

Farmers and the Populist Movement

Economic Distress

- Crop prices were falling and farmers mortgage their farms so they could buy more land to grow more crops.
- Farms were being foreclosed because farmers could not afford to pay their mortgage.
- Crop prices also fell from \$2 for a bushel of wheat to 68 cents.
- Farmers wanted the government to print more paper money.
- Railroads were taking advantage of farmers and charging high prices for shipping.
- Lack of competition between railroads meant higher prices for farmers

Farmers Demand Cheaper Money

- After the Civil War, the economy was in a **Deflationary** period where there was relatively little money in circulation.
- Deflation forced prices down which helped consumers but hurt the farmers as prices for their products also decreased.
- Deflation also required farmers to repay loans with dollars worth more than the dollars that were borrowed.
- Farmers wanted the money supply increased to bring about a period of **Inflation** to increase the selling prices for their products.
- To increase the money supply, farmers wanted more “Greenbacks” printed and put into circulation and unlimited coinage of silver.

Farmer Organizations

- Patrons of Husbandry (also known as the Grange) was started in 1867 by Oliver Hudson Kelley. Its purpose was to provide a social outlet and education resources for farmers.
- The goals of the Grange was to 1. Teach farmers how to organize 2. Set up farmers' cooperatives 3. Fight to regulate the railroads.
- Farmer's Alliances were established to educated farmers by sending speakers to small farming towns.
- Membership grew to 4 million mostly in the South and West.
- There were separate alliance groups for whites and African-Americans.

The Rise and Fall of Populism

- The Populist or People's Party was founded in 1892.
- The Populist Party Platform included
 1. Increase in the money supply
 2. Graduated income tax
 3. Federal loans to farmers
 4. Direct election of senators
 5. Single term for presidents
 6. Secret ballot
 7. 8-hour workday
 8. Restriction on immigration
- In 1892, the Populist Party presidential candidate won 10% of the popular vote
- In the West, 5 Populist Party senators were elected
- Three Populist Party governors were elected
- 1,500 Populist Party legislators were elected at the state level.

Panic of 1893

- The causes of the Panic included overspeculation (making risky business investments in the hope of quick and large returns) in the banking and railroad industries.
- The effects were that
 1. 15,000 businesses and 500 banks collapse.
 2. Wages dropped and 3 million Americans lost their jobs.

The Debate over Gold and Silver

- Republican Party was strongest in the Northeast and favored the Gold Standard – only backing money with gold which would limit the money supply.
- Democratic Party was strongest in the South and West and favored Bimetallism – which meant backing money with both Gold and Silver thus increasing the money supply.

Election of 1896

- The Populist Party supported Bimetallism and decided to support the Democratic Party nominated William Jennings Bryan
- The Republican Party nominated William McKinley
- Many Americans believed that Bimetallism would cause inflation and voted to McKinley. The electoral count was 271 for McKinley and 176 for Bryan.
- After the election the Populist Party collapsed but many of the Populist reforms were enacted in the 20th century.

