

Name:

US History II

Date:

Unit 1: What about the Farmers? The Rise of Populism

Industrialization and the changing American economy did not just impact workers and entrepreneurs: it also impacted farmers. While manufacturing jobs were on the rise, the majority of Americans still lived in rural areas and worked on farms. They had their own problems and found solutions in a new political movement focused on people like them. They called this movement **populism**.

Why are these farmers angry?

After the Civil War, the American economy was in trouble. **Inflation**—a decline in the value of money—was out of control, so the US government responded by reducing the amount of money in circulation. This is called **deflation**. The government literally stopped printing new paper money and took some of the money out of circulation. In 1865, for example, there was \$30 worth of cash in circulation for each American citizen. By 1895, there was about \$23 for each American in circulation. Reducing the amount of money had two effects: prices dropped and interest rates increased.

Decreasing prices were very bad for farmers. Each year, farmers had to buy their seed and supplies for the year in advance in order to plant their crops. They usually had to take out a loan from the bank to do this. Then after tending the crops and harvesting a year later, they sold the crops and tried to pay off the debt. If the prices kept dropping lower, however, they would be unable to pay off their debt.

Rising interest rates also hurt farmers. When you take out a loan, you have to pay back the original money you borrowed plus interest—a few percent more than you borrowed. As the value of the dollar increased, banks asked for higher and higher interest rates each year, and since prices were dropping, farmers were unable to pay off their debts. In order to pay for the next year's crop, they would have to take out yet another loan, and the cycle continued, getting farmers further and further into debt.

What are they going to do about it?

Populists wanted to raise prices and lower interest rates by putting more money into circulation. They wanted to do this by printing more paper money and using silver—instead of just gold—to back the currency. Much like labor unions, populists started to organize to spread their message and pressure the government to meet their demands. Speakers such as Mary Ellen Lease travelled through the countryside urging farmers to rise up against the banks and Wall Street businessmen who were becoming rich by making farmers poor. “It is no longer a government of the people, for the people, by the people,” she said in a famous speech, “but a government of Wall Street, for Wall Street, and by Wall Street.”

Populist political candidates received many votes in elections in the Midwest and Great Plains. Another recession in the 1890s made populists more determined to challenge the people in power. In 1896 a populist candidate, William Jennings Bryan, ran for president. He advocated increasing the amount of money in circulation by using silver, and promised to promote the interests of farmers and workers everywhere. He received a lot of support, but did not win the election. After Bryan's loss, the Populist Party faded away.

Review Questions:

1. What problems did farmers face in the decades after the Civil War?
2. Why were farmers mad at "Wall Street" and the banks?
3. What did Populists want to do to help farmers?