

A.P. U.S. HISTORY NOTES

Chapter 28: “The Revolt of the Debtor”

~ 1889 – 1900 ~

- I. The Republicans Return Under Harrison
 1. New president **Benjamin Harrison** was inaugurated on a rainy March 4, 1889.
 - i. He was brusque and abrupt, but also honest and earnest.
 2. After four years out of the White House, the Republicans were eager to return to power, especially those seeking political rewards.
 - i. **James G. Blaine** became the secretary of state.
 - ii. **Theodore Roosevelt** was named to the **Civil Service Commission**.
 3. However, the Republicans had troubles, for they only had three more members than was necessary for a quorum, and Democrats could simply not answer to the roll and easily keep Congress from working.
 4. The new Speaker of the House, **Thomas B. Reed**, was a large, tall man, a masterful debater, and very critical and quick man.
 - i. To solve the problem of reaching quorum in Congress, Reed counted the Democrats who were present but didn't answer to the roll call, and after three days of such chaos, he finally prevailed, opening the 51st, or “Billion Dollar” Congress—one that legislated a lot of expensive projects, etc...
- II. Political Gravy for All
 1. Harrison, a former **Civil War** general, appointed a Civil War amputee as commissioner of pensions, and that man practically used up the federal surplus to give out pensions.
 - i. The **Pension Act** of 1890 gave pensions to all Union Civil War veterans who had served at least 90 days in the army and could not do manual labor now.
 - ii. Thus, from 1891 to 1895, the bill for pensions rose from \$81 million to \$135 million.
 - a. This gained the Republican support of the **Grand Army of the Republic** (GAR), whose members were grateful to the GOP (**Grand Old Party**) for its handouts.
 2. The **Sherman Anti-Trust Act**, passed in 1890, was a pioneering but weak law that tried to deter the new corporations and monopolies that existed.
 3. The **Sherman Silver Purchase Act** of 1890 appealed to those who had hated the old **Bland-Allison Law** of 1878 because it allowed the Treasury to buy 4.5 million ounces of silver monthly and pay for it in notes redeemable in silver OR gold
 4. The **McKinley Tariff Bill** of 1890 boosted rates up to 48.4%—the highest level yet.
 - i. The farmers lost the most from this tariff, as tin peddlers in the Midwest dishonestly cited rising prices due to Republicans; as a result, in the election of 1890, Democratic seats in the House rose to 235, while Republicans only had 88 representatives.
 - ii. Nine members of the **Farmers' Alliance**, an organization of southern and western farms, were also elected to the House of Representatives.
- III. The Populist Challenge of 1892
 1. In 1892, the Democrats nominated conservative **Grover Cleveland** while Republicans went with unpopular Harrison, but the splash was made by a new third party: the **People's Party** (aka Populist Party).
 - i. The Populists, made up mainly of the Farmers' Alliance (and other groups), demanded free and unlimited coinage of silver at a ratio of sixteen to one, a graduated income tax, and government ownership of the telephone, telegraph, and railroads—all to combat injustice.

- ii. They also wanted direct elections of U.S. Senators, a one-term limit on the presidency, and the use of the initiative and referendum to allow citizens to propose and review legislation—all in the true spirit of Democracy.
- 2. A rash of strikes in the summer of '92 also brought concerns that disgruntled workers could join the Populist Party.
 - i. At **Andrew Carnegie's** Homestead steel plant near Pittsburgh, a strike resulted in violence that killed ten and wounded sixty, and the eventual calling of U.S. troops to break the strike and its union backer.
 - ii. Silver miners striking in Idaho's **Coeur d'Alene District** were also broken.
- 3. Impressively, the Populist party did get over a million votes and 22 Electoral votes, but these came all from the Midwest (farmer country).
 - i. The South was unwilling to support the Populists because of race: one million Black farmers in the **Colored Farmers' National Alliance**, along with other Blacks, were targets of Populist outreach.
 - ii. Populist leaders like Georgia's **Tom Watson** reached out to the Black community, but racist Whites stunted Populist support in the South.
- 4. The Blacks were the real losers in the Election of 1892, for upon seeing that African-Americans were trying to show their political power, Southern Whites passed literacy tests, poll taxes, and the infamous "**grandfather clause**," which stated that no Black could not vote unless his forbear had voted in 1860 (none had).
 - i. Severe **Jim Crow laws** were also passed in many Southern states, and it would not be for another half century until Blacks finally became a political force.
 - ii. Even Tom Watson became a racist himself following 1892, and after 1896, the Populist party lapsed into vile racism and Black disfranchisement.

IV. "Old Grover" Cleveland Again

- 1. Grover Cleveland won, but no sooner than he had stepped into the presidency did the **Depression of 1893** break out; it was the first such panic in the new urban and industrial age, and it caused much outrage and hardships.
- 2. About 8000 American business houses collapsed in six months, and dozens of railroad lines went into the hands of receivers.
 - i. Now Cleveland had a deficit, for the Treasury had to issue gold for the notes that it had paid in the Sherman Silver Purchase Act, and according to law, those notes had to be reissued, thus causing a steady drain on gold in the Treasury—the level alarmingly dropped below \$100 million at one point!
- 3. Meanwhile, Grover Cleveland had developed a malignant growth under the roof of his mouth, and it had to be secretly removed in a surgery that took place aboard his private yacht; had he died, **Adlai E. Stevenson**, a "soft money" (paper money) man, would have caused massive chaos with inflation.
- 4. Also, 33 year-old **William Jennings Bryan** was advocating "free silver," and gaining support for his beliefs, but an angry Cleveland used his executive power to break the filibuster in the Senate—thus alienating the silver-supporting Democrats.

V. Gold Shortages and Job Shortages

- 1. Finally, the U.S. repealed the Sherman Silver Purchase Act, but this only partially stopped the problem, and by 1894, the gold reserve sank to only \$41 million!
 - i. The U.S. was in danger of going off the gold standard, sinking into financial turmoil, and ruining its international trade.
- 2. Finally, Cleveland turned to **J.P. Morgan**, the "banker's banker," who agreed to have **Wall Street** loan the government \$65 million in gold, obtain half of the gold from abroad, and take the needed steps to dam up the leaky Treasury.
 - i. This caused an outrage, for silverites saw only corruption and badness in Cleveland's dealings with the "evil 'Jupiter'" Morgan.

3. Meanwhile, the unemployed, led by men like “General” **Jacob S. Coxey**, a wealthy Ohio quarry owner, demonstrated for much-needed help.
 - i. He and his “Commonweal Army” of Coxeyites marched to Washington D.C., but upon reaching there, he and his “lieutenants” were arrested for walking on the grass, while the other people accounted for lots of disorder and pillage.
- VI. Cleveland Crushes the Pullman Strike
1. In Chicago, the infamous **Pullman Strike**, led by **American Railway Union** leader **Eugene V. Debs**, was a violent flare-up but just one of the many that occurred.
 - i. The **Pullman Palace Car Company** had been hit hard by the depression had been forced to cut wages about one-third.
 - ii. In the opinion of Illinois governor **John Peter Atgeld**, who had pardoned the **Haymarket Riot** anarchists the year before, the riot was serious but not out of hand.
 - iii. However, Attorney General **Richard Olney** felt that the strikers were interfering with U.S. mail delivery to Chicago, and he ordered federal troops to crush the strike...leading to controversy.
 2. Labor unions began to think that employers and even the U.S. government were out to shut the unions down, and were incensed.
- VII. Democratic Tariff Tinkering
1. The Democrats took to revising the existing tariff into one that would follow their campaign promises by providing *moderate* protection and adequate revenue.
 - i. This new bill even included a tax of 2% on \$4000+ incomes.
 - ii. However, upon reaching the Senate, the opposition of big business forced the **Wilson-Gorman Bill** to be amended 630 times, including a scandalous insertion of \$20 million a year to itself by the sugar trust.
 - iii. Thus, this bill fell quite short of providing a low tariff, though it was lowered down to 41.3% on dutiable goods.
 - iv. In 1895, though, the Supreme Court struck down the graduated income tax portion—the most popular one—of the Wilson-Gorman Bill.
 2. As a result of the unpopular tariff, the Democrats lost a LOT of seats in the House in 1894, and the Republicans regained control.
 3. Discontented debtors were turning to free silver as a cure-all, as such pamphlets as *Coin’s Financial School*, written by **William Hope Harvey**, influenced many toward the free silver cause.
- VIII. McKinley: Hanna’s Fair-Haired Boy
1. The leading Republican candidate in 1896 was **William McKinley**, a respectable and friendly former Civil War major who had served many years in Congress representing his native Ohio.
 2. McKinley was the making of another Ohioan, **Marcus Alonzo Hanna**, who financially and politically supported the candidate through his political years.
 3. McKinley was a conservative in business, preferring to leaves things alone, and his platform was for the gold standard, even though he personally was not.
 - i. His platform also called for a gold-silver bimetalism—provided that all the other nations in the world did the same, which was not bound to happen.
- IX. Bryan: Silverite Messiah
1. The Democrats were in disarray, unable to come up with a candidate, until William Jennings Bryan, the “Boy Orator of the Platte,” came “to their rescue.”
 2. At the 1896 Democratic Convention in Chicago, Bryan delivered a movingly passionate speech in favor of free silver, and his **Cross of Gold Speech** created a sensation and got him nominated for the Democratic ticket the next day.
 - i. The Democratic ticket called for unlimited coinage of silver with the ratio of 16 silver ounces worth as much as one ounce of gold.
 - ii. Democrats who would not stand for this left their party!

- iii. Some Democrats charged that the Democrats had stolen the Populist ideas, and during the Election of 1896, it was essentially the “Demo-Pop” party.
- X. Hanna Leads the “Gold Bugs”
 - 1. Hanna thought that he could make the tariff the heart of the campaign issue, but Bryan turned the tables, making silver the key issue.
 - i. Free silver seemed to be a religion, with Bryan the “savior” of all free silverites.
 - ii. Essentially, Bryan was cutting in half the value of people’s earnings and savings with his free silver idea, and this worried the eastern conservatives.
 - 2. With the public afraid of Bryan’s radical ideas, Hanna campaigned vigorously and amassed a sizeable amount of money for the Republicans to use in the election.
 - i. As a result, many Democrats accused Hanna of “buying” the election, since the Democrats only had \$1 million for their campaign, as opposed to the Republican \$16 million.
- XI. Appealing to the Pocketbook Vote
 - 1. Hanna launched a full-force attack against free silver, sending many speakers out onto the stump to appeal to the public in person, but few people could really understand what all the hoopla was about, and even they disagreed.
 - i. It was mostly shouting and little thinking.
 - 2. A sharp rise in wheat prices near the end of the campaign quelled much of the farmers’ anger against the Republicans, and most people voted for McKinley due to fear of Bryan and his “dangerous, crazy, radical ideas.”
- XII. Class Conflict: Plowholders versus Bondholders
 - 1. McKinley won decisively, getting 271 Electoral votes, mostly from the populous East and upper Midwest, as opposed to Bryan’s 176, mostly from the South and the West.
 - 2. This election was perhaps the most important since those involving **Abraham Lincoln**, for it was the first to seemingly pit the privileged against the underprivileged, and it resulted in a victory for big business and big cities.
 - 3. The Middle Class preserved their comfortable way of life while the Republicans seized control of the White House of 16 more years.
- XIII. Republican Standpattism Enthroned
 - 1. When McKinley took office in 1897, he was calm and conservative, working well with his party and avoiding major confrontations.
 - 2. The **Dingley Tariff Bill** was passed to replace the Wilson-Gorman law and raise more revenue, raising the tariff level to 46.5 percent!
- XIV. Inflation without Silver
 - 1. Just as McKinley came to power, prosperity was returning as the Depression of 1893 was running its course, and the Republicans took credit for this event.
 - 2. The **Gold Standard Act** was not passed until 1900, when many silverites had left Congress, but it provided that paper currency was to be redeemable in full in gold.
 - 3. A stable expansion of currency was clearly desired in America, since money was tight at the time, but free silver was a poor method of obtaining that.
 - 4. Inflation occurred when new gold was discovered in Alaska, Canada, and South Africa, and when science perfected a cheap cyanide process for extracting gold from low-grade ore.