

Agrarian Discontent in the Late 1800's

"Why the Farmers Were Wrong"

The period between 1880 and 1900 was a boom time for American politics. The country was for once free of the threat of war, and many of its citizens were living comfortably. However, as these two decades went by, the American farmer found it harder and harder to live comfortably. Crops such as cotton and wheat, once the bulwark of agriculture, were selling at prices so low that it was nearly impossible for farmers to make a profit off them. Furthermore, improvement in transportation allowed foreign competition to materialize, making it harder for American farmers to dispose of surplus crop. Finally, years of drought in the Midwest and the downward spiral of business in the 1890's devastated many of the nation's farmers. As a result of the agricultural depression, many farm groups, most notably the Populist Party, arose to fight what farmers saw as the reasons for the decline in agriculture. During the last twenty years of the nineteenth century, many farmers in the United States saw monopolies and trusts, railroads, and money shortages and the demonetisations of silver as threats to their way of life, though in many cases their complaints were not valid.

The growth of the railroad was one of the most significant elements in American economic growth. However, in many ways, the railroads hurt small shippers and farmers. Extreme competition between rail companies necessitated some way to win business. To do this, many railroads offered rebates and drawbacks to larger shippers who used their rails. However, this practice hurt smaller shippers, including farmers, for often times railroad companies would charge more to ship products short distances than they would for long trips. The rail companies justified this practice by asserting that if they did not rebate, they would not make enough profit to stay in business. In his testimony to the Senate Cullom Committee, George W. Parker stated, "...the operating expense of this road...requires a certain volume of business to meet these fixed expenses....in some seasons of the year, the local business of the road...is not sufficient to make the earnings...when we make up a train of ten or fifteen cars of local freight...we can attach fifteen or twenty cars...of strictly through business. We can take the latter at a very low rate than go without it." Later, when asked the consequences of charging local traffic the same rate as through freight, Mr. Parker responded, "Bankruptcy, inevitably and speedy...". While the railroads felt that they must use this practice to make a profit, the farmers were justified in complaining, for they were seriously injured by it. Frank Norris can find a perfect example of this fact in *The Octopus*. A farmer named Dyke discovers that the railroad has increased their freight charges from two to five cents a pound. This new rate, "...ate up every cent of his gains. He stood there ruined." (Doc. H). The railroads regularly used rebates and drawbacks to help win the business of large shippers, and made up this loss in profit by increasing the cost to smaller shippers such as farmers. As a result, many farmers, already hurt by the downslide in agriculture, were ruined. Thus, the farmers of the late nineteenth century had a valid complaint against railroad shippers, for these farmers were hurt by the unfair practices of the railroads.

Near the end of the nineteenth century, business began to centralize, leading to the rise of monopolies and trusts. Falling prices, along with the need for better efficiency in industry, led to the rise of such companies as Carnegie Steel and Standard Oil, which controlled a majority of the nation's supply of raw steel and oil respectively. The rise of these monopolies and trusts concerned many farmers, for they felt that the disappearance of competition would lead to erratic and unreasonable price rises that would hurt consumers. James B. Weaver, the Populist party's presidential candidate in the 1892 election, summed up the feelings of many Americans of the period in his work, *A Call to Action: An Interpretation of the Great Uprising*. He wrote, "It is clear that trusts are...in conflict with the Common law. They are monopolies organized to destroy competition and restrain trade.... Once they secure control of a given line, they are master of the situation... They can limit the price of the raw material so as to impoverish the producer, drive him to a single market, reduce the price of every class of labour connected with the trade, throw out of employment large numbers persons...and finally...they increase the price to the consumer.... The main weapons of the trust are threats, intimidation, bribery, fraud, wreck, and pillage." However, the facts refute many of Weaver's charges against the monopolies. While it is true that many used questionable means to achieve their monopoly, many were not out to crush competitors. To the contrary, John D. Rockefeller, head of Standard Oil, competed ruthlessly not to crush other refiners but to persuade them to join Standard Oil and share the business so all could profit. Furthermore, the fear that the monopolies would raise prices unreasonably was never realized. Prices tended to fall during the latter part of the 1800's creating what some have called a "consumer's millennium". Thus, the agrarian complaints against monopolies were not incredibly valid, for the monopolies did very little harm to farmers of the time.

Finally, deflation and falling prices during the late 1800's led to the most heated complaint of farmers and the Populist Party that grew out of agricultural discontent. Deflation had been running rampant during the latter half of the 1800's, as evidenced by the drastic fall in the value of wheat and cotton. To fight the deflationary trend, the Populists demanded a reversal of the Coinage Act of 1873, which demonetised silver. The Populist platform for the 1892 election called for unlimited coinage of silver and an increase in the money supply "to no less than \$50 per capita.". Here again, the farmers are wrong in the assessment of their problems. It is true that the country's money supply was not adequate. United States government data from 1961 shows that though the country's population between 1865 and 1875 increased by nearly four million, the country's money supply actually decreased. However, many farmers used the money supply to explain problems that indeed had very little to do with the money supply at all. This fact is best summed up in a quote from J. Laurence Laughlin's article, "Causes of Agricultural Unrest". He says, "Feeling the coils of some mysterious power about them, the farmers... have attributed their misfortunes to the "constriction" in prices, caused, as they think, not by an increased production of wheat throughout the world, but by the "scarcity of gold.". Furthermore, history has shown that battle between gold and silver had little real meaning. The real battle was not between gold and silver, but instead what would be done to check deflation. William McKinley, in his 1896 acceptance speech, said, "Free silver would not mean that silver dollars were to be freely had without cost or labour... It would not make labour easier, the hours shorter, or the pay better. It would not make the farming less laborious or more profitable...". Many farmers saw silver

as a cure-all for their problems, failing to see that changes in the world were to blame. Finally, the discovery of gold in Alaska and improved methods of extracting gold from low-grade ore did much to increase the nation's money supply. These facts prove that the farmers' view of silver was not sound, thus invalidating their complaints about the nation's financial system.

The farmers of the late 1800's had many reasons for being dissatisfied with their situation. Unfair railroad practices, such as rebates and drawbacks, hurt them severely. However, in some cases, these farmers' complaints were not justified. Many of the fears that farmers had about monopolies, such as the idea of unfair and unreasonable price increases, happened in very few occasions; in fact, prices went down in the latter part of the nineteenth century. Finally, history has proven that their view of silver as a way to end deflation and the decrease in crop values was inaccurate. The farmers of the period, though, used these issues to change the shape of American politics and bring it face to face with the problems the country was facing.