

Political Paralysis in the Gilded Age

1869 - 1896

Postwar United States

- Population increased to 39 million by 1870, making US 3rd largest nation in western world
- Political corruption rampant after the war
 - Idealism of Americans (fighting for Union and emancipation during the war) turned to cynicism (because of corruption and waste)

Postwar United States

- The Gilded Age
 - Used by Mark Twain to describe the 30 years after the Civil War
 - “shiny and prosperous on the outside, but rotten on the inside” (Twain)

The “Bloody Shirt” Elects Grant

- The election of 1868: the Republicans
 - Nominate Ulysses S. Grant
 - Grant was a popular war hero but had extremely limited knowledge with anything outside his immediate experience (military, horses, etc.)
 - Republican platform called for continued Reconstruction in South with Grant’s call, “Let us have peace.”
 - Republicans whipped up enthusiasm for Grant by “waving the bloody shirt” – reviving memories of Civil War and Democratic rebellion

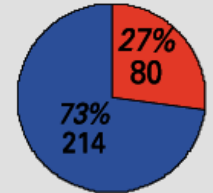
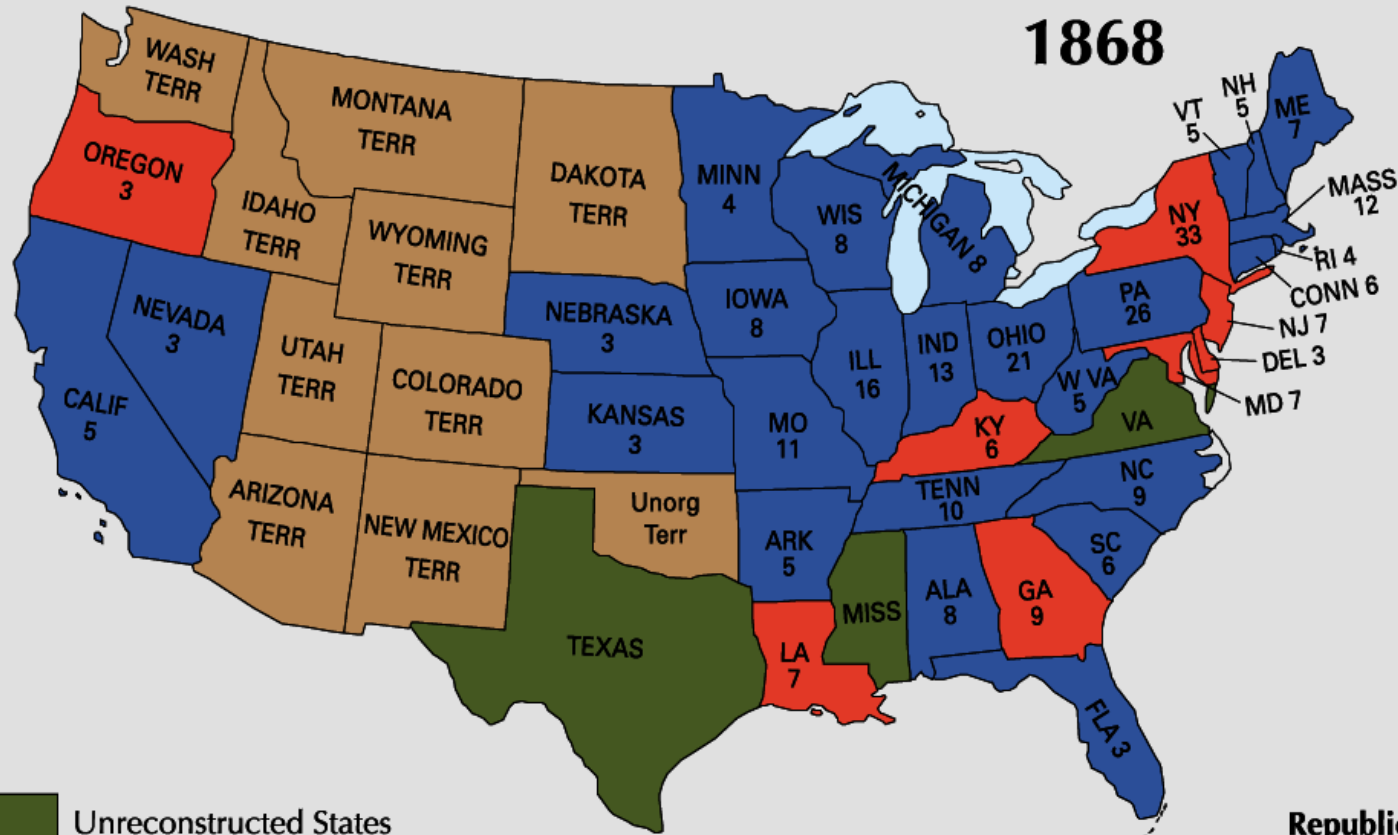
The “Bloody Shirt” Elects Grant

- The election of 1868: the Democrats
 - Nominate Horatio Seymour
 - Democratic platform emerged out of dispute over monetary policy
 - Rich easterners wanted federal war bonds paid back with gold (although they had been purchased with depreciated greenbacks)
 - Poor, debtor midwesterners came up with the “Ohio Idea”; wanted the bonds paid back with greenbacks (to put more money in circulation and keep interest rates lower)
 - Midwestern delegates got the Ohio Idea into the Democratic platform, but Seymour spoke out against it

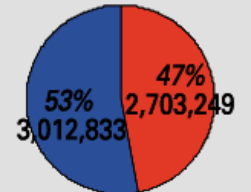
The “Bloody Shirt” Elects Grant

- The election of 1868: the results
 - Grant won the election
 - 214 to 80 electoral votes
 - 3 million to 2.7 million popular votes
 - Grant would not have won without freedmen’s votes
 - 300,000 margin in popular votes
 - 500,000 freedmen had voted for Grant
 - Republicans had to keep ex-slaves voting to stay in power

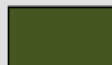

The Election of 1868





ELECTORAL VOTE
 TOTAL VOTING: 294
 NOT VOTING: 23



POPULAR VOTE
 TOTAL: 5,716,082

 Unreconstructed States
 Territories

 Republican (Grant)
 Democratic (Seymour)

The Era of Good Stealings

- Postwar era was one of corruption and dishonest dealings
 - Although not everyone was dishonest, many people were
 - Businesspeople stole investors money, politicians and judges took bribes

The Era of Good Stealings

- Millionaires “Jubilee Jim” Fisk and Jay Gould seek to corner the gold market (1869)
 - Corner the market - buy all or most of a commodity or stock so that its price goes up; once the price was high enough, buyer would sell for a large profit

The Era of Good Stealings

- Fisk's and Gould's plan would only work if federal treasury did not sell any gold
 - Fisk and Gould got Grant's brother-in-law, Abel Corbin, in on the scheme to stop Grant from releasing gold (paying Corbin \$25,000)
- Gold rises as Fisk and Gould bid the price up
- September 24, 1869 – “Black Friday”
 - Gold finally released by US Treasury to end the scheme (supposedly contrary to Grant's personal assurances to the schemers)
- Congressional investigation found Grant was stupid, but not crooked

The Era of Good Stealings

- Boss Tweed and the Tweed Ring in New York City
 - Used bribery, graft, and fraudulent elections to steal \$200 million from city treasury
 - Used taxes and intimidation to silence protests

The Era of Good Stealings

- 1871 – Tweed destroyed by New York Times
 - Published irrefutable evidence of Tweed’s corruption
 - Tweed offered NY Times \$5 million to not publish the evidence, but they did anyway
- Cartoonist Thomas Nast also attacked Tweed
 - Also offered bribe to stop cartooning, but he refused it
 - Complained that his followers (who couldn’t read) turned against him when they saw “them damn pictures”
- Tweed prosecuted by New York attorney Samuel J. Tilden and died behind bars

A Carnival of Corruption

- Corruption in Grant's administration widespread and pervasive
 - Cabinet was filled with grafters and incompetent office seekers
 - People who wanted favors from government came to White House, giving Grant gifts to get favorable policies enacted

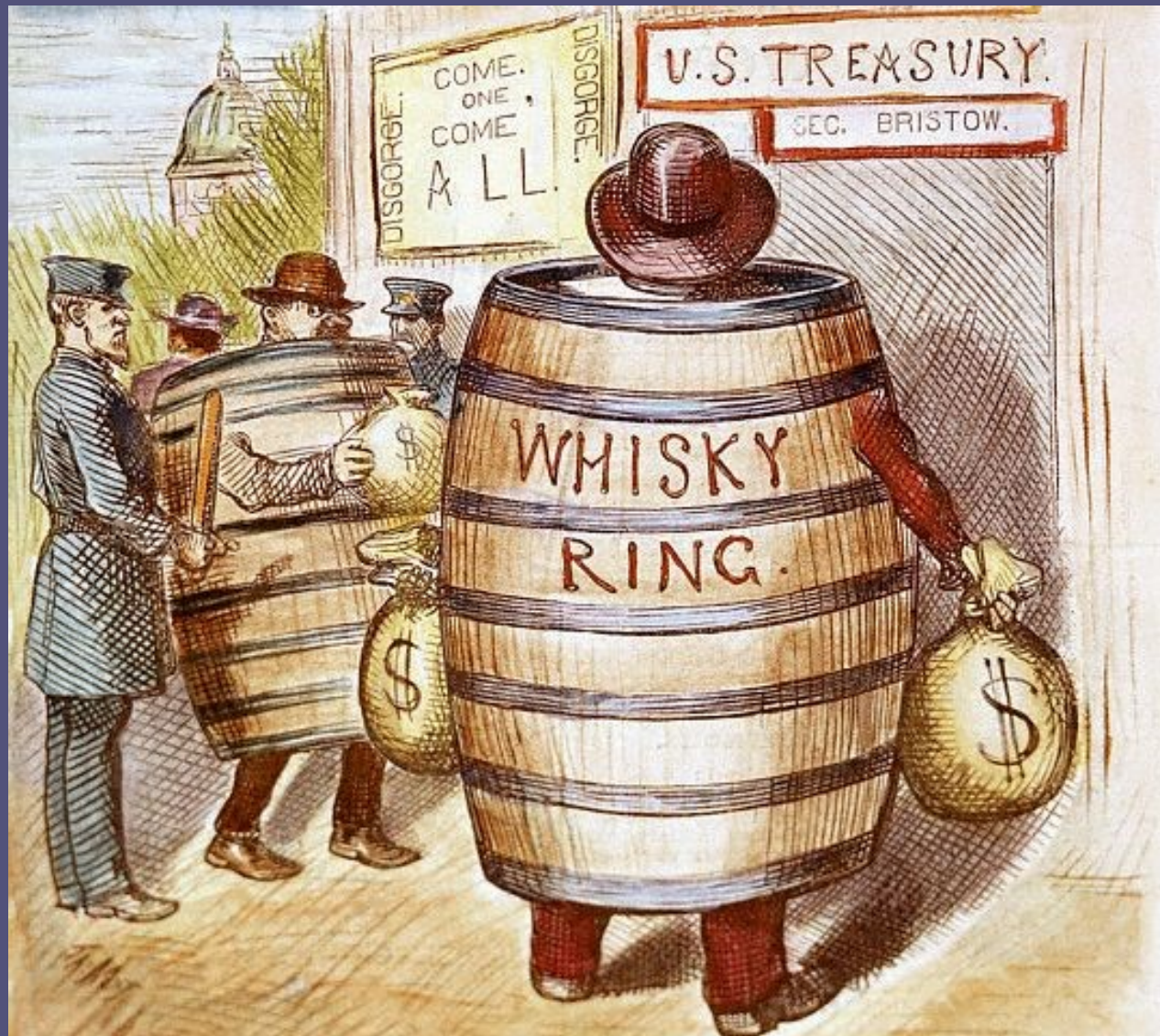
A Carnival of Corruption

- Crédit Mobilier scandal
 - Union Pacific Railroad insiders from the company, then hired themselves to build the line (at inflated prices)
 - Distributed shares of stock to important congressmen to prevent investigation
 - 1872 investigation by newspaper and Congress led to breakup of Crédit Mobilier, censure of 2 congressmen
 - Vice President Schuler Colfax shown to have taken bribes (dropped in 1872 by Grant)

A Carnival of Corruption

- Whiskey Ring
 - 1874 – 1875 – group of distillers who bribed federal agents to avoid paying millions in whiskey taxes
 - Grant's private secretary, Orville Babcock took money from the group
 - Grant refuses to fire him
 - Grant's testimony helps assure his acquittal

The Whiskey Ring



A Carnival of Corruption

- Indian land bribes
 - 1876 – secretary of war William E. Belknap took bribes from suppliers to Indian reservations
 - Belknap impeached and resigned
 - Grant stayed loyal to his friend until the end

The Liberal Republican Revolt of 1872

- Republicans split over disgust with corruption (“Grantism”) in Grant administration

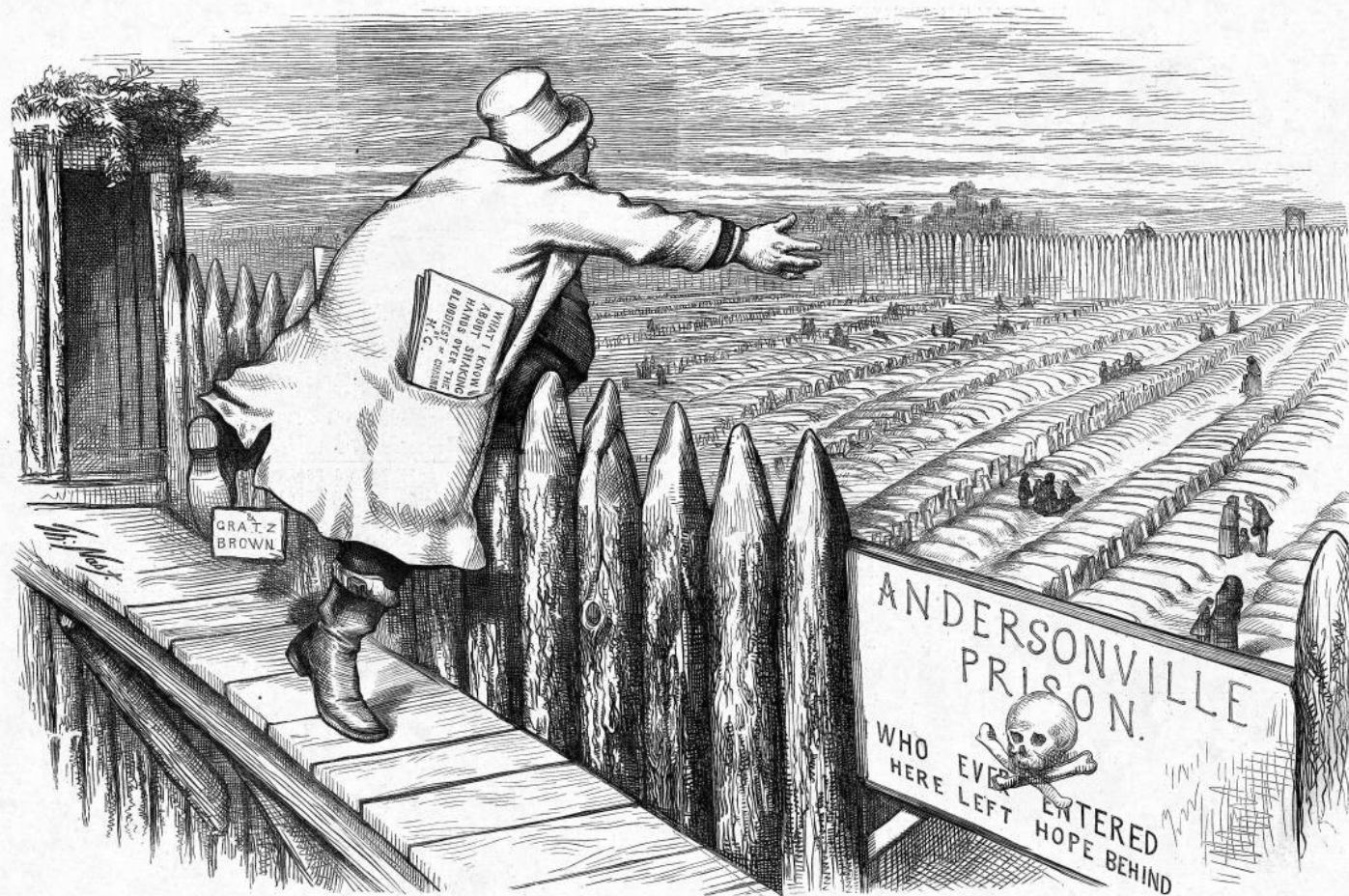
The Liberal Republican Revolt of 1872

- Liberal Republicans campaign on removing corrupt officials in Washington and ending military Reconstruction in South
 - Nominated Horace Greeley, editor of New York Tribune; good editor, but too ideological and stubborn as political candidate

The Liberal Republican Revolt of 1872

- Democrats endorse Greeley as their nominee also
 - Greeley had long attacked Democrats as “traitors” (because of Civil War)
 - Greeley called for clasping hands across “the bloody chasm” (abyss)

“Let Us Clasp Hands Over the Bloody Chasm”



“LET US CLASP HANDS OVER THE BLOODY CHASM.”—HORACE GREELEY.

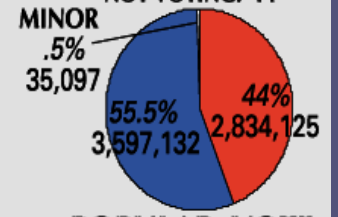
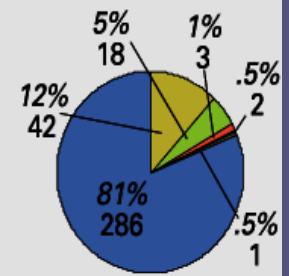
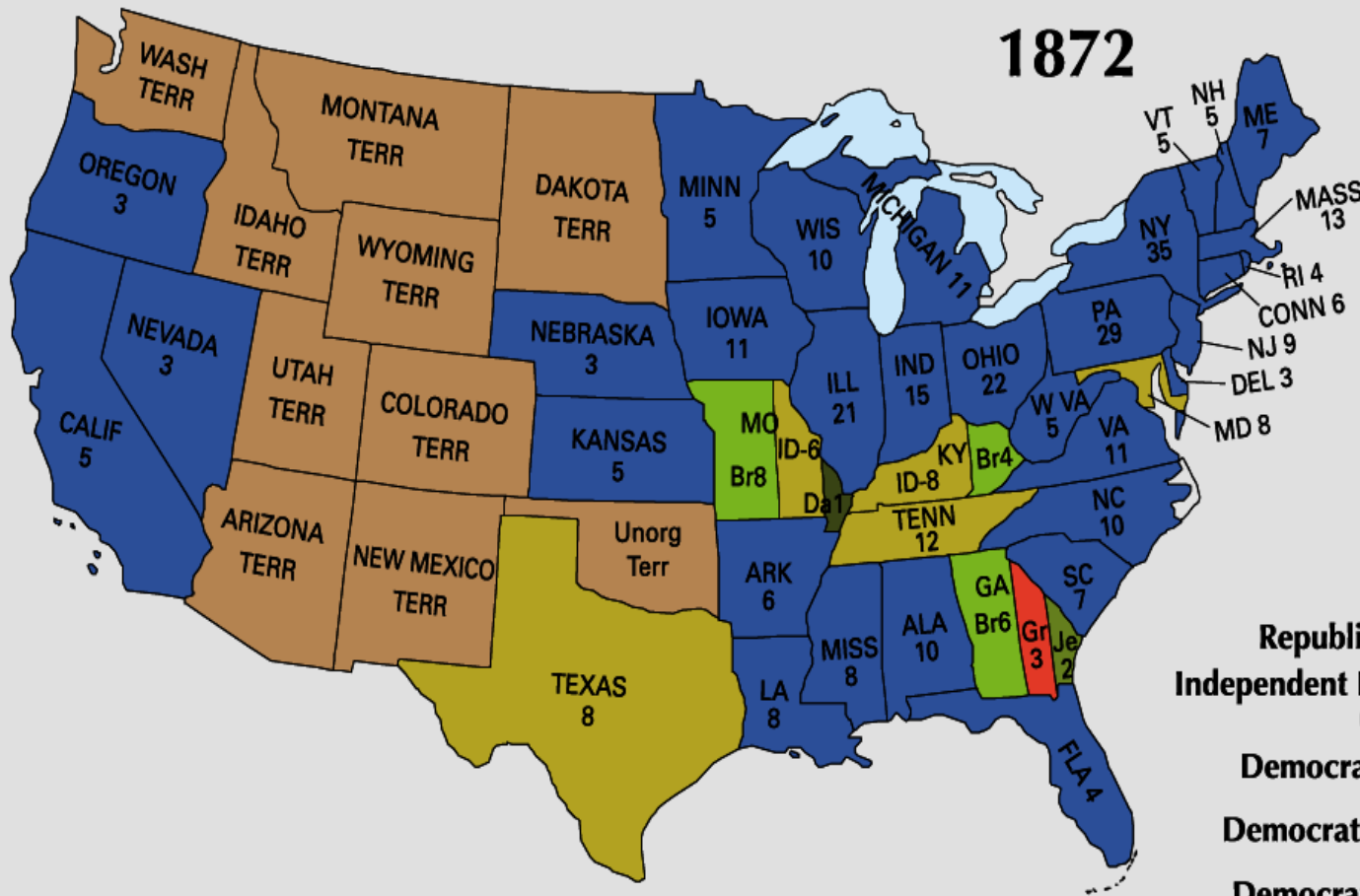
The Liberal Republican Revolt of 1872

- Republicans renominate Grant for president
- Campaign in 1872 was brutal
 - Greeley denounced as believer in exotic, discredited ideologies (communism, vegetarianism) and of being soft on Southern rebellion
 - Grant attacked for corruption in his administration and incompetence

The Liberal Republican Revolt of 1872

- Results of the 1872 election
 - Grant won with greater margin than 1868
 - 286 to 66 electoral votes
 - 3.5 to 2.8 million electoral votes

The Election of 1872



- Republican (Grant) ■
- Independent Democratic (Hendricks) ■
- Democratic (Brown) ■
- Democratic (Greeley) ■
- Democratic (Jenkins) ■
- Democratic (Davis) ■

■ Territories

The Liberal Republican Revolt of 1872

- Republicans fixed major problems that Liberal Republicans and Democrats brought out, to prevent voter rebellion in future elections
 - 1872 – general amnesty act passed; removed political disabilities from all but 500 Confederate leaders
 - High tariffs (from the war) reduced
 - Mild civil-service reform enacted to get rid of worst people from Grant's administration

Depression, Deflation, and Inflation

- Panic of 1873
 - Began as Grant's 2nd term began
 - Caused by over-expansion of railroads, mines, factories, farms, fueled by bad loans made by banks
 - When profits didn't come in, bank loans not paid, and economy collapsed
 - Led to depression that lasted for 4 years

Depression, Deflation, and Inflation

- Effects of the Depression
 - 15,000 businesses failed
 - Unemployed rioted and battled police in New York City
 - Blacks hit hard when failed Freedmen's Savings and Loan Company

Depression, Deflation, and Inflation

- Greenbacks
 - \$450 million in greenbacks issued during Civil War
 - Had depreciated because it wasn't backed by gold and because Supreme Court declared the law under which it was issued (Civil War Legal Tender Act) unconstitutional in 1870 (although the Supreme Court reversed itself in 1871)
 - Treasury withdrew \$100 million from circulation by 1868; in process of taking out more

Depression, Deflation, and Inflation

- Debtors hit hardest by Depression called for greenbacks to be issued to inflate (increase) money supply
 - More money meant cheaper money (and rising prices), making debts easier to pay off

Depression, Deflation, and Inflation

- “hard money” Republicans won
 - Creditors argued against inflation because they did not want to be paid back in money worth less than the money they had originally loaned (depreciated money)
 - 1874 – convinced Grant to veto a bill to print more paper money
 - 1875 – Resumption Act of 1875 passed
 - Government would withdraw greenbacks from circulation
 - Repayment of all paper money in gold at face value by 1879

Depression, Deflation, and Inflation

- Silver
 - Early 1870s – treasury kept silver pegged at 16 ounces to 1 ounce of gold
 - Silver on open market was worth more than what treasury would pay, so mines stopped selling to treasury
 - 1873 – federal treasury stopped coining silver dollars

Depression, Deflation, and Inflation

- Silver discoveries made in late 1870s increased production and lowered prices
- Western silver mining states joined with debtors who wanted inflation (through coinage of silver) to return to coining silver (“Dollar of our Daddies”), attacking the “Crime of ’73”)

Depression, Deflation, and Inflation

- Deflation
 - Supporters of “hard money” got Grant to block coinage of silver
 - Treasury bought up gold (to have enough on hand to redeem greenbacks in 1879)
 - Treasury also continued taking greenbacks out of circulation
 - 1870 – 1880 – amount of money per capita in circulation decreased (\$19.42 to \$19.37)
 - Made depression worse, but improved government’s credit rating and got greenbacks up to full value of gold

Depression, Deflation, and Inflation

- Reaction against Republican hard money policies
 - Democrats won House of Representatives in 1874
 - Greenback Labor party formed in 1878
 - Strong showing as 3rd party presidential run
 - 14 seats in Congress

Pallid Politics in the Gilded Age

- Political parties almost evenly matched (in terms of support) throughout Gilded Age
 - Presidential elections always close
 - Control of Congress went back and forth between the 2 parties
 - Rarely did 1 party control Congress and presidency at same time
 - Meant that politicians were timid; focusing on trivial instead of important issues

Pallid Politics in the Gilded Age

- Democrats and Republicans basically agreed on important national issues of the time
 - Tariffs, civil-service, currency reform
- Democrats and Republicans were still (in spite of their overall agreement) very competitive
 - High voter turnout (up to 80%)
 - Strong political feelings (for their chosen party) among electorate

Pallid Politics in the Gilded Age

- How can the contradiction between basic overall political agreement strong political feelings be explained?
 - Because the 2 parties were divided by culture, ethnicity, and religion

Pallid Politics in the Gilded Age

- Republican voters
 - Belief system traced back to Puritanism
 - Government should regulate economic and moral affairs of society
 - Strongest in Midwest and rural and small-town Northeast, along with blacks in South and Union veterans from Civil War

Pallid Politics in the Gilded Age

- Democratic voters
 - Immigrant Lutheran and Roman Catholics important
 - Believed in toleration in imperfect world, less stern than Republican Puritanism
 - Rejected government efforts to regulate morality
 - Strongest in South and northern industrial cities (with large number of immigrants)

Pallid Politics in the Gilded Age

- Patronage
 - Disbursement of jobs and favors to supporters in return for votes
 - Very important to both political parties

Pallid Politics in the Gilded Age

- Republican divisions over patronage
 - “Stalwarts”
 - Led by Roscoe Conkling, US senator from New York
 - Strongly believed in using patronage for political advantage
 - “Half-Breeds”
 - Led by James G. Blaine, congressman from Maine
 - Supposedly favored civil-service reform
 - In reality wanted to take power from Stalwarts to control who gave out the jobs under patronage
 - Neither side was ever successful in controlling Republican party (by defeating opposing side)

The Hayes-Tilden Standoff, 1876

- The election of 1876: the Republicans
 - Grant considered a 3rd term, until the House passed a resolution condemning the idea
 - Rutherford B. Hayes, former 3-term governor of Ohio, chosen as nominee
 - Ohio important (and populous) swing state at the time

The Hayes-Tilden Standoff, 1876

- The election of 1876: the Democrats
 - Nominated Samuel J. Tilden
 - Best known as man who had prosecuted Boss Tweed
 - Tilden campaigned on platform against Republican scandal

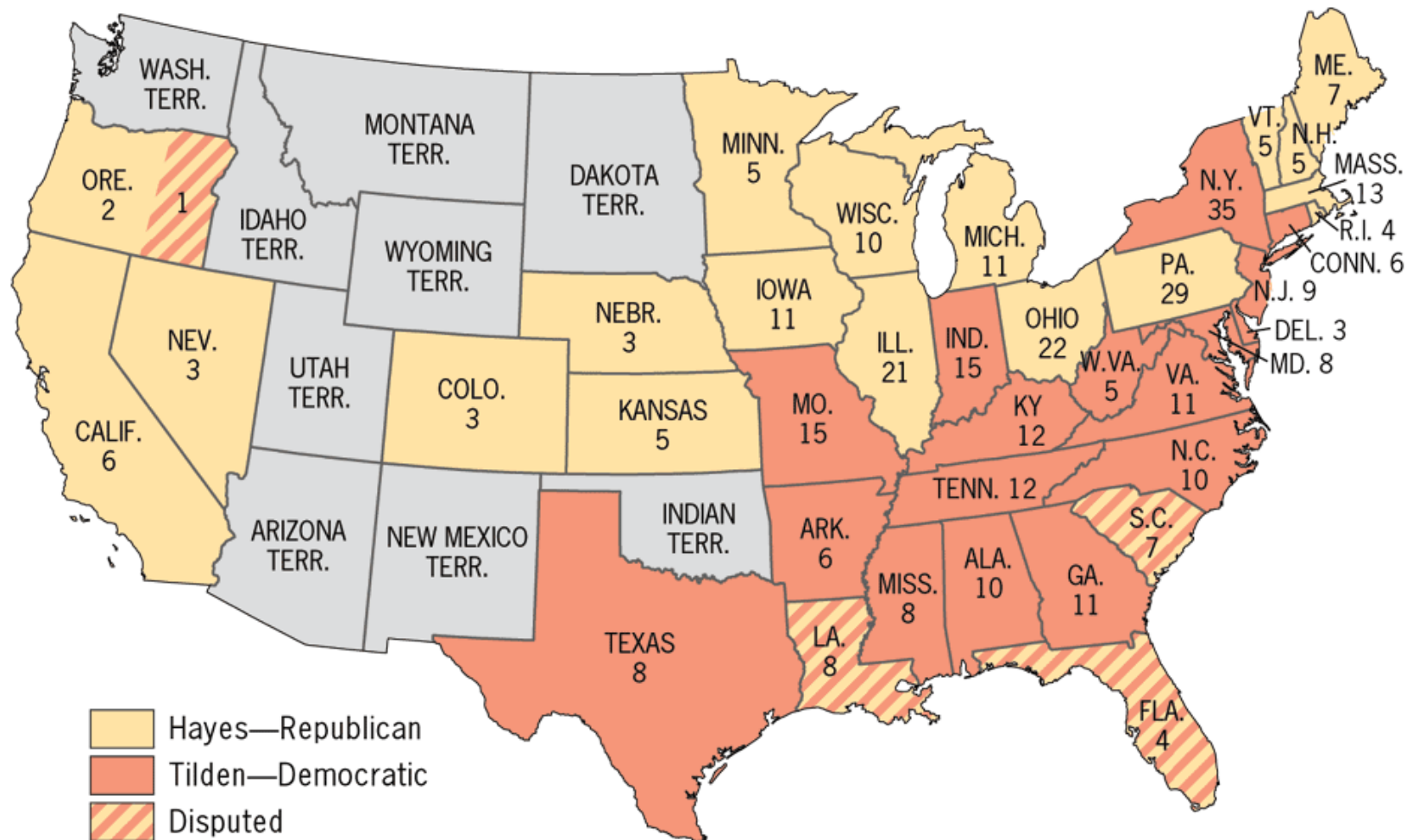
The Hayes-Tilden Standoff, 1876

- The election of 1876: the results
 - Tilden won more popular votes than Hayes (4.28 to 4.0 million)
 - Tilden had 184 (of needed 185) electoral votes for victory
 - 4 states (Oregon, South Carolina, Louisiana, Florida) had disputed electoral returns
 - Oregon's was minor dispute over 1 electoral vote; Hayes definitely won the popular vote there and was awarded the electoral vote

The Hayes-Tilden Standoff, 1876

- Electoral returns from South Carolina, Louisiana, Florida
 - Democrats probably won the 3 states, but there was significant intimidation of Republican voters
 - All 3 states sent 2 separate returns to Washington (1 showing Tilden won; 1 showing Hayes won)
 - Constitution states that returns shall be opened by president of Senate (vice president) before House and Senate; does not specify who should count the returns
 - House (Democratic) and Senate (Republican) controlled by different parties; whichever body counted would determine the winner

The Hayes-Tilden Standoff, 1876



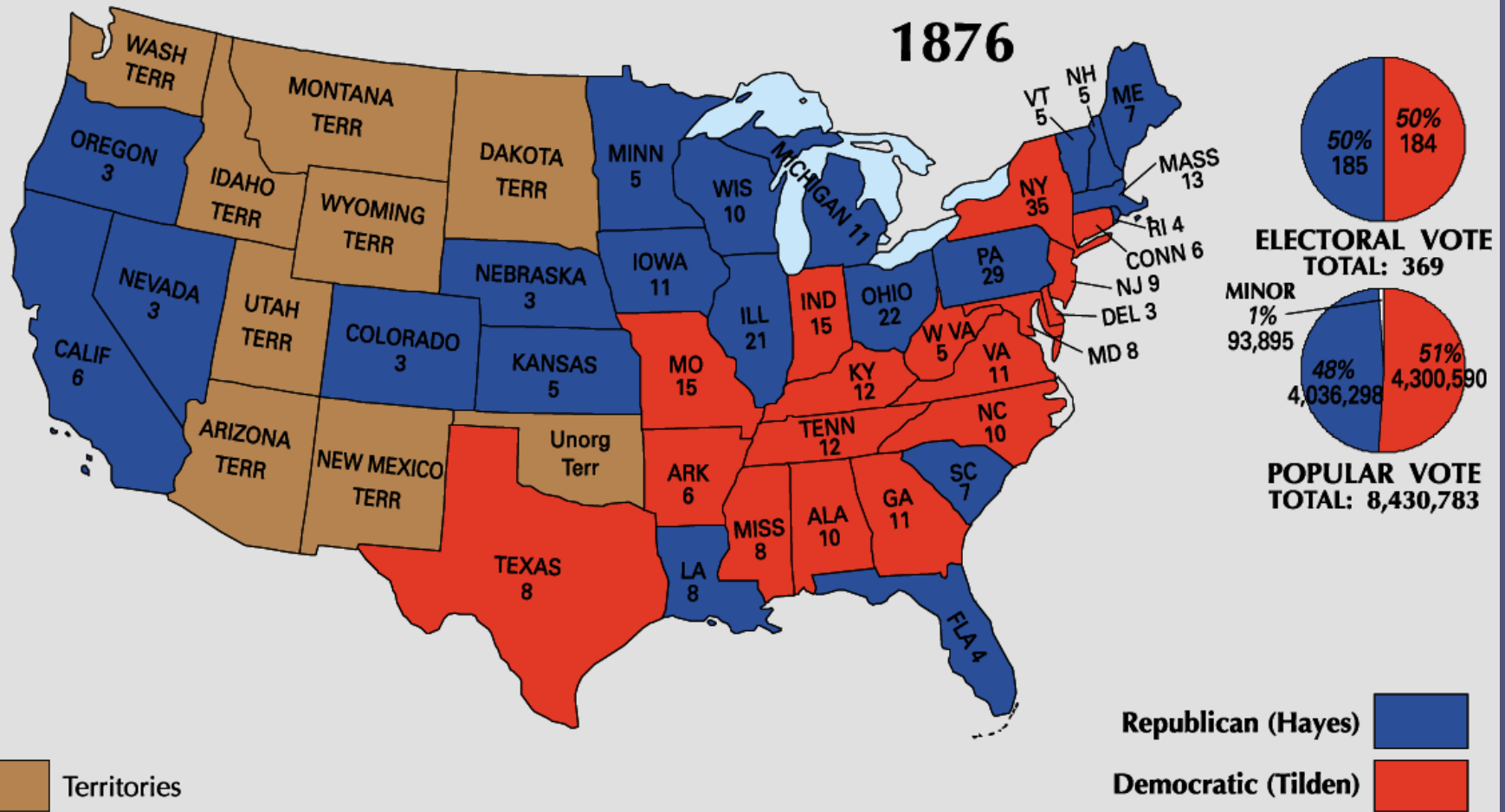
The Compromise of 1877 and the End of Reconstruction

- Both sides fought angrily for their candidate
 - Democrats especially threatened violence
- Electoral Count Act passed by Congress in early 1877
 - Set up 15-member electoral commission from Senate, House, and Supreme Court to resolve the election
 - 8 – 7 Republican majority (because Republicans controlled Senate and Supreme Court; Democrats controlled House)

The Compromise of 1877 and the End of Reconstruction

- Republicans (who controlled commission) couldn't get Hayes nominated without election being blocked in Congress by Democrats
- Compromise of 1877
 - Democrats agree that Hayes can become president
 - Hayes promises that federal troops will be removed from final southern states (Louisiana and South Carolina)
 - Republicans promised to use federal aid for southern railroad through South to Pacific (not fulfilled)
 - Finally settled only 3 days before Hayes' inauguration

The Election of 1876



The Compromise of 1877 and the End of Reconstruction

- Throughout 1870s, Reconstruction wound down and Republicans abandoned blacks in South
 - Civil Rights Act of 1875
 - Final law passed by radical Republicans
 - Guaranteed equal accommodations in public places; prohibited racial discrimination in jury selection
 - Passed without enforcement measures
 - Civil Rights Cases (1883)
 - Supreme Court declared Civil Rights Act of 1875 unconstitutional
 - 14th Amendment prohibited governmental discrimination, not individual (private) discrimination
 - With Compromise of 1877, Republicans abandoned blacks in South to fend for themselves

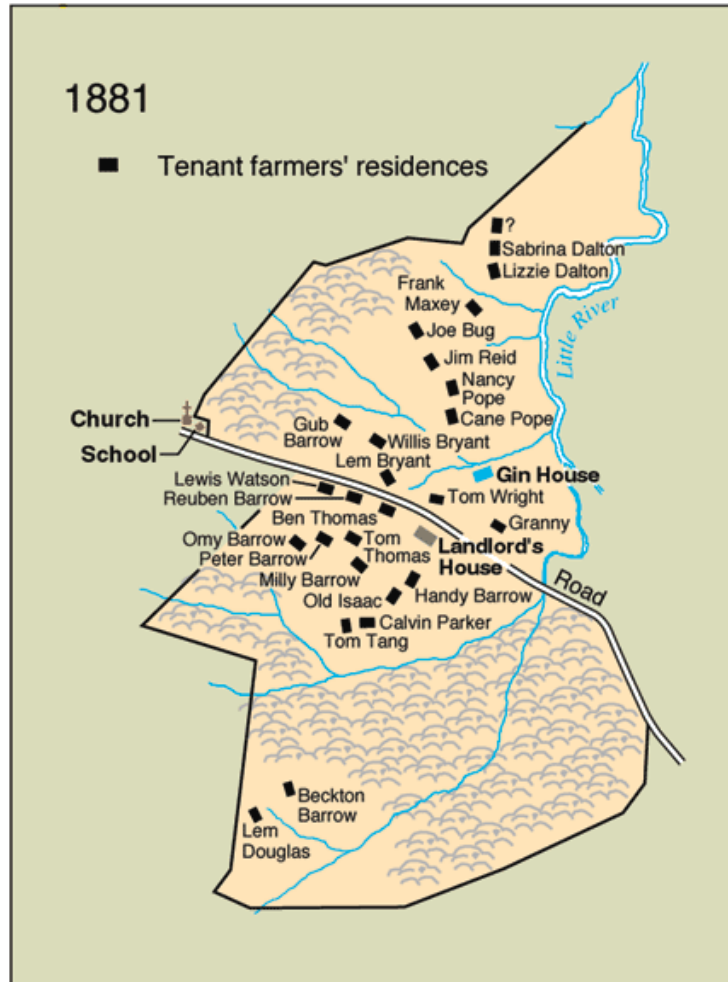
The Birth of Jim Crow in the Post-Reconstruction South

- After Reconstruction, Democratic “Redeemers” took power in the South
 - Used fraud, intimidation, and violence to keep blacks down

The Birth of Jim Crow in the Post-Reconstruction South

- Blacks (and poor whites) forced into sharecropping
 - Land owners (former masters) let ex-slaves and whites farm on their land in exchange for part of the harvest
 - “crop-lien” system – storekeepers gave goods to sharecroppers on credit; in return had a lien (control over property in exchange for payment of debt) on their harvests
 - Land owners and merchants manipulated the system so sharecroppers stayed in debt
 - Sharecroppers worked in conditions barely better than slavery

A Southern Plantation Before and After the Civil War



The Birth of Jim Crow in the Post-Reconstruction South

- Separation between races evolved (by 1890s) to formal system of segregation
 - Legal codes of segregation called Jim Crow laws
 - Literacy tests, poll taxes, voter-registration laws used to prevent blacks from voting

The Birth of Jim Crow in the Post-Reconstruction South

- Segregation upheld by Supreme Court in Plessy v. Ferguson (1896)
 - “separate but equal” laws constitutional under equal protection clause of 14th Amendment
- Reality was that blacks lived very unequally from whites
 - Inferior schools
 - Separate public accommodations

The Birth of Jim Crow in the Post-Reconstruction South

- Harsh violence used against blacks who violated codes of racial conduct
 - Lynching used to prevent blacks from asserting themselves
- Racism and Jim Crow laws not ended in South until 1960s

Class Conflicts and Ethnic Clashes

- 1877 – class warfare exploded across US
 - Caused by depression and deflation after panic of 1873

Class Conflicts and Ethnic Clashes

- 1877 – the Great Railroad Strike
 - 4 largest railroads cut wages by 10%
 - Railroad workers struck back
 - Hayes called out federal troops to put down the strike
 - Workers in other fields joined strikers, conducting work stoppages across industrial east
 - Strike lasted several weeks; over 100 people died
 - Failure showed weaknesses of labor, divided over race

Class Conflicts and Ethnic Clashes

- Conflict between Irish and Chinese especially strong in California
- Chinese were mostly poor, uneducated, single males; about 75,000 in 1880 in US
 - Came to US to work in gold fields or on transcontinental railroads
 - About 1/2 returned to China after work ended

Class Conflicts and Ethnic Clashes

- Chinese in US faced many hardships
 - Worked in menial jobs
 - No families and children
 - Other immigrants' children helped assimilation by teaching parents English and customs

Class Conflicts and Ethnic Clashes

- Irish hated Chinese because they competed for same low-wage, low-prestige jobs
 - In California followed Denis Kearney (called Kearneyites)
 - Kearney incited Irish to acts of violence (even murder)

Class Conflicts and Ethnic Clashes

- 1882 – Chinese Exclusion Act passed
 - Congress shut door on all Chinese immigration
 - Stayed in force until 1943
- 1898 – US v. Wong Kim Ark
 - Supreme Court stopped nativists from taking citizenship from Chinese Americans (and other immigrant groups)
 - Court ruled that 14th Amendment granted citizenship to all persons born in US

Garfield and Arthur

- Election of 1880: the Republicans
 - Hayes dropped after only 1 term
 - James A. Garfield (from important swing state of Ohio) chosen
 - Chester A. Arthur chosen as Garfield's running mate
 - Notorious "Stalwart"

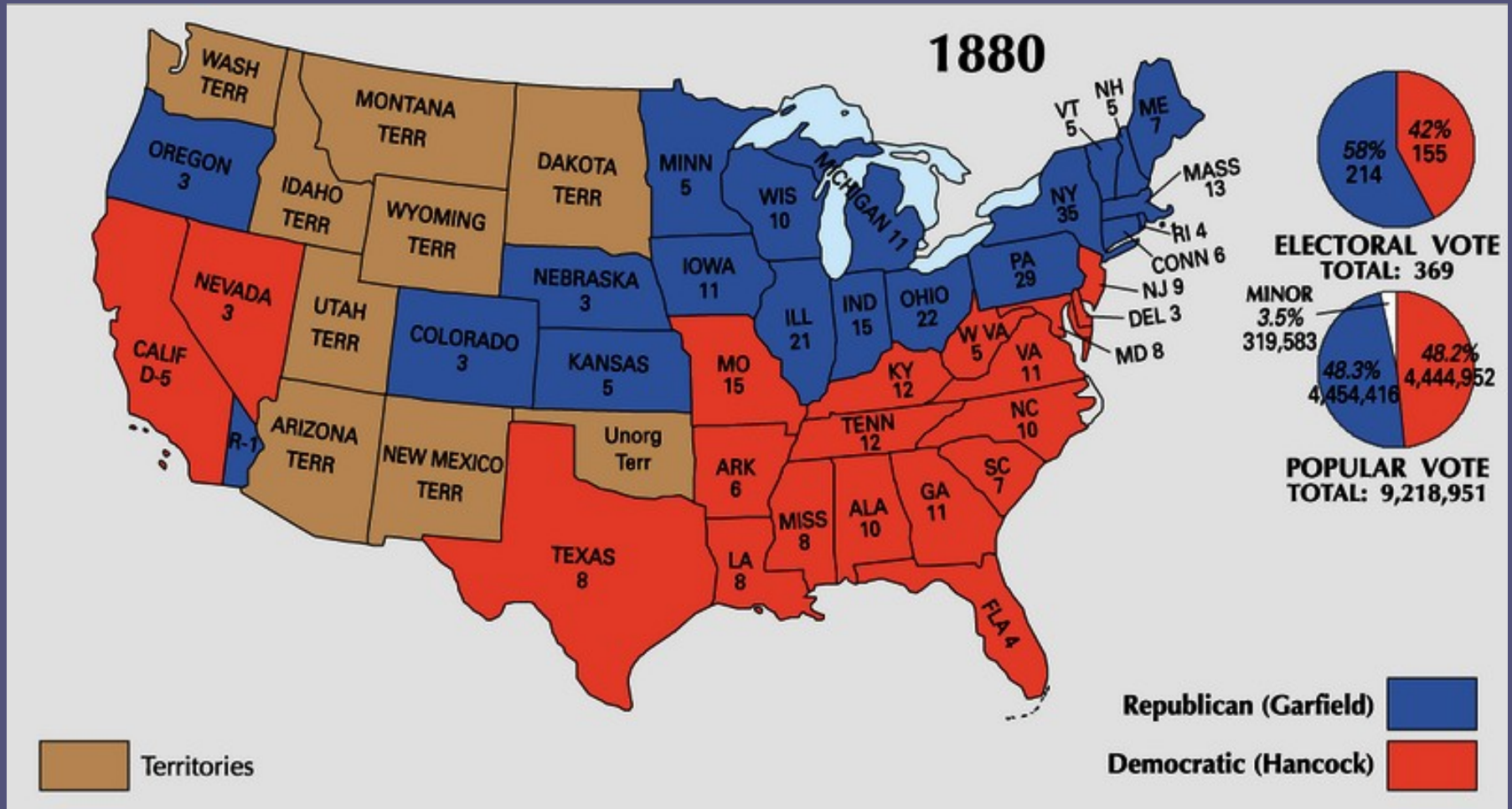
Garfield and Arthur

- Election of 1880: the Democrats
 - Nominated Union war hero Winfield Scott Hancock

Garfield and Arthur

- Election of 1880: the results
 - Garfield waved the bloody shirt and barely won
 - Popular vote was 4.45 million to 4.41 million
 - Electoral vote was 214 to 155

The Election of 1880



Garfield and Arthur

- Republicans immediately split over patronage
 - Secretary of State James G. Blaine (Half-Breed) and Senator Roscoe Conkling (Stalwart)

Garfield and Arthur

- Garfield's assassination
 - Charles J. Guiteau shot Garfield in back at a railroad station in Washington
 - Disappointed office-seeker, and insane, who shouted “I am a Stalwart. Arthur is now President”
 - Garfield lived for 11 weeks before dying (September 19, 1881)
 - Guiteau argued he was innocent because of insanity; found guilty and hanged

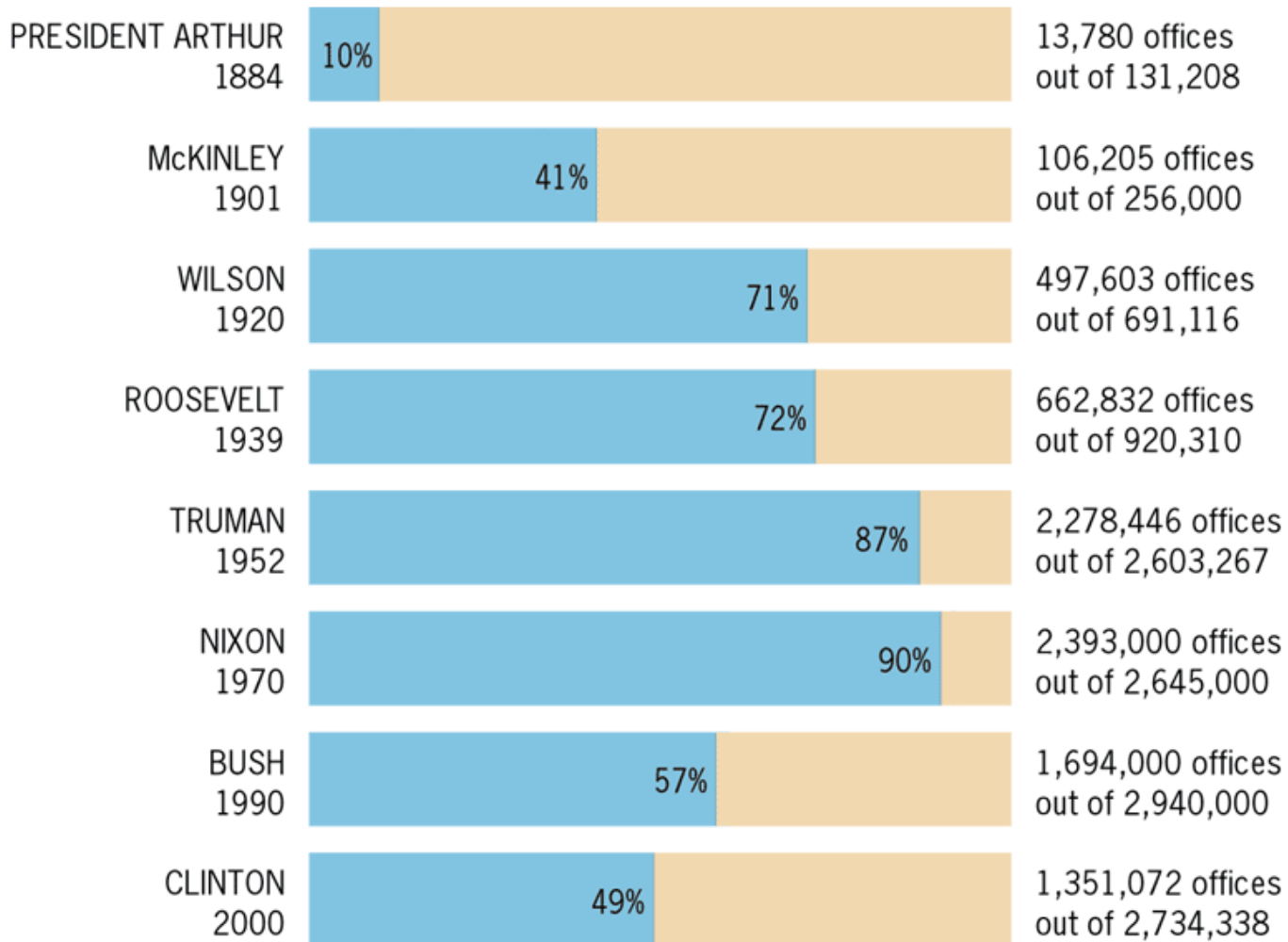
Garfield's Assassination, July 2, 1881



Garfield and Arthur

- Civil service reform
 - Occurred because of the bizarre circumstances of Garfield's assassination and because President Arthur (contrary to expectations) honestly avoided giving jobs to Stalwarts
 - 1883 – Pendleton Act passed
 - Banned compulsory political contributions from federal employees
 - Set up Civil Service Commission to give jobs to people on basis of competitive examinations
 - Only covered 10% of federal jobs at first, but was expanded
 - Arthur dropped from Republican ticket in 1886 because of his integrity

Growth of Classified Civil Service (subject to competitive requirements)



Garfield and Arthur

- Unintended consequence of civil service reform
 - Politicians couldn't use patronage to get immigrant and lower class voters' support anymore
 - Politicians (still needing money) turn to corporations for support, leading to huge amounts of influence for business leaders

The Blaine-Cleveland Mudslingers of 1884

- The election of 1884: the Republicans
 - James G. Blaine nominated
 - Blaine had a reputation for dishonesty, made worse when the “Mulligan Letters” came out
 - Letters from Blaine to a Boston businessman about corrupt deal for federal aid to a southern railroad
 - Blaine split the Republican party
 - “Mugwumps” – reform Republicans who rejected Blain’s corruption and supported the Democrats

The Blaine-Cleveland Mudslingers of 1884

- The election of 1884: the Democrats
 - Nominate Grover Cleveland
 - Former mayor of Buffalo and governor of New York
 - Known as “Grover the Good” for his honesty

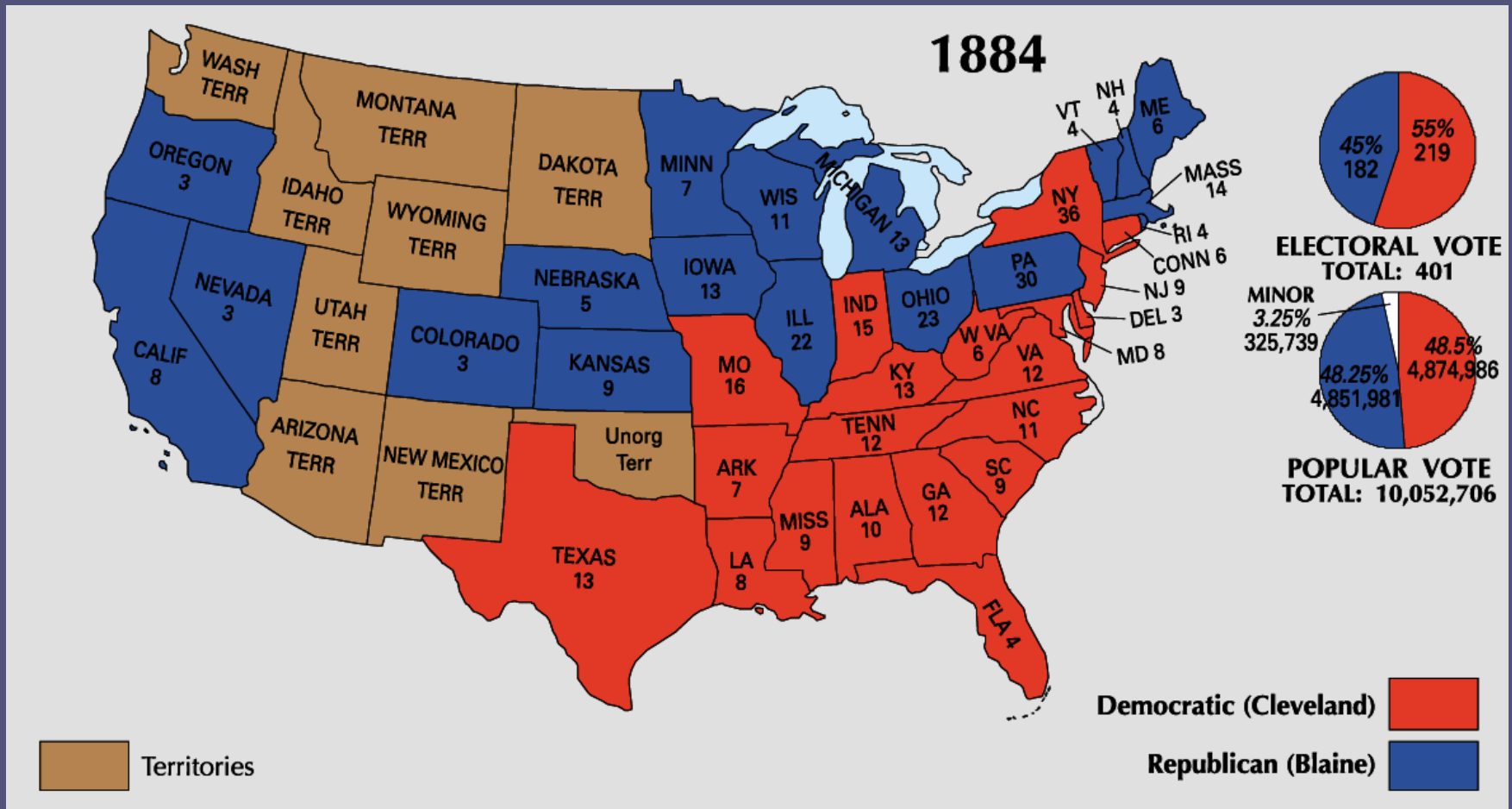
The Blaine-Cleveland Mudslingers of 1884

- The election of 1884: the campaign
 - Probably the dirtiest campaign in US history
 - Republicans publicized fact that Cleveland had fathered an illegitimate child 8 years before and was paying for the child's care
 - Neither candidate had served in Civil War (negating Republicans' advantage of waving the bloody shirt)

The Blaine-Cleveland Mudslingers of 1884

- The election of 1884: the results
 - Contest came down to New York, where Blaine made a huge mistake
 - A Protestant minister attacked Democrats as party of “Rum, Romanism, and Rebellion”; statement not repudiated by Blaine
 - Attacking culture, faith, and patriotism of the many Irish Americans in New York drove these voters to turn out for Cleveland
 - Cleveland won by only 1,000 votes in New York, and won the election
 - 4.879 million to 4.850 million popular votes
 - 219 to 182 electoral votes

The Election of 1884



“Old Grover” Takes Over

- Cleveland first Democratic president since Buchanan (1856)
 - Could the party who had led the Civil War rebellion be trusted to govern?
 - Would Democrats destroy the civil service system by handing out patronage jobs to their supporters?
 - Could Cleveland restore power and respect to presidency?

“Old Grover” Takes Over

- Cleveland was firmly pro-businesses; believed government should keep its hands off business affairs (*laissez-faire*)
 - “Though the people support the government, the government should not support the people.” (Cleveland)

“Old Grover” Takes Over

- Cleveland and civil service
 - At first stuck to merit system
 - Eventually fired 2/3 of the 120,000 federal employees to put in Democrats
- Cleveland and military pensions
 - Republican Union veterans lobbied for hundreds of bills to increase pensions
 - Many abused the pension system, taking benefits even though they had never served, were disabled by post-war events, etc.
 - Congress almost always passed the pension bills
 - Cleveland (in spite of the fact that he was a Democrat and not a Civil War veteran) vetoed most of these bills

Cleveland Battles for a Lower Tariff

- The tariff issue
 - During Civil War, tariffs had been increased to help pay for the war
 - After the war, businesses got Republicans to keep tariffs high, to protect business from foreign goods
 - Treasury ran a surplus because of the high tariff (since tariff was primary revenue generator for government before income tax)
 - Republicans usually wasted money from the surplus on larger pensions or “pork-barrel” (wasteful) projects to gain electoral support

Cleveland Battles for a Lower Tariff

- Cleveland decided that tariffs should be lowered
 - Lowered tariffs would mean lower prices for consumers, less protection for monopolies, and an end to the surplus (which Cleveland opposed because of his small-government, Jeffersonian philosophy)
 - Strongly opposed by big industrialists
 - Cleveland went too far in pushing for lowered tariffs and pushed businesses to oppose him

Cleveland Battles for a Lower Tariff

- Election of 1888: the Democrats
 - Renominated Cleveland
 - Weakened because of Cleveland's strong (obstinate) support of lowered tariffs

Cleveland Battles for a Lower Tariff

- Election of 1888: the Republicans
 - Nominated Benjamin Harrison, grandson of President William Henry Harrison (elected 1841)

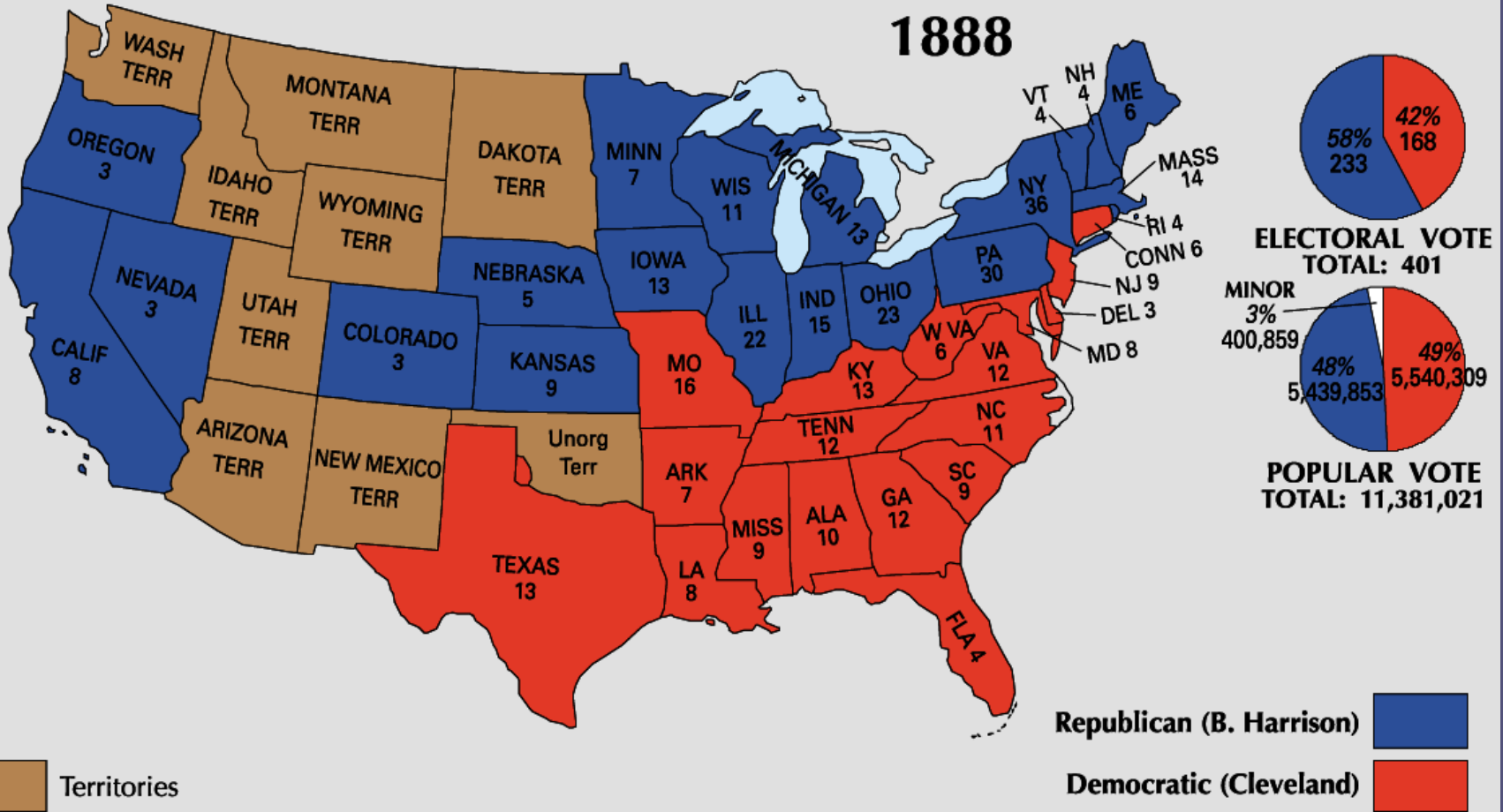
Cleveland Battles for a Lower Tariff

- Election of 1888: the campaign
 - Both parties focused on the tariff issue, the only issue that separated them
 - Republicans (allied with big business) raised huge sum of money (\$3 million)
 - Businesses supported Republicans to stop tariff from being lowered
 - Money used to buy votes (“repeaters” or “floaters”) who voted several times

Cleveland Battles for a Lower Tariff

- Election of 1888: the results
 - Harrison won the election
 - 233 to 168 electoral votes
 - Switch of only 7,000 votes in New York would have given the election to Cleveland
 - Although Harrison lost the popular vote
 - 5.53 million (Harrison) to 5.44 million (Cleveland)

The Election of 1888



The Billion-Dollar Congress

- Republicans controlled House after 1888 elections, with only 3 vote margin for quorum (necessary to do business)
 - Democrats threatened to block House business (through procedural maneuvers)
 - Republican Speaker of the House Thomas B. Reed (Maine) used bullying and questionable tactics to stop Democratic delaying

The Billion-Dollar Congress

- Reed presided over the “Billion-Dollar Congress”
 - First in US history to spend that sum of money
 - Money spent on Civil War pensions and increased silver purchases

The Billion Dollar Congress



The Billion-Dollar Congress

- McKinley Tariff Act of 1890
 - Passed to help pay for lavish Republican spending
 - Increased rates to highest peacetime level ever (average of 48.4%)
 - Hurt farmers, who had to buy higher-priced American manufactured goods, but sold their agriculture on competitive world markets (without price protections)

The Billion-Dollar Congress

- Midterm congressional elections of 1890
 - Rural voters turned against Republicans and voted in large numbers for Democrats
 - Republicans lost their weak majority
 - Democrats got 235 seats; Republicans left with only 88
 - McKinley (Ohio Congressman who had sponsored the tariff bill) defeated
 - 9 congressmen elected by the Farmer's Alliance

The Drumbeat of Discontent

- 1892 – People's Party (Populists) emerged
 - Came out of Farmers' Alliance (farmers' organization strong in agricultural West and South)
 - Platform called for
 - Inflation through free and unlimited coinage of silver (16 to 1 ratio)
 - Graduated income tax (higher rates for higher incomes)
 - Government ownership of railroads, telegraph and telephone lines
 - Direct election of US senators
 - 1-term limit for president
 - Adoption of initiative and referendum (allowing citizens to write and vote on laws directly, instead of through legislature)
 - Shorter workday
 - Immigration restriction
 - Nominated Union General James B. Weaver (formerly of Greenback Labor Party) for president

The Drumbeat of Discontent

- Summer of 1892 – series of nationwide strikes
 - Made it seem possible that Populists could bring workers and debtor farmers together to attack capitalism

The Drumbeat of Discontent

- July 1892 – Homestead Strike
 - 300 Pinkerton detectives called to put down steelworkers strike at Andrew Carnegie's plant
 - Strike caused by pay cuts at steel factory
 - Strikers defeated the 300 detectives
 - US troops then called out and broke the strike and destroyed the union
- July 1892 – strike of silver miners crushed by federal troops in Coeur d'Alene, Idaho

The Drumbeat of Discontent

- Populists and the 1892 election
 - Got over 1 million votes and 22 electoral votes for Weaver (one of the few 3rd parties to get electoral votes)
 - Electoral votes came only from 6 western states

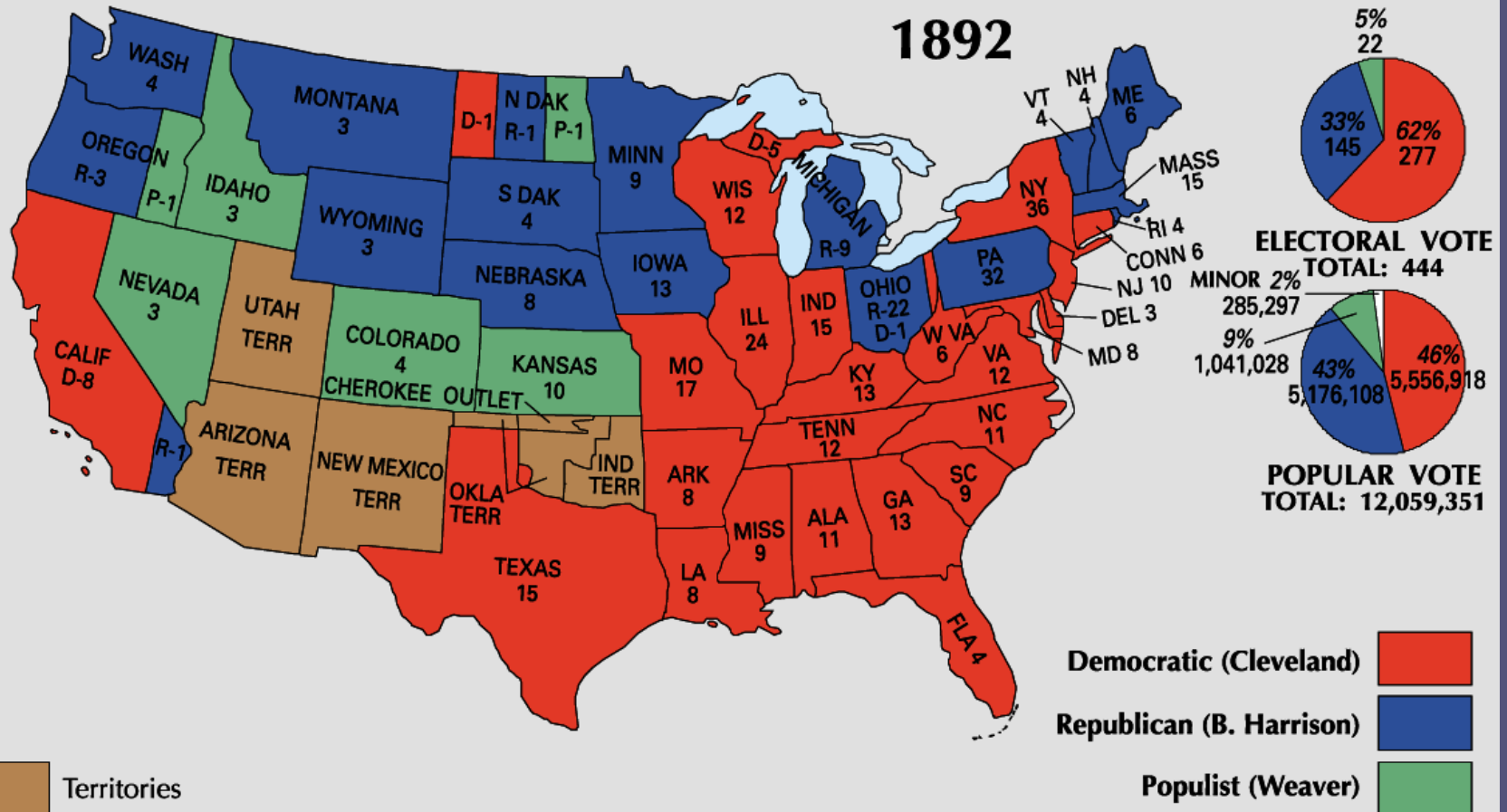
The Drumbeat of Discontent

- Why did Populists not do better?
 - Workers in industrial east did not vote for Populists
 - The South (although full of unhappy farmers) did not vote for Populist party
 - Colored Farmers' National Alliance had about 1 million members
 - Black and white poor farmers in South shared common problems
 - Populist leaders reached out to blacks for votes; blacks, unhappy with Republicans, responded to Populist appeals
 - Elite Southerners used racial hatred to get poor whites to vote for Democratic Party instead of Populists

The Drumbeat of Discontent

- The election of 1892
 - Republicans
 - Renominate Harrison
 - Ignore discontent among the farmers and workers
 - Democrats
 - Nominate Grover Cleveland
 - Now more conservative than in 1884
 - Cleveland won because Republicans were discredited (especially among workers and farmers) and Populists divided (blacks vs. whites, industrial workers vs. farmers)

The Election of 1892



The Drumbeat of Discontent

- Southern blacks ended up much worse after Populist campaign
 - Populists reminded southerners that blacks had political strength
 - Whites in South took away the few voting rights that blacks still had
 - More aggressive use of poll taxes and literacy tests
 - “grandfather clause” that exempted anyone whose ancestors (father / grandfather) had voted before 1860 (when no black had voted)
 - More severe Jim Crow laws to enforce segregation, backed up by lynching and violence
 - Populist party itself turned into party of racism

Cleveland and Depression

- Cleveland was only president to be reelected after defeat
 - Same Cleveland (although more conservative)
 - US was different a country than before
 - Debtor farmers, angry workers, beginning of a depression

Cleveland and Depression

- Depression of 1893
 - Lasted for 4 years
 - Worst depression of 1800s
 - Causes
 - Overbuilding and speculation
 - Problems with workers and strikes
 - Agricultural depression
 - Free-silver had damaged US credit abroad
 - European banks called in US loans

Cleveland and Depression

- Effects of the depression
 - 8,000 businesses collapsed
 - Railroad lines went bankrupt (delivered to control of banks)
 - People forced to live off charity (soup kitchens)
 - Gangs of hoboes wandered the country on rail lines

Cleveland and Depression

- Government responses to the depression
 - Laissez-faire (hands-off) ideology did not allow government to help suffering people

Cleveland and Depression

- The draining of the gold reserve
 - Sherman Silver Purchase Act (1890) required US to purchase silver and issue paper currency for the silver it bought
 - Owners of the paper currency then exchanged the paper currency for gold (because silver prices had gone down, making gold more valuable)
 - By law, government had to carry out this exchange
 - By law, paper currency then had to be reissued by government, and new holders would make the same exchange (paper currency for gold)
 - Gold reserves reduced from \$192 million to below \$100 million (seen as minimum US had to have on reserve to support \$350 million in currency)

Cleveland and Depression

- Cleveland called Congress into special session to repeal the Sherman Silver Purchase Act
 - Some Democrats, led by Congressman William Jennings Bryan (Nebraska) argued against repeal because of its deflationary impact on US money supply
 - Cleveland defeats the pro-silver Democrats and gets Sherman Silver Purchase Act repealed

Cleveland and Depression

- In spite of repeal Sherman Silver Purchase Act, drain of gold reserves continued
 - February 1894 – reserves down to \$41 million
 - US in danger of going off the gold standard (US paper money would not be backed by or exchangeable for gold)
 - Value of US dollars would become volatile (rapidly changing, up and down)
 - US international trade would be hurt, since foreign countries would be less likely to accept US dollars as payment (because dollars would not have a fixed value that could be counted on)

Cleveland and Depression

- 1894 – Cleveland had Treasury sell bonds worth \$100 million
- Exchange of paper money for gold continued depleting the treasury
- Cleveland finally went to the banker JP Morgan
 - Morgan (with investors) agreed to loan the government \$65 million in gold, for \$7 million commission
 - This move shored up US finances and stopped the outflow of gold from the Treasury

Cleveland Breeds a Backlash

- Commoners attacked Cleveland for the gold deal with Morgan
 - Attacked for “selling out” the government to Eastern businessmen
 - Cleveland denied he was controlled by Morgan or that he had done anything wrong

Cleveland Breeds a Backlash

- Wilson-Gorman Tariff of 1894 also hurt Cleveland politically
 - Democrats believed in lower tariffs, but allowed this bill to be taken over by special interests
 - Only lowered high McKinley Tariff by a little

Cleveland Breeds a Backlash

- The income tax
 - The Wilson-Gorman Tariff contained provision for income tax (2% on incomes over \$4,000)
 - Struck down by Supreme Court in 1895
 - Violation of “direct tax” clause of Constitution (article 1, section 9)
 - Populists and poor Americans saw this as proof big business and the rich controlled the courts

Cleveland Breeds a Backlash

- The midterm elections of 1894
 - Democrats hurt by depression and tariff issue
 - Democrats lose big in the elections
 - Republicans get 244 seats, to Democrats' 105

Cleveland Breeds a Backlash

- Cleveland and the other “forgettable presidents, from Hayes to Cleveland did little to fix the problems America faced in the late 1800s
 - Tied down by the philosophy of laissez-faire