FARM PROBLEMS: NORTH, SOUTH, AND WEST

- In the late 1800s, all farmers faced similar problems, whether they were westerners or southerners, whether they were white or black
- For one thing, farmers were becoming a minority within American society
- While the number of U.S. farms more than doubled between 1865 and 1900, people working as farmers declined from 60% of the working population in 1860 to less than 37% in 1900

CHANGES IN AGRICULTURE

- With every passing decade, farming became increasingly commercialized and also more specialized
- North & western farmers during the late 1800s focused on raising single cash crops, such as corn or wheat, for national international markets
- As consumers, farmers began to procure their food from the stores in town and their manufactured goods from the mail-order catalogs sent to them by Montgomery Ward and Sear, Roebuck
- As producers, farmers became dependent on large and expensive machines, such as steam engines, seeder, and reaper-thresher combines
- Larger farms of thousands of acres were run like factories
- Unable to afford the new equipment, small, marginal farms could not compete and, in many cases, were driven out of business

1. FALLING PRICES

- Increased American production & global competition from Argentina, Russia, and Canada drove prices down for wheat, cotton, & other crops
- The static money supply in the U.S. in the 1870s and 1880s also had a deflationary impact on prices
- As prices fell, farmers with mortgages faced both high interest rates and the need to grow two or three times as much to pay off old debts
- Of course, overproduction only lowered prices
- The predictable results of this cycle were more debts, foreclosures by banks, & more farmers forced to become tenants & sharecroppers

2. RISING COSTS

- Farmers felt victimized by impersonal forces of the larger national economy
- Industrial corporations were able to keep prices high on manufactured goods by forming monopolistic trusts
- Middlemen (wholesalers & retailers) took their cut before selling to farmers
- Railroads, warehouses, & elevators took what little profit remained by charging high, discriminatory rates for the shipment & storage of grain
- Railroads would often charge more for short hauls on lines with no competition than for long hauls on lines with competition
- Taxes seemed unfair to farmers as local & state govt's placed heavy taxes on property & land but didn't tax income from stocks & bonds
- Tariffs protecting American industries were viewed as another unfair tax paid by farmers & consumers for the benefit of the industrialists

FIGHTING BACK

- A long tradition of independence & individualism restrained farmers from taking collective action
- Finally, however, they began to organize for their common interests and protection

1. NATIONAL GRANGE MOVEMENT (1868)

- National Grange of Patrons of Husbandry was organized by Oliver H. Kelley as a social & educational organization for farmers & their families
- By the 1870s the Grange organized economic ventures and took political action to defend members against the middlemen, trusts, & railroads
- The organization's greatest strength was in the region formerly known as the Old Northwest, now more commonly called the Midwest
- By 1873, there were Granges in almost every state, including the South and the Pacific Coast
- Grangers throughout the U.S. established cooperatives, which were businesses owned & run by farmers to save costs charged by middlemen
- Storage fees assessed by grain elevators and freight rates charged by railroads became the next targets of the Grange movement
- In the Midwestern states of Illinois, Iowa, Minnesota, and Wisconsin, the Grangers, with help from local businesses, successfully lobbied their state legislatures to pass laws regulating the rates charged by railroads and elevators
- Other Granger laws made it illegal for railroads to fix prices by means of pools and to give rebates to privileged customers
- In the case of "Munn v. Illinois" (1877), the Court upheld the right of a state to regulate businesses of a public nature, such as railroads

2. INTERSTATE COMMERCE ACT (1886)

- The state laws regulating railroad rates ran into many legal problems, especially with railroads that crossed state lines
- States could only regulate local or short-haul rates
- Interstate commerce, was a federal matter, & railroad companies adapted to the Granger laws by raising their long-haul (interstate) rates
- The Supreme Court ruled in the case of "Wabash v. Illinois" (1886) that individual states could not regulate interstate commerce
- In effect, the Court's decision nullified many of the state regulations achieved by the Grangers
- Congress responded to the outcry of farmers & shippers by passing the first federal effort to regulate the railroads
- The Interstate Commerce Act of 1886 required railroad rates to be "reasonable and just"
- The Act also set up the first federal regulatory agency, the Interstate Commerce Commission (ICC), which had the power to investigate and prosecute pools, rebates, and other discriminatory practices
- Ironically, the first U.S. regulatory commission helped the railroads more than the farmers
- The new commission lost most of its cases in the federal courts in the 1890s
- On the other hand, railroads found the ICC useful in helping to stabilize rates and curtail destructive competition

3. FARMERS' ALLIANCES

- The discontent or rural American was on the rise again the late 1880s as prices for crops fell to new lows
- By 1890, about 1 million farmers had joined farmers' alliances for much the same reasons that they had earlier joined the Grange
- Separate alliances were formed in different states and regions to serve farmers' needs for education in the latest scientific methods as well as for organized economic & political action
- In alliance in the South, both poor white and black farmers joined the movement
- Unlike the Grange, the alliance movement had serious potential for turning into an independent political party on the national level

4. OCALA PLATFORM

- In 1890 a national organization of farmers (The National Alliance) met in Ocala, Florida, to address the problems of rural America
- The alliance attacked both major parties as subservient to Wall Street bankers and big business
- Delegates at Ocala created a platform that would have significant impact in later years as the Alliance supported the following platform:

a. Direct election of senators
b. Lower tariff rates
c. Graduated Income Tax
d. New Banking System regulated by the federal government
e. Treasury notes & silver be used to increase amount of money in circulation, which farmers hoped would create inflation & raise crop prices
f. Federal storage for farmers' crops and federal loans, which would free farmers from dependency on middlemen and creditors

- The alliances stopped short of forming a political party
- Their backing of local & state candidates who pledged support for alliance goals often proved decisive in the elections of 1890
- Many of the reform ideas of the Grange and Farmers' alliances would become part of the Populist Movement, which would shake the foundations of the two-party system in the elections of 1892 and 1896