After the Civil War, the nation’s farmers were poised to enjoy new opportunities and great prosperity. The Homestead Act of 1862 offered cheap land for sale out West for settlers to establish farms. Railroads attracted settlement because of the ease of travel and for shipping agricultural goods to distant markets. Moreover, recent technological innovations such as the mechanical reaper and steel plow promised much greater productivity. This was an attractive opportunity for farmers whose land on the East Coast was unproductive due to soil exhaustion.

The farmers’ vision of great prosperity in the latter half of the nineteenth century did not always match the reality of their lives. They suffered a variety of problems that threatened their livelihood. Farmers faced gradually declining prices during a general period of deflation in part due to the overproduction that was ironically the product of the mechanization of agriculture. The falling prices sometimes fell below profitability, while farmers were burdened at the same time by the costs of modernizing their equipment. Thus, farmer indebtedness began to rise, and many lost their land or were threatened with foreclosure. They bristled against the inequality that defined their financial straits and seeming powerlessness while industrialists and bankers were growing incredibly wealthy and powerful.

American farmers, especially in the South and West, suffered from a variety of economic ills, including real and perceived unfair business practices. However, their problems primarily stemmed from larger financial trends. Railroads offered big business large rebates for rates due to guaranteed high volume and made up the difference by charging farmers more. Farmers were severely affected by general economic trends such as deflation and changing supply and demand in the market. They often blamed Wall Street traders and bankers for the lower prices they received, and for the high interest rates they paid on loans. The tariffs, railroads, bankers, trusts, and other “Eastern interests” who supported the gold standard (that kept the money supply tight and contributed to deflation) bore the brunt of farmers’ frustrations. Their sense of powerlessness sometimes led farmers to seek scapegoats, and some blamed their economic woes on immigrants and Jews.

Southern farmers experienced unique difficulties because of the nature of agriculture in the region after the Civil War. With the collapse of many of the great antebellum plantations, millions of poor white farmers and freed African Americans became sharecroppers. They worked under a system of debt-lien in which they would borrow money to buy seed, fertilizer, and equipment and pay it off with a large percentage of the resulting crop. As cotton (and other commodity) prices fell, the sharecroppers were hard-pressed to pay their debt each year before going into further debt for the next year’s crop. This vicious cycle led to permanent indebtedness and a state of peonage, resembling servitude.
When faced with real or imagined oppressions, farmers began to organize to protect themselves against the powerful interests. In the 1860s and 1870s, thousands of farmers joined the Granger movement. The Grangers focused on social activities and agricultural education for farmers. They also organized cooperative marketing of products to both cut out the cost of the middleman and withhold crops from markets until prices increased. The national Grange bylaws rejected affiliation with either of the major political parties, but they lobbied for and won state regulations on railroads and storage facilities. In *Munn v. Illinois* (1877), the Supreme Court majority ruled that such laws made in the “public interest” were legitimate exercises of state police powers.

During the 1880s, farmers became more radicalized as their condition deteriorated and they joined an organization called the Farmers’ Alliance. In the early part of the decade, the Alliance was created to move beyond educational and cooperative marketing plans to advocate for more comprehensive reforms of the modern industrial system. The Alliance supported government regulation or outright ownership of what they believed were predatory, oppressive railroads. The Alliance also demanded the abolition of national banks, and the creation of a subtreasury plan, in which the government would store the farmers’ crop and lend 80 percent of its value to farmers at very low interest rates in order to increase the money supply. The government would also store the crops until farmers could sell the crops at a higher price. Opponents argued that the plan would violate the principle of limited government, lead to rampant inflation, and pay a subsidy to a particular class of Americans, and consequently killed the bill in Congress.

The Alliance grew rapidly with over 100,000 members in the early 1880s and expanded to more than one million with the 1893 economic collapse. The Alliance was divided geographically and racially. It was very popular among western farmers, and white southern farmers created their own Southern Alliance. Because of the racial hatred that trumped common economic oppression, the Southern Alliance did not admit African Americans, who formed the Colored Southern Alliance.

In the early 1890s, the leaders of the agrarian movement began formulating a third-party strategy and entering politics to implement the reforms the Alliance had sought. In 1892 they met in Omaha and created a platform of goals including free silver, abolition of national banks, government ownership of all railroads and telegraphs, and the direct election of senators and the president. The success of the Populist Party in the 1892 election was rather astonishing. The Populist presidential candidate, Civil War General James B. Weaver, received over one million popular votes (8.5 percent of the total) and won an impressive six western states for 22 Electoral College votes. Populists also won seats in state legislatures, particularly in the West, and a few were elected to Congress. Moreover, several events occurred that appeared ready to propel Populists into serious contention to seize many more national offices.

In 1893, a financial panic induced a deep economic depression that caused an industrial collapse with widespread unemployment and worsened the farmers’ woes. Agricultural prices sank to new lows, well below the cost of production. Waves of violent industrial strikes swept through the country. In the first organized protest march on Washington, D.C., a group of hundreds of unemployed workers called
“Coxey’s Army” marched from Ohio and gathered supporters from across the country, demanding jobs. Farmers and workers talked of combining forces into a “producer class” united against the capitalist “interests,” but the American Federation of Labor rejected the idea, and the Populists settled for supporting the eight-hour day for workers. The President and Congress further incensed suffering farmers by repealing the Sherman Silver Purchase Act of 1890. Farmers had demanded enactment of the Silver Purchase Act because they believed it would increase the amount of money in circulation and make it easier to pay their debts. The Silver Purchase Act never produced the benefits for which farmers had hoped, but its repeal further committed the U.S. to the tight money of the gold standard. Further, farmers objected to the 1894 Wilson-Gorman Act that protected several industries with the higher tariff rates that hurt farmers. Moreover, a deal between President Cleveland and banker J.P. Morgan helped save and increase American gold reserves but was further evidence in the minds of Populists of a conspiracy of Eastern interests to keep agricultural prices depressed while benefiting eastern industrialists and bankers.

The 1894 congressional elections showed impressive gains in votes for Populist candidates and they won more seats in Congress. Populists then debated whether they would achieve greater political influence by continuing their third-party strategy or by fusing with Republicans or Democrats to win their reforms. Rhetoric centered especially on the idea of free coinage of silver because issuing currency based upon the gold and silver supply would inflate money and elevate agricultural prices. Although many Populists were opposed to fusing with the Democrats, the Populists finally decided that supporting the sympathetic Democratic presidential candidate, William Jennings Bryan, would yield the best results. Bryan delivered a rousing speech at the Democratic National Convention in which he praised American farmers as the backbone of the country and attacked the gold standard. He warned the Eastern interests, “You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind on a cross of gold.” Bryan, however, lost the election to Republican William McKinley, and the Populists largely disappeared from the political scene as a result.

Despite the political failure of their organizations in the Gilded Age, farmers won nearly all of their goals during the early twentieth century. The 1896-98 Klondike gold rush led to an increased money supply and the inflation of agricultural prices. The economy recovered from the depression, and farmers enjoyed general prosperity. They participated in the growing consumer culture by shopping through mail-order catalogs. The federal government regulated railroads and the trusts, and banned many of their discriminatory practices. Finally, Congress passed laws such as the Federal Farm Loan Act (1916) that guaranteed farmers low-interest loans and greater access to credit. Farmers entered the post-World War I era optimistic that good times would continue.
REVIEW QUESTIONS

1. What problems did farmers face in the nineteenth century?
2. What unique problems did African-American farmers suffer in the South during the nineteenth century?
3. Compare and contrast the goals and ideas of the Granger, Alliance, and Populist movements, and describe the degree to which these goals were successful prior to the twentieth century.
4. List some of the results of the 1893 financial panic.
5. What economic and political developments eventually improved the lives of farmers in the early twentieth century?