

Chapter 23
***Political Paralysis in
the Gilded Age,
1869–1896***

Presented by:

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I. The “Bloody Shirt” Elects Grant

- A good general:
 - Populace soured by wrangling of professional politicians in Reconstruction era
 - Notion still prevailed that a good general would make a good president
- Grant most popular northern hero:
 - Hapless greenhorn in political arena
 - His one presidential vote had been cast for Democratic ticket in 1856
 - His cultural background breathtakingly narrow

I. The “Bloody Shirt” Elects Grant (cont.)

- Republicans:
 - Freed from Union party coalition of war days
 - Nominated Grant for presidency in 1868
 - Platform called for continued Reconstruction of South
 - Grant “Let us have peace”
- Democrats:
 - In their nominating convention, denounced military Reconstruction but could agree on little else

I. The “Bloody Shirt” Elect Grant (cont.)

- Wealthy eastern delegates demanded federal war bonds be redeemed in gold
- Poorer Midwestern delegates called for redemption in greenbacks (Ohio Idea)
- Debt-burdened agrarian Democrats hoped to keep more money in circulation and keep interest rates low
- Disputes introduced bitter contest over monetary policy that continued until century's end
- Midwestern delegates got the platform but not the candidate
 - Nominee Horatio Seymour repudiated Ohio Idea

I. The “Bloody Shirt” Elect Grant (cont.)

- Grant nominated:
 - Republicans energetically nominated Grant by **“waving the bloody shirt”** —
 - Revived glory memories of Civil War
 - Became for first time a prominent feature of a presidential campaign
 - Grant won, with 214 electoral votes to 80 for Seymour
 - Grant received 3,013,421 to 2,706,829 popular votes:
 - Most white voters supported Seymour
 - Ballots of three still-unreconstructed southern states (Mississippi, Texas, Virginia) not counted at all

I. The “Bloody Shirt” Elects Grant (cont.)

- Estimated 500,000 former slaves gave Grant his margin of victory
- To remain in power, Republican party had to continue to control South—and keep ballot in hands of grateful freedman
- Republicans could not take future victories “for Granted”



II. The Era of Good Stealings

- Postwar atmosphere stunk of corruption:
 - Some railroad promoters cheated gullible bond buyers
 - Some unethical financiers manipulated stock-market
 - Too many judges and legislators put their power up for hire
 - Cynics defined an honest politician as one who, when bought, stayed bought

II. The Era of Good Stealings (cont.)

- Two notorious financial millionaire partners:
 - “Jubilee Jim” Fisk and Jay Gould:
 - Corpulent and unscrupulous Fisk provided the “brass”
 - Undersized and cunning Gould provided the brains
 - Concocted plot in 1869 to corner gold market:
 - Plan would work only if federal Treasury refrained from selling gold

II. The Era of Good Stealings (cont.)

- Conspirators worked on President Grant directly:
 - And through his brother-in-law who received \$25,000 for complicity
- For weeks Fisk and Gould bid price of gold skyward, so they could profit from its heightened value:
 - On “Black Friday” (September 24, 1889) bubble broke when Treasury compelled to release gold
 - Price of gold plunged
 - Scores of honest businesspeople driven to the wall
 - Congressional probe concluded Grant had done nothing crooked, but had acted stupidly

II. The Era of Good Stealings (cont.)

- Infamous **Tweed Ring**:
 - Displayed ethics of age:
 - “Boss” Tweed employed bribery, graft, and fraudulent elections to milk metropolis of \$200 million:
 - Honest citizens cowed into silence
 - Protesters found tax assessments raised
 - Tweed's luck finally ran out:
 - *New York Times* published damning evidence in 1871
 - Refused \$5 million bribe not to publish it

II. The Era of Good Stealings (cont.)

- Gifted cartoonist Thomas Nast pilloried Tweed mercilessly.
- New York attorney Samuel J. Tilden headed prosecution.
- Unbailed and unwept, Tweed died behind bars.

III. A Carnival of Corruption

- Misdeeds of federal government leaders:
 - **Credit Mobilier scandal** (1872):
 - Union Pacific Railroad insiders formed Credit Mobilier construction company:
 - Then hired themselves at inflated prices to build railroad line
 - Earned dividends as high as 348 percent
 - Company distributed shares of its valuable stock to key congressmen
 - Newspaper expose and congressional investigation led to:

III. A Carnival of Corruption (cont.)

- Formal censure of two congressmen
- Revelation that vice-president accepted payments from Credit Mobilier
- Breath of scandal in Washington reeked of alcohol:
 - In 1874-1875, Whiskey Ring robbed Treasury of millions in excise-tax revenue
 - Grant's own private secretary among culprits
 - Grant volunteered a written statement to jury that helped exonerate thief
- Bribes:
 - Secretary of War William Belknap (1876) forced to resign after pocketing bribes from suppliers to Indian reservations
 - Grant accepted his resignation "with great regret"

IV. The Liberal Republican Revolt of 1872

- Liberal Republican party:
 - Slogan "Turn the Rascals Out" urged purification of Washington and end to military Reconstruction
 - Muffed chance when at Cincinnati convention they nominated:
 - Erratic Horace Greeley, editor of *New York Tribune*
 - He was dogmatic, emotional, petulant, and notoriously unsound in his political judgments

IV. The Liberal Republican Revolt of 1872 (cont.)

- Democrats:
 - Endorsed Greeley's candidacy
 - He had blasted them as traitors, slave shippers, saloon keepers, horse thieves, and idiots
 - He pleased them when he pleaded for clasping hands across "the bloody chasm"
 - Republicans dutifully renominated Grant
 - Voters had to choose between two non-politicians, neither of whom truly qualified



IV. The Liberal Republican Revolt of 1872 (cont.)

- Election of 1872:
 - Republicans denounced Greeley as atheist, communist, free-lover, vegetarian, and cosigner of Jefferson Davis's bail bond
 - Democrats derided Grant as ignoramus, drunkard, swindler
 - Republicans chanting "Grant us another term" pulled president through:
 - Electoral count: 286 for Grant to 66 for Greeley
 - Popular vote: 3,596,745 for Grant; 2,843,446 for Greeley

V. Depression, Deflation, and Inflation

- **Panic of 1873:**
 - Grant's woes deepened in paralyzing economy:
 - Age of unbridled expansion
 - Overreaching promoters laid more railroad track, sunk more mines, erected more factories, sowed more grain fields than existing markets could bear
 - Bankers made too many imprudent loans to finance these enterprises
 - Profits failed to materialize; loans went unpaid; whole credit-based economy fluttered downward
 - Boom times became gloom times as more than 15,000 businesses went bankrupt

V. Depression, Deflation, and Inflation (cont.)

- Black Americans hard hit
- Freedman's Saving and Trust Company had made unsecured loans to several companies that went under
- Black depositors who had entrusted over \$7 million to banks lost their savings
- Black economic development and black confidence in savings institutions went down with it
- Hard times inflicted worst punishment on debtors
- Proponents of inflation breathed new life into issue of greenbacks
- Agrarian and debtor groups—"cheap money" supporters—clamored for reissuance of greenbacks

V. Depression, Deflation, and Inflation (cont.)

- "Hard-money" advocates carried day:
 - 1874 persuaded Grant to veto bill to print more paper money
 - Scored another victory in Resumption Act 1875:
 - Pledged government to further withdraw greenbacks from circulation and
 - To redemption of all paper currency in gold at face value, beginning in 1879
 - Debtors looked for relief in precious metal silver

V. Depression, Deflation, and Inflation (cont.)

- In 1870s Treasury maintained an ounce of silver worth only 1/16 compared to an ounce of gold
- Silver miners stopped offering silver to federal mints
- Congress dropped coinage of silver dollars (1873)
- With new silver discoveries in late 1870s, production shot up which forced silver prices to drop
- Demand for coinage of more silver was nothing more nor less than another scheme to promote inflation

V. Depression, Deflation, and Inflation (cont.)

- Hard-money Republicans resisted scheme and called on Grant to hold line.
- He did not disappoint them:
 - Treasury accumulated gold stocks until day of resumption of metallic-money payments
 - Coupled with reduction of greenbacks, this policy called “contraction:”
 - Had noticeable deflationary effect, worsening impact of depression

V. Depression, Deflation, and Inflation (cont.)

- New policy restored government's credit rating
- Brought embattled greenbacks up to full face value
- When Redemption Day came in 1879, few greenback holders bothered to exchange lighter and more convenient bills for gold
- Republican hard-money policy had political backlash:
 - In 1874, helped elect Democratic House of Representatives
 - 1878: spawned Greenback Labor Party, polled over a million votes, elected fourteen members of Congress
 - Contest over monetary policy far from over

VI. Pallid Politics in the Gilded Age

- **Gilded Age:**
 - Sarcastic name given to three-decade-long post-Civil era by Mark Twain in 1873
 - Every presidential election a squeaker
 - Majority party in House switched six times in seven sessions between 1869 and 1891
 - Few significant economic issues separated major parties yet elections ferociously competitive
 - Nearly 80% of those eligible, voted

VI. Pallid Politics in the Gilded Age (cont.)

- How can paradox of political consensus and partisan fervor be explained?
 - Sharp ethnic and cultural differences in membership of two parties:
 - Distinctions of style and tone, especially religious sentiment
 - Republicans adhered to creeds that traced lineage to Puritanism:
 - » Strict codes of personal morality
 - » Believed government should play role in regulating both economic and moral affairs of society

VI. Pallid Politics in the Gilded Age (cont.)

- Democrats:
 - » Immigrant Lutherans and Roman Catholics figured heavily
 - » More likely to adhere to faiths that took a less stern view of human weakness
 - » Religion professed toleration in an imperfect world
 - » Spurned government efforts to impose single moral standard on entire society
- Differences in temperament and religious values produced raucous political contests at local level, esp. on issues like prohibition and education

VI. Pallid Politics in the Gilded Age (cont.)

- Democrats:
 - Solid electoral base in South
 - In northern industrial cities—with immigrants and well-oiled political machines
- Republicans:
 - Strength largely in Midwest and rural, small-town Northeast
 - Freedmen in South continued to vote Republican in significant numbers

VI. Pallid Politics in the Gilded Age (cont.)

- Members of Grand Army of the Republic (GAR)—politically potent fraternal organization of several hundred thousand Union veterans of Civil War
- **Patronage**—lifeblood of both parties:
 - Jobs for votes, kickbacks, party service
 - Boisterous infighting over patronage beset Republican party in 1870s and 1880s
 - Roscoe (“Lord Roscoe”) Conkling—embraced time-honored system of civil-service jobs for votes

VI. Pallid Politics in the Gilded Age (cont.)

- Half-Breeds wanted some civil-service reform:
 - Champion was James G. Blaine of Maine
 - Two personalities succeeded only in stalemate each other and deadlocking party



VII. The Hayes-Tilden Standoff, 1876

- Grant thought about a third-term:
 - House derailed this by 233 to 18:
 - Passed resolution on anti-dictator implications of two-term tradition
- Republicans
 - Turned to compromise candidate, Rutherford B. Hayes, “The Great Unknown:”
 - Foremost qualification: hailed from “swing” state Ohio
 - Served three terms as governor

VII. The Hayes-Tilden Standoff, 1876 (cont.)

- Democrats:
 - Nominee was Samuel J. Tilden:
 - Risen to fame by jailing Boss Tweed in New York
 - 185 electoral votes needed
 - Tilden got 184 with twenty disputed votes in four states—three of them in South (see Map 23.1)
 - Tilden polled 247,448 more popular votes than Hayes, 4,284,020 to 4,036,572
 - Both parties sent “visiting statesmen” to contested Louisiana, South Carolina, Florida



VII. The Hayes-Tilden Standoff, 1876 (cont.)

- Disputed states:
 - All sent two sets of returns: one Democratic and one Republican:
 - Dramatic constitutional crisis:
 - Constitution merely specified that electoral returns from states be sent to Congress
 - Then in presence of House and Senate, they be opened by president of Senate (see Twelfth Amendment in Appendix)

VII. The Hayes-Tilden Standoff, 1876 (cont.)

- Who should count them?
 - On this point, Constitution silent:
 - If counted by president of Senate (a Republican), Republican returns would be selected
 - If counted by Speaker of House (a Democrat), Democratic returns would be chosen
 - How could impasse be resolved?

VIII. The Compromise of 1877 and the End of Reconstruction

- **Compromise of 1877:**
- Deadlock broken by Election Count Act:
 - Passed by Congress in early 1877
 - Set up electoral commission of fifteen men selected from Senate, House and Supreme Court (see Table 23.1)
 - February 1877, a month before Inauguration Day, Senate and House met to settle dispute

TABLE 23.1 Composition of the Electoral Commission, 1877

Members	Republicans	Democrats
Senate (Republican majority)	3	2
House (Democratic majority)	2	3
Supreme Court	3	2
TOTAL	8	7

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Table 23.1.pdf

VIII. The Compromise of 1877 and the End of Reconstruction(cont.)

- Roll of states tolled off alphabetically
- Florida, first of three southern states with two sets of returns —
 - Disputed documents referred to electoral commission, which sat in nearby chamber
 - After prolonged discussion, members:
 - By partisan vote of 8 Republicans to 7 Democrats, voted to accept Republican returns
 - Outraged Democrats in Congress, smelling defeat, undertook to launch filibuster

VIII. The Compromise of 1877 and the End of Reconstruction (cont.)

- Other parts of Compromise of 1877:
 - Democrats agreed Hayes might take office in return for removing U.S. troops from two states in which they remained, Louisiana and South Carolina
 - Republicans assured Democrats a place at presidential patronage trough
 - And supported bill subsidizing Texas and Pacific Railroad's construction of southern transcontinental line

VIII. The Compromise of 1877 and the End of Reconstruction (cont.)

- Deal held together long enough to break dangerous electoral standoff:
 - Democrats permitted Hayes to receive remainder of disputed returns—all by partisan vote of 8 to 7:
 - So explosive, it was settled only three days before new president sworn into office

VIII. The Compromise of 1877 and the End of Reconstruction (cont.)

- Compromise bought peace at a price:
 - Partisan violence averted by sacrificing civil rights of southern blacks
 - With Hayes-Tilden deal, Republican party abandoned commitment to racial equality
- **Civil Rights Act of 1875:**
 - Last gasp of feeble radical Republicans
 - Supreme Court pronounced much of act unconstitutional in *Civil Rights Cases* (1883)

VIII. The Compromise of 1877 and the End of Reconstruction (cont.)

- Court declared Fourteenth Amendment prohibited only *government* violation of civil rights, not denial of civil rights by *individuals*
- When President Hayes withdrew federal troops that were propping up Reconstruction governments, Republican regimes collapsed

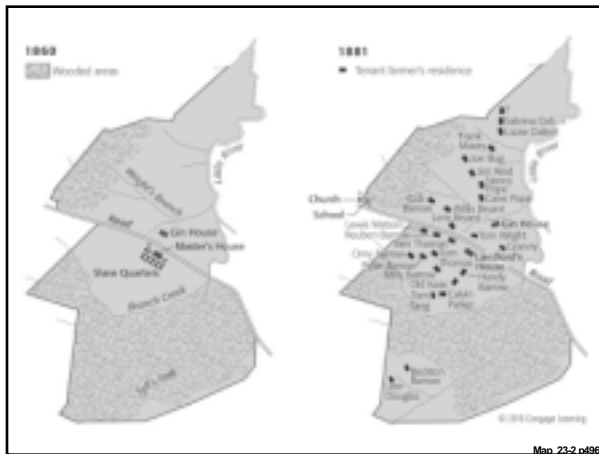


IX. The Birth of Jim Crow in the Post-Reconstruction South

- Democratic South solidified:
 - Swiftly suppressed now-friendless blacks
 - White Democrats ("Redeemers"), relying on fraud and intimidation, reassumed political power
 - Black who tried to assert rights faced unemployment, eviction, and physical harm
 - Many blacks forced into **sharecropping** and tenant farming
 - "Crop-lien" system where storekeepers extended credit to small farmers for food and supplies, in return for lien on harvest

IX. The Birth of Jim Crow in the Post-Reconstruction South (cont.)

- Farmers remained perpetually in debt
- Southern blacks condemned to threadbare living under conditions scarcely better than slavery (see May 23.2)
- Blacks forced into systematic state-level legal codes of segregation known as **Jim Crow** laws
- Southern states enacted literary requirements, voter-registration laws, and poll taxes



IX. The Birth of Jim Crow in the Post-Reconstruction South (cont.)

- Tolerated violent intimidation of black voters
- Supreme Court:
 - Validated South's segregationist social order in **Plessy v. Ferguson** (1896):
 - Ruled “separate but equal” facilities constitutional under “equal protection” clause of Fourteenth Amendment
 - Segregated in inferior schools and separated from whites in virtually all public facilities including railroad cars, theaters, and restrooms

IX. The Birth of Jim Crow in the Post-Reconstruction South (cont.)

- Southern whites dealt harshly with any black who dared to violate South's racial code of conduct
- Record number of blacks lynched in 1890s:
 - Most often for “crime” of asserting themselves as equals (see Table 23.2)
- Would take a second Reconstruction, nearly a century later, to redress racist imbalance of southern society



Year	African American	Hispanic	Other	Total
1980	14.9	6.0	11.0	31.9
1985	15.0	10.0	10.0	35.0
1990	15.0	10.0	10.0	35.0
1995	16.0	11.0	11.0	38.0
2000	15.0	12.0	12.0	39.0

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Table 23-2 p497

X. Class Conflicts and Ethnic Clashes

- Scenes of class struggle:
 - Railroad workers faced particularly hard times:
 - Even though railroads continue to make huge profits
 - Workers struck when wages were going to cut by 10%
 - President Hayes sent in federal troops to quell unrest by striking laborers
 - Failure of railroad strike exposed weakness of labor movement

X. Class Conflicts and Ethnic Clashes (cont.)

- Federal courts, U.S. Army, state militias, local police helped keep business operating at full speed.
 - Racial and ethnic issues fractured labor unity:
 - Divisions esp. marked between Irish & Chinese in California:
 - Chinese came originally to dig in goldfields and to sledgehammer tracks of transcontinental railroads
 - When gold petered out and tracks laid, many returned home to China with meager savings

• X. Class Conflicts and Ethnic Clashes (cont.)

- Those who remained faced extraordinary hardships:
 - Menial jobs: cooks, laundrymen, domestic servants
 - Without women or families, deprived of means to assimilate
 - In San Francisco, Denis Kearney incited followers to violent abuse of hapless Chinese
 - **Chinese Exclusion Act (1882):**
 - Prohibiting nearly all further immigration from China
 - Door stayed shut until 1943



X. Class Conflicts and Ethnic Clashes (cont.)

– Native-born Chinese:

- Supreme Court in *U.S. v. Wong Kim Ark* (1898) stated Fourteenth Amendment guaranteed citizenship to all persons born in United States
- Doctrine of “birthright citizenship” as contrasted with “right of blood-tie” (citizenship based on parents' nationality) provided protection to Chinese Americans as well as other immigrants



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XI. Garfield and Arthur

- Presidential campaign of 1880:
 - Hayes a man without a party
 - James Garfield from electorally powerful state of Ohio
 - Vice-presidential running mate a notorious Stalwart henchman, Chester Arthur of New York
 - Democratic candidate Civil War hero Winfield Scott Hancock

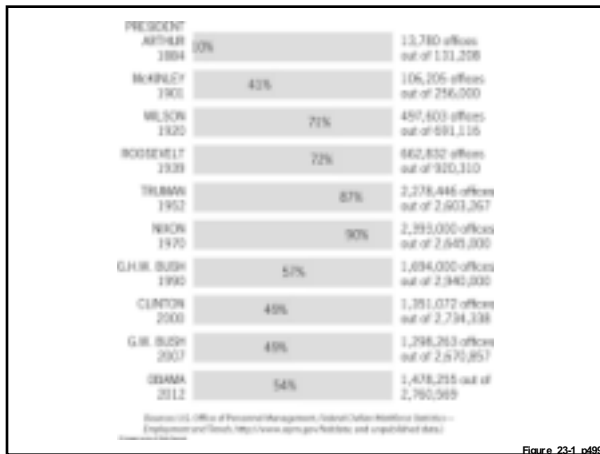


Figure 23-1, p499

XI. Garfield and Arthur (cont.)

- Statistics:
 - Garfield polled only 39,213 more votes than Hancock—4,453,295 to 4,414,082
 - Margin in electoral votes a comfortable 214 to 155
 - Disappointed and deranged office seeker, Charles Guiteau, shot President Garfield at Washington railroad station

XI. Chester and Arthur (cont.)

- Garfield lingered in agony for 11 weeks
- Died on September 19, 1881:
 - Guiteau found guilty of murder and hanged
 - Garfield's murder had one positive outcome:
 - Shocked politicians into reforming shameful spoils system
 - Unlikely instrument of reform was Chester Arthur
- Pendleton Act (1883):**
 - Magna Carta of civil-service reform
 - Made compulsory campaign contributions from federal employees illegal

XI. Chester and Arthur (cont.)

- Established Civil Service Commission to make appointments to federal jobs on basis of competitive examinations rather than “pull”
- At first covering only 10% of federal jobs, civil-service did rein in most blatant abuses
- “Plum” federal posts now beyond reach, politicians:
 - Forced to look elsewhere for money, “mother’s milk of politics”
 - Increasingly turned to big corporations
 - New breed of “boss” emerged

XI. Chester and Arthur (cont.)

- Pendleton Act:
 - Partially divorced politics from patronage
 - Helped drive politicians into “marriages of convenience” with big-business (see Figures 23.1)
- President Arthur’s display of integrity offended too many powerful Republicans
- His party turned him out to pasture
- In 1886, he died of cerebral hemorrhage

XII. The Blaine-Cleveland Mudslingers of 1884

- James G. Blaine:
 - Persistence in seeking Republican nomination paid off in 1884
 - Clear choice of convention in Chicago
 - Some reformers, unable to swallow Blaine, bolted to Democrats—called Mugwumps
- Democrats:
 - Turned to reformer, Grover Cleveland
 - From mayor of Buffalo to governorship of New York and presidential nomination in three years

XII. The Blaine-Cleveland Mudslingers of 1884 (cont.)

- Cleveland's admirers soon got shock:
 - Learned he had an illegitimate son
 - Made financial provision for son
- Campaign of 1884 sank to perhaps lowest level in American experience:
 - Personalities, not principles, claimed headlines



Photo by Richard L. Wilson, 1900

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TABLE 23.3 Population of Chinese Ancestry in the United States, 1850–2010

Year	Population	Males per One Female	Percentage U.S. Born	Persons Achieving Legal/Permanent Resident Status in Preceding Decade*
1850	4,019†	—	—	—
1860	10,011	19	—	35,011
1870	45,199	10	1	54,008
1880	105,402	20	1	103,129
1890	101,486	27	3	40,797
1900	80,811	18	10	10,288
1910††	405,062	N.A.	N.A.	81,107
1920	806,040	N.A.	N.A.	104,877
1930	1,840,471	N.A.	N.A.	280,039
2000	2,452,380	0.96	20	450,012
2010	3,240,229	0.89	33.5	640,294

*Includes Chinese immigrants in Hawaii after 1898; includes immigrants from Hong Kong beginning in 1970.
†Estimated.
††The passage of the Chinese Exclusion Act in 1902 sharply reduced the Chinese population in the United States. Liberalization of American immigration laws and Chinese policies beginning in the 1970s, however, has led to a great increase in population of Chinese ancestry in the United States.
Source: U.S. Census Bureau, relevant years; U.S. Department of Homeland Security, Statistical Yearbook of the Immigration and Naturalization Service, 2009.

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Table 23.3 p501

XII. The Blaine-Cleveland Mudslingers of 1884 (cont.)

- Contest hinged on state of New York, where Blaine blundered badly in closing days of campaign
- Republican clergy called Democrats party of “Rum, Romanism, and Rebellion” insulting culture, faith, and patriotism of New York’s Irish American voters
- Blaine refused to repudiate phrase
- New York Irish vote gave presidency to Cleveland
- Cleveland swept solid South and squeaked into office with 219 to 182 electoral votes
- 4,879,507 to 4,850,293 popular votes



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XIII. “Old Grover” Takes Over

- Cleveland in 1885 was first Democrat to take oath of presidency since Buchanan, 28 years earlier
- Cleveland a man of principles:
 - Staunch apostle of hands-off creed of laissez-faire
 - Summed up philosophy in 1887 when he vetoed bill to provide seed for drought-ravaged Texas farmers:
 - “Though the people support the government,” “the government should not support the people”--Cleveland

XIII. “Old Grover” Takes Over (cont.)

- Outspoken, unbending, and hot-tempered
- Narrowed North-South chasm by naming two former Confederates to cabinet
- Cleveland whipsawed between demands of:
 - Democratic faithful want jobs
 - Mugwumps, who had helped elect him, want reform
 - At first he favored reform, but eventually caved to carplings of Democratic bosses
 - Fired almost two-thirds of 120,000 federal employees, including 40,000 incumbent (Republican) postmasters, to make room for “deserving Democrats”

XIII. “Old Grover” Takes Over (cont.)

- Military pensions gave Cleveland political headaches:
 - Powerful Grand Army of the Republic lobbied for hundreds of pension bills that granted benefits to
 - » Deserters
 - » Bounty jumpers
 - » Men who never served
 - » Former soldiers who incurred disabilities not connected to war
 - Conscience-driven president read each bill carefully:
 - » Vetoed several hundred
 - » Laboriously penned individual veto messages to Congress

XIV. Cleveland Battles for a Lower Tariff

- Tariff:
 - Increased to raise revenues for Civil War military
 - Republicans profited from high protection
 - Piled up revenue at customhouses
 - By 1881 Treasury had annual surplus of \$145 million
 - Most government income, pre-income tax, came from tariff

XIV. Cleveland Battles for a Lower Tariff (cont.)

- Surplus could be reduced:
 - Squander it on pensions and “porkbarrel” bills—curry favor with veterans and self-seekers
 - Lower tariff—big industrialists vehemently opposed
 - Cleveland knew little and cared less about tariff before entering White House
 - As he studied tariff, he favored downward revision of tariff schedules

XIV. Cleveland Battles for a Lower Tariff (cont.)

- Would mean lower prices for consumers and less protection for monopolies
- Would mean end to Treasury surplus
- Cleveland saw his duty and overdid it:
 - Made appeal to Congress late 1887
 - Democrats frustrated
 - Republicans rejoiced at his apparent recklessness:
 - Claimed lower tariffs would mean higher taxes, lower wages, and increased unemployment
 - First time in years, a real issue divided two parties



XIV. Cleveland Battles for a Lower Tariff (cont.)

- Upcoming 1888 presidential election:
 - Democrats dejectedly renominated Cleveland in St. Louis convention:
 - Republicans turned to Benjamin Harrison:
 - Grandson of former president William Henry ("Tippecanoe") Harrison
 - Two parties flooded country with 10 million pamphlets on tariff
 - Republicans raised \$3 million—heftiest yet—largely by "frying the fat" of nervous industrialists



XIV. Cleveland Battles for a Lower Tariff (cont.)

- Money used to line up corrupt “voting cattle” known as “repeaters” and “floaters”
- In Indiana, crucial “swing” state, votes purchased for as much as \$20 each
- Election day:
 - Harrison nosed out Cleveland 233 to 168 electoral votes
 - Change of 7,000 N.Y. ballots would have reversed outcome
 - Cleveland polled more popular votes:
 - 5,537,857 to 5,447,129
 - Became first sitting president defeated since Martin Van Buren in 1840

XV. The Billion-Dollar Congress

- Republican in office:
 - Had only three more votes than necessary in House for quorum
 - Democrats obstructed House business by refusing to answer roll calls:
 - Demanded roll calls to determine presence of quorum
 - Employed other delaying tactics
 - New Republican Speaker of House: Thomas B. Reed of Maine



XV. The Billion-Dollar Congress (cont.)

- Reed bent House to his imperious will
- Counted as present Democrats who had not answered roll and who, rule book in hand, denied they were legally there
- By such tactics “Czar” Reed dominated “Billion-Dollar Congress”—first to appropriate that sum
 - Showered pensions on Civil War veterans
 - Increased government purchases of silver
 - Passed McKinley Tariff Act of 1890:
 - » Boosted rates to highest peacetime level
 - » Average of 48.4 percent on dutiable goods

XV. The Billion-Dollar Congress (cont.)

- Results of McKinley Tariff Act of 1890:
 - Debt-burdened farmers had no choice but to buy manufactured goods from high-priced protected industrialists
 - Compelled to sell their agricultural products in highly competitive, unprotected world markets
 - Mounting discontent against Tariff caused many rural voters to rise in anger
 - In congressional election (1890) Republicans lost majority—seats reduced to 88 as opposed to 235 Democrats
 - Even McKinley defeated
 - New Congress included 9 from Farmers' Alliance—militant organization of southern and western farmers



XVI. The Drumbeat of Discontent

- People's party or "Populists":
 - Rooted in Farmers' Alliance; met in Omaha (1892)
 - Platform denounced "prolific womb of governmental injustice"
 - Demanded inflation through free and unlimited coinage of silver—16 ounces of silver to 1 ounce of gold
 - Called for graduated income tax
 - Government ownership of railroads and telegraph
 - Direct election of U.S. Senators; one-term limit on presidency; adoption of initiative and referendum to allow citizens to shape legislation directly

XVI. The Drumbeat of Discontent (cont.)

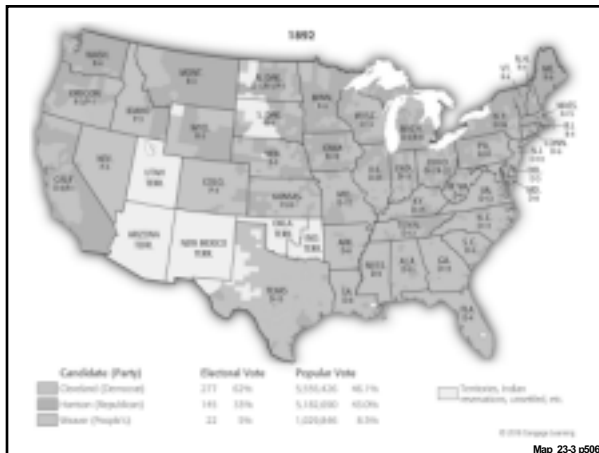
Shorter workday and immigration restrictions

- Populists uproariously nominated Greenbacker, General James Weaver
- **Homestead Strike (1892):**
 - At Andrew Carnegie's Homestead steel plant, near Pittsburgh, officials called in 300 armed Pinkerton detectives to crush strike by steelworkers over pay cuts
 - Strikers forced Pinkerton assailants to surrender after vicious battle that left 10 dead and 60 wounded
 - After troops entered, union broken



XVI. The Drumbeat of Discontent (cont.)

- Populists' remarkable showing:
 - In presidential election (see Map 23.3)
 - Achieved 1,029,846 popular votes and 22 electoral votes for Weaver
 - One of few third parties to win electoral votes
 - Fell far short of electoral majority
 - Populists votes came from only six Midwestern and western states; only four (Kan. Colo. Idaho, Nev.) fell completely into Populist basket





XVI. The Drumbeat of Discontent (cont.)

- South unwilling to support new party:
 - one million black farmers organized Colored Farmers' National Alliance:
 - Shared many complaints with poor white farmers
 - Populist leaders reached out to black community
 - Stressed common economic problems
 - Black leaders, disillusioned with Republican party, responded



XVI. The Drumbeat of Discontent (cont.)

- Alarmed, white elite in South played upon racial antagonisms to counter Populists' appeal and to woo poor whites back to Democratic party
- Southern blacks were heavy losers
- White southerners used literacy tests and poll taxes to deny blacks the vote
- **Grandfather clause:**
 - Exempted from new requirements anyone whose forebear voted in 1860
 - When black slaves had not voted at all
 - More than a century would pass before southern blacks could again vote in considerable numbers

XVI. The Drumbeat of Discontent (cont.)

- Jim Crow laws:
 - Imposed racial segregation in public places:
 - Including hotels and restaurants
 - Enforced by lynchings and other forms of intimidation
 - Crusade to eliminate black vote had dire consequences for Populist party:
 - Tom Watson abandoned interracial appeal; became vociferous racist
 - Populist party lapsed into vile racism; advocated black disfranchisement

XVII. Cleveland and Depression

- Cleveland in office again (1893):
 - Only president ever reelected after defeat
 - Same Cleveland, but not same country:
 - Debtors up in arms
 - Workers restless
 - Devastating depression of 1893 burst:
 - Lasted for four years
 - Most punishing economic downturn of 19th century

XVII. Cleveland and Depression (cont.)

- Economic depression of 1893—causes:
 - Splurge of overbuilding and speculation
 - Labor disorders; ongoing agricultural depression
 - Free-silver agitation damaged American credit abroad
 - U.S. finances pinched when European banks began to call in loans
- Depression ran deep and far:
 - 8,000 businesses collapsed in six months
 - Dozens of railroads lines went into receivers' hands

XVII. Cleveland and Depression (cont.)

- Soup kitchens fed unemployed
- Gangs of hoboes (“tramps”) wandered country
- Local charities did their feeble best
- U.S. government (bound by let-nature-take-its course philosophy) saw no legitimate way to relieve suffering
- Cleveland, who had earlier been bothered by a surplus, now burdened with deepening deficit:
 - Treasury required to issue legal tender notes for silver bullion it bought

XVII. Cleveland and Depression (cont.)

- Owners of paper currency would present it for gold
- By law, notes had to be reissued
- New holders would repeat process
- Drained gold in “endless-chain” operation
- Gold reserve in Treasury dropped below \$100 million
 - Cleveland sought repeal of Sherman Silver Purchase Act of 1890
 - To do so, he summoned Congress into special session
- Cleveland developed malignant growth in his mouth:
 - Removed with extreme secrecy

XVII. Cleveland and Depression (cont.)

- If he had died, Vice President Adlai Stevenson, a “soft-money” person, would be president—
 - would have deepened crisis
- In Congress, debate over repeal of silver act ran its heated course:
 - William Jennings Bryan championed free silver
 - Friends of silver announced “hell would freeze over” before Congress would pass repeal
 - Cleveland broke filibuster
 - » Alienated Democratic silverites like Bryan
 - » Disrupted his party at start of his term

XVII. Cleveland and Depression (cont.)

- Repeal of Sherman Silver Purchase Act:
 - Only partially stopped drain of gold from Treasury
 - February 1894, gold reserve sank to \$41 million
 - United States in danger of going off gold standard
 - Cleveland floated two Treasury bond issues in 1894 totaling over \$100 million
 - “Endless-chain” operations continued
 - Early 1895 Cleveland turned in desperation to J.P. Morgan, “the bankers' banker,” and head of a Wall Street syndicate

XVII. Cleveland and Depression (cont.)

- After tense negotiations at White House, the bankers agreed to lend government \$65 million in gold
- Charged commission of \$7 million
- Did make significant concession when bankers agreed to obtain one-half of gold abroad
- Loan, at least temporarily, helped restore confidence in nation's finances

XVIII. Cleveland Breeds a Backlash

- Gold deal stirred up nation:
 - Symbolized all that was wicked in politics:
 - Cleveland's secretive dealings with Morgan savagely condemned as “sellout” of national government
 - Cleveland certain he had done no wrong
- Cleveland suffered further embarrassment with Wilson-Gorman tariff in 1894.

XIII. Cleveland Breeds a Backlash (cont.)

- Wilson-Gorman tariff:
 - Democrats pledged to lower tariff
 - But bill that made it through Congress loaded with special-interest protection
 - Outraged, Cleveland allowed bill to become law without his signature:
 - Contained 2% tax on incomes over \$4,000
 - When Supreme Court struck down income-tax provision in 1894, Populist and disaffected saw proof courts were tools of plutocrats

XIII. Cleveland Breeds a Backlash (cont.)

- Democrats' political fortunes:
 - Suffered several setbacks:
 - House Democrats dislodged in 1884
 - Republicans won congressional election in landslide
 - 244 seats to 105 for Democrats
 - Republicans looked forward to presidential race of 1896
 - Cleveland failed to cope with economic crisis of 1893:
 - Became one of “forgettable presidents” along with Grant, Hayes, Garfield, Arthur, and Harrison

CHRONOLOGY

1868 Grant defeats Seymour for presidency	1893 Civil Rights Cases Pendleton Act sets up Civil Service Commission
1869 Fisk and Gould corner gold market	1894 Cleveland defeats Blaine for presidency
1871 Panic stricken in New York	1895 Sherman defeats Cleveland for presidency
1872 Credit Mobilier scandal exposed Liberal Republicans break with Grant Grant defeats Greeley for presidency	1896 “Billion Dollar” Congress McKinley Tariff Act Sherman Silver Purchase Act (enacted 1890)
1873 Panic of 1873	1897 Historical novel of title Coeur d’Alene declares silver miners’ strike People’s party candidate James B. Weaver wins most votes electoral college Cleveland defeats Hearst in all States to win re presidency
1875 Whiskey Ring scandal Civil Rights Act of 1875 Roosevelt Act	1898 Deposition of 1893 begins Republicans regain House of Representatives
1876 Hayes/Allen election scandal and crisis	1899 J. P. Morgan’s handling of Pullman strike 100 million in public federal government
1877 Compromise of 1877 Reconstruction ends Rationalizing postwar nation	1900 Plessy v. Ferguson legitimizes “separate but equal” discrimination
1880 Garfield defeats Hancock for presidency	
1881 Garfield assassinated; Arthur assumes presidency	
1882 Chinese Exclusion Act	

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