon such slow movement. They could not compete with farmers whose grain was transported by railway in a few hours over distances which had consumed days and weeks of the farmers' time.

So even while the railroads marked tremendous progress, knitting together producers and markets in the East and the West, the railroad capitalists seized the opportunity to grow rich at the farmers' expense. Railroad traffic was subject to no regulation until after the farmers had organized to protect themselves. The companies charged all that the traffic would bear. Quite openly they favored large shippers and long hauls while they squeezed unmercifully the smaller farmers and the shorter hauls.

Farmers felt this pressure when they received their building materials, reapers, and other manufactured goods brought by the railroads from industrial centers. And they felt it again when they paid for shipping their grain. As farmers became more dependent on the railroad, the distance was widening between farm and flour mill. Farmers lost all control of the marketing process, as commission merchants and speculative traders took possession of the grain. Handling and trading and storage provided the basis for a new form of monopoly. And, in fact, traders, elevator owners, millers, and railroad directors played together in tight little groups, with interlocking financial interests and a common desire to make the highest possible profits from the farmers and the consuming public.

Farmers, as separate, free, individual producers for the market, resented most deeply the impassable barriers erected by these new monopoly groups between themselves and the ultimate consumers of their products.

Prices received for their wheat had been declining ever since the end of the Civil War. Farm debts were increasing and land prices were rising, but the price of wheat had moved definitely downward from the peak of \$2.06 a bushel which it had reached in 1866. A chart of the average wheat prices year by year shows peaks also in 1871 and 1881 and 1888, but each peak is lower than the one before, and the valleys between the peaks sink deeper and deeper.

Variations in wheat prices were much sharper than variations in the prices that farmers had to pay. And from one five-year period to the next prices were turning more and more against the farmers. This was especially noteworthy after 1879, the year that the Civil War greenback dollars were made redeemable at their face value in gold.

When grain prices broke after the peak of 1881, these new monopoly forces, and their friends the bankers, had become the most obvious, the most personal element in a very complex situation. Already much American wheat was sold in Europe. The volume of exports (and the European price) varied with the ups and downs of total world supply and of market demand in the importing countries. Here at home, in the recurring years of industrial crisis and depression, tens and hundreds of thousands of workers were unemployed and hungry. This mass unemployment cut into the American market for meat and for grains.

Even in a world of free competition, the farmers would have suffered from every decline in exports and every year of industrial unemployment. And the fact that the current cost of producing grain had been cut by technical advance was entirely obscured by the rising price of land and the heavy debts incurred by the farmers to provide their new equipment. Unquestionably the western farm crisis of the 1880's was made immeasurably more severe by the

farmers' dependence upon outside capital and by the uncontrolled development of monopoly forces.

Farmers were convinced that the monopolists and the bankers were deliberately robbing them. Hostility to Wall Street and trusts, which continues to this day among rank-and-file farmers, grows not only out of current experience but is deeply rooted in the soil of their nineteenth century hardships.

THE POST-WAR SOUTH

After the Civil War and the defeat of the Reconstruction struggle for the political and economic equality of Negroes, the southern white population discovered that while defending their racial "superiority" most of them had tumbled into a serious economic crisis.

Plantation owners, impoverished by war and the loss of their slaves, tried to rebuild their fortunes on the basis of sharecropper labor. Many white small farmers, who had been busy chiefly with subsistence farming, were able to buy a few additional acres, for large landowners were sorely in need of cash and the price of land had fallen very low. The number of small commercial farmers was greatly increased. Beside the old aristocracy there grew up, also, new groups of large landowners, as village merchants and former overseers acquired more and more acreage.

Like the farmers in the North, the southern white farmers began to chafe under their bondage to the railroads. They developed a deep grievance against monopoly. Furthermore, a new class of southern industrialists was growing up, whose interests drew them closer to northern bankers than to their southern rural neighbors. Tobacco growers in Virginia and North Carolina found their market in the grip of the expanding tobacco trust. Southern textile mills were increasing, but throughout the nineteenth century most of the cotton went to New England or across the ocean. Greedy middlemen and speculators were lined up between cotton growers and processors.

Infinitely worse was the plight of the four million Negro freedmen who were given almost none of the land on which they had

toiled in slavery. To this day, the Negroes are denied economic and political equality. But during the conflicts of the Reconstruction period and the years that followed, their people were subject in the South to a constant, furious hostility. Even "good" Negroes who made no claim to independence were treated with a friendly contempt which veiled a basic hatred.

Their extreme poverty and exploitation were interwoven with the general farm problems of the South, and yet, when the southern white farmers began to organize for redress of their grievances, the Negroes who might have been their most powerful allies were set apart in a subordinate Jim-Crow body. As they advanced to political action, the white farmers needed the Negro vote and were compelled to take up questions of education and fair treatment for the Negroes.

Responsible Negro leadership was most seriously developed among the Populists in Texas. But only in South Carolina, under the leadership of Ben Tillman, did the Populists disregard the problems of the Negroes and exclude them from all participation in the movement.

Credit was a serious and universal problem. The old mortgage system had collapsed in the South with the price of land. Southern cotton merchants who had been the chief go-between for planters and northern bankers were ruined in the war. When the war was ended, even the large landowners had no cash resources and no source of business credit. So, aristocrat, white small farmer, and destitute Negro tenant alike became dependent upon advances from the village merchants who supplied them. And since these "loans" consisted chiefly of goods, with a minimum of cash, this credit was hopelessly entangled with questions of prices paid for the goods handed out to the farmer on credit.

The whole system was essentially usury. Interest rates ranged upward from 30 per cent. But the borrower had difficulty in knowing how much of the debt was a reasonable principal and how much was overcharging and interest. For the prices written up against him were two and three times as high as the prices he might have