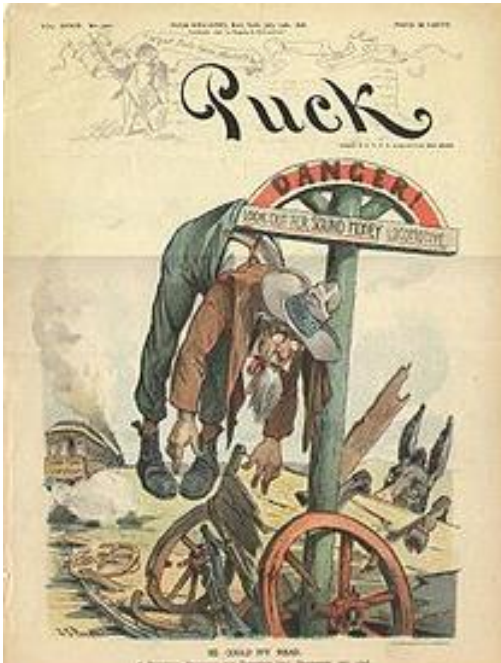


The Artios Home Companion Series

Unit 8: Domestic Issues Before the Country

Teacher Overview

For thirty years after the Civil War the leading political parties, although they engaged in heated presidential campaigns, were not sharply and clearly opposed on many matters of vital significance. During none of that time was there a clash of opinion over specific issues. The Democrats, who before 1860 definitely opposed protective tariffs, federal banking, internal improvements, and heavy taxes, now spoke cautiously on all these points. The Republicans, conscious of the fact that they had been a minority of the voters in 1860 and warned by the early loss of the House of Representatives in 1875, also moved with considerable prudence among the perplexing problems of the day. Again and again the votes in Congress showed that no clear line separated all the Democrats from all the Republicans.



Cartoon from Puck showing a silverite farmer and a Democratic donkey whose wagon has been destroyed by the locomotive of sound money

Reading and Assignments

In this unit, students will:

- Complete two lessons in which they will learn about **domestic issues within the United States** and **changes in party politics**, journaling and answering discussion questions as they read.
- Define vocabulary words.
- Visit www.ArtiosHCS.com for additional resources.

Vocabulary

Lesson 1:

prudence
partiality
belligerent
fluctuate
nebulous
contention

ruinous
beneficiary
precipitate
eminent
anarchist
denunciation

Lesson 2:

portentous
menace
guise
oration
repudiate

Key People, Places, and Events

Specie Payments
Demonetization of Silver
The Silver Purchase Act of 1878
The Sherman Silver Purchase Act
The Income Tax of 1894
The Grangers and State Regulation
The Interstate Commerce Act of 1887
The Sherman Anti-Trust Law of 1890
The Anti-Trust Law

Labor Reformers
The Greenback Party
Anti-monopolist
Prohibitionists
The Grangers
The Populist Party
William Jennings Bryan
President William McKinley

Leading Ideas

Honesty is a character quality to be desired.

The Lord detests differing weights, and dishonest scales do not please Him.

— Proverbs 20:23

The Bible provides the ethics upon which to judge people and nations.

— Exodus 20:1-17

God is sovereign over the affairs of men.

From one man He made all the nations, that they should inhabit the whole earth; and He marked out their appointed times in history and the boundaries of their lands.

— Acts 17:26

Scripture addresses the Christian's responsibility to government.

Let every person be subject to the governing authorities. For there is no authority except from God, and those that exist have been instituted by God. Therefore whoever resists the authorities resists what God has appointed, and those who resist will incur judgment. For rulers are not a terror to good conduct, but to bad. Would you have no fear of the one who is in authority? Then do what is good, and you will receive his approval, for he is God's servant for your good. But if you do wrong, be afraid, for he does not bear the sword in vain. For he is the servant of God, an avenger who carries out God's wrath on the wrongdoer. Therefore one must be in subjection, not only to avoid God's wrath but also for the sake of conscience. For because of this you also pay taxes, for the authorities are ministers of God, attending to this very thing. Pay to all what is owed to them: taxes to whom taxes are owed, revenue to whom revenue is owed, respect to whom respect is owed, honor to whom honor is owed.

— Romans 13:1-7

Lesson One

History Overview and Assignments Domestic Issues Before the Country

The vague criticisms and proposals that found their way into the political platforms did but reflect the confusion of mind prevailing in the country. The opinion of the country was evidently unsettled and fluctuating. It was still distracted by memories of the dead past and uncertain as to the trend of the future.



1907 Republican Campaign Poster.
William McKinley ran for president on the
basis of the gold standard

Key People, Places, and Events

Specie Payments
Demonetization of Silver
The Silver Purchase Act of 1878
The Sherman Silver Purchase Act
The Income Tax of 1894
The Grangers and State Regulation
The Interstate Commerce Act of 1887
The Sherman Anti-Trust Law of 1890
The Anti-Trust Law

Vocabulary

prudence	partiality
belligerent	fluctuate
nebulous	contention
ruinous	beneficiary
precipitate	eminent
anarchist	denunciation

Reading and Assignments

- Review the discussion questions and vocabulary, then read the article: *Domestic Issues Before the Country*.
- In this lesson Railways and Trusts are discussed. Make a chart with two columns. Label one Republican and one Democrat. Make a row for each of the following topics: The Grangers and State Regulation, The Interstate Commerce Act of 1887, and The Sherman Anti-Trust Law of 1890. In each row, describe how each political party felt about each topic.
- Narrate about today's reading using the appropriate notebook page. Be sure to answer the discussion questions and include key people, events, and dates within the narration.
- Define the vocabulary words in the context of the reading and put the word and its definition in the vocabulary section of your history notebook.
- Be sure to visit www.ArtiosHCS.c for additional resources.

Discussion Questions

1. Describe the details surrounding the currency question.
2. Why was the currency question the center of political interest during this time?
3. How did the falling prices affect debtors?
4. How did the falling prices affect creditors?
5. What was the cause of the falling prices?
6. Describe the specie problem.
7. How were the Republicans and Democrats divided over the demonetization of silver and the decline in the value of silver?
8. What was the effect of The Silver Purchase Act of 1878?

Adapted for High School from the book:

History of the United States
by Charles A. Beard and Mary R. Beard
Domestic Issues Before the Country
(1865-1897)

For thirty years after the Civil War the leading political parties, although engaged in heated presidential campaigns, were not sharply and clearly opposed on many matters of vital significance. During none of that time was there a clash of opinion over specific issues such as those which rent the country in 1800 when Jefferson rode a popular wave to victory, or again in 1828 when Jackson's western hordes came sweeping into power. The Democrats, who before 1860 definitely opposed protective tariffs, federal banking, internal improvements, and heavy taxes, now spoke cautiously on all these points. The Republicans, conscious of the fact that they had been a minority of the voters in 1860 and warned by the early loss of the House of Representatives in 1874, also moved with considerable prudence among the perplexing problems of the day. Again and again the votes in Congress showed that no clear line separated all the Democrats from

all the Republicans. There were Republicans who favored tariff reductions and "cheap money." There were Democrats who looked with partiality upon high protection or with indulgence upon the contraction of the currency. Only on matters relating to the coercion of the South was the division between the parties fairly definite; this could be readily accounted for on practical as well as sentimental grounds.

After all, the vague criticisms and proposals that found their way into the political platforms did but reflect the confusion of mind prevailing in the country. The fact that, out of the eighteen years between 1875 and 1893, the Democrats held the House of Representatives for fourteen years while the Republicans had every president but one showed that the voters, like the politicians, were in a state of indecision. Hayes had a Democratic House during his entire term and a Democratic Senate for two years of the four. Cleveland

was confronted by a belligerent Republican majority in the Senate during his first administration; and at the same time was supported by a Democratic majority in the House. Harrison was sustained by continuous Republican successes in Senatorial elections; but in the House he had the barest majority from 1889 to 1891 and lost that altogether at the election held in the middle of his term. The opinion of the country was evidently unsettled and fluctuating. It was still distracted by memories of the dead past and uncertain as to the trend of the future.

The Currency Question

Nevertheless these years of muddled politics and nebulous issues proved to be a period in which social forces were gathering for the great campaign of 1896. Except for three new features—the railways, the trusts, and the trade unions—the subjects of debate among the people were the same as those that had engaged their attention since the foundation of the Republic: the currency, the national debt, banking, the tariff, and taxation.

Debtors and the Fall in Prices

For many reasons the currency question occupied the center of interest. As of old, the farmers and planters of the West and South were heavily in debt to the East for borrowed money secured by farm mortgages; and they counted upon the sale of cotton, corn, wheat, and hogs to meet interest and principal when due. During the war, the western farmers had been able to dispose of their produce at high prices and thus discharge their debts with comparative ease; but after the war prices declined. Wheat that sold at two dollars a bushel in

1865 brought sixty-four cents twenty years later. The meaning of this for the farmers in debt—and nearly three-fourths of them were in that class—can be shown by a single illustration. A thousand-dollar mortgage on a western farm could be paid off by five hundred bushels of wheat when prices were high; whereas it took about fifteen hundred bushels to pay the same debt when wheat was at the bottom of the scale. For the farmer, it must be remembered, wheat was the measure of his labor, the product of his toil under the summer sun; and in its price he found the test of his prosperity.

Creditors and Falling Prices

To the bondholders or creditors, on the other hand, falling prices were clear gain. If a fifty-dollar coupon on a bond bought seventy or eighty bushels of wheat instead of twenty or thirty, the advantage to the owner of the coupon was obvious. Moreover the advantage seemed to him entirely just. Creditors had suffered heavy losses when the Civil War carried prices skyward while the interest rates on their old bonds remained stationary. For example, if a man had a \$1000 bond issued before 1860 and paying interest at five per cent, he received fifty dollars a year from it. Before the war each dollar would buy a bushel of wheat; in 1865 it would only buy half a bushel. When prices—that is, the cost of living—began to go down, creditors therefore generally regarded the change with satisfaction as a return to normal conditions.

The Cause of Falling Prices

The fall in prices was due, no doubt, to many factors. Among them must be reckoned the discontinuance of government buying for war purposes, labor-saving farm

machinery, immigration, and the opening of new wheat-growing regions. The currency, too, was an element in the situation. Whatever the cause, the discontented farmers believed that the way to raise prices was to issue more money. They viewed it as a case of supply and demand. If there was a small volume of currency in circulation, prices would be low; if there was a large volume, prices would be high. Hence they looked with favor upon all plans to increase the amount of money in circulation. First they advocated more paper notes—greenbacks—and then they turned to silver as the remedy. The creditors, on the other hand, naturally approved the reduction of the volume of currency. They wished to see the greenbacks withdrawn from circulation, and gold—a metal more limited in volume than silver—made the sole basis of the national monetary system.

The Battle over the Greenbacks

The contest between these factions began as early as 1866. In that year, Congress enacted a law authorizing the Treasury to withdraw the greenbacks from circulation. The paper money party set up a shrill cry of protest and kept up the fight until, in 1878, it forced Congress to provide for the continuous re-issue of the legal tender notes as they came into the Treasury in payment of taxes and other dues. Then could the friends of easy money rejoice:

*“Thou, Greenback, ‘tis of thee,
Fair money of the free,
Of thee we sing.”*

Specie Payment Resumption Act

There was, however, another side to this victory. The opponents of the greenbacks, unable to stop the circulation of paper,

induced Congress to pass a law in 1875 providing that on and after January 1, 1879, “the secretary of the Treasury shall redeem in coin the United States legal tender notes then outstanding on their presentation at the office of the assistant treasurer of the United States in the City of New York in sums of not less than fifty dollars.” “The way to resume,” John Sherman had said, “is to resume.” When the hour for redemption arrived, the Treasury was prepared with a large hoard of gold. “On the appointed day,” wrote the assistant secretary, “anxiety reigned in the office of the Treasury. Hour after hour passed; no news from New York. Inquiry by wire showed that all was quiet. At the close of the day this message came: ‘\$135,000 of notes presented for coin—\$400,000 of gold for notes.’ That was all. Resumption was accomplished with no disturbance. By five o’clock the news was all over the land, and the New York bankers were sipping their tea in absolute safety.”

The Specie Problem— the Parity of Gold and Silver

Defeated in their efforts to stop “the present suicidal and destructive policy of contraction,” the advocates of an abundant currency demanded an increase in the volume of silver in circulation. This precipitated one of the sharpest political battles in American history. The issue turned on legal as well as economic points. The Constitution gave Congress the power to coin money, and it forbade the states to make anything but gold and silver legal tender in the payment of debts. It evidently contemplated the use of both metals in the currency system. Such, at least, was the view of many eminent statesmen, including no less a personage than James G. Blaine. The

difficulty, however, lay in maintaining gold and silver coins on a level which would permit them to circulate with equal facility. Obviously, if the gold in a gold dollar exceeds the value of the silver in a silver dollar on the open market, men will hoard gold money and leave silver money in circulation. When, for example, Congress in 1792 fixed the ratio of the two metals at one to fifteen—one ounce of gold declared worth fifteen of silver—it was soon found that gold had been undervalued. When again in 1834 the ratio was put at one to sixteen, it was found that silver was undervalued. Consequently the latter metal was not brought in for coinage and silver almost dropped out of circulation. Many a silver dollar was melted down by silverware factories.

Silver Demonetized in 1873

So things stood in 1873. At that time, Congress, in enacting a mintage law, discontinued the coinage of the standard silver dollar, then practically out of circulation. This act was denounced later by the friends of silver as “the crime of ‘73,” a conspiracy devised by the money power and secretly carried out. This contention the debates in Congress did not seem to sustain. In the course of the argument on the mint law it was distinctly said by one speaker at least: “This bill provides for the making of changes in the legal tender coin of the country and for substituting as legal tender, coin of only one metal instead of two as heretofore.”

The Decline in the Value of Silver

Absorbed in the greenback controversy, the people apparently did not appreciate at the time the significance of the

“demonetization” of silver; but within a few years several events united in making it the center of a political storm. Germany, having abandoned silver in 1871, steadily increased her demand for gold. Three years later, the countries of the Latin Union followed this example, thus helping to enhance the price of the yellow metal. All the while, new silver lodes, discovered in the far West, were pouring into the market great streams of the white metal, bearing down the price. Then came the resumption of specie payment, which, in effect, placed the paper money on a gold basis. Within twenty years silver was worth in gold only about half the price of 1870.

That there had been a real decline in silver was denied by the friends of that metal. They alleged that gold had gone up because it had been given a monopoly in the coinage markets of civilized governments. This monopoly, they asserted, was the fruit of a conspiracy against the people conceived by the bankers of the world. Moreover, they went on, the placing of the greenbacks on a gold basis had itself worked a contraction of the currency; it lowered the prices of labor and produce to the advantage of the holders of long-term investments bearing a fixed rate of interest. When wheat sold at sixty-four cents a bushel, their search for relief became desperate, and they at last concentrated their efforts on opening the mints of the government for the free coinage of silver at the ratio of sixteen to one.

Republicans and Democrats Divided

On this question both Republicans and Democrats were divided, the lines being drawn between the East on the one hand and the South and West on the other, rather than between the two leading parties. So

trusted a leader as James G. Blaine avowed, in a speech delivered in the Senate in 1878, that, as the Constitution required Congress to make both gold and silver the money of the land, the only question left was that of fixing the ratio between them. He affirmed, moreover, the main contention of the silver faction, that a reopening of the government mints of the world to silver would bring it up to its old relation with gold. He admitted also that their most ominous warnings were well founded, saying: "I believe the struggle now going on in this country and in other countries for a single gold standard would, if successful, produce widespread disaster throughout the commercial world. The destruction of silver as money and the establishment of gold as the sole unit of value must have a ruinous effect on all forms of property, except those investments which yield a fixed return."

This was exactly the concession that the silver party wanted. "Three-fourths of the business enterprises of this country are conducted on borrowed capital," said Senator Jones, of Nevada. "Three-fourths of the homes and farms that stand in the names of the actual occupants have been bought on time, and a very large proportion of them are mortgaged for the payment of some part of the purchase money. Under the operation of a shrinkage in the volume of money, this enormous mass of borrowers, at the maturity of their respective debts, though nominally paying no more than the amount borrowed, with interest, are in reality, in the amount of the principal alone, returning a percentage of value greater than they received—more in equity than they contracted to pay....In all discussions of the subject the creditors attempt to brush aside

the equities involved by sneering at the debtors."

The Silver Purchase Act (1878)

Even before the actual resumption of specie payment, the advocates of free silver were a power to be reckoned with, particularly in the Democratic Party. They had a majority in the House of Representatives in 1878 and they carried a silver bill through that chamber. Blocked by the Republican Senate they accepted a compromise in the Bland-Allison bill, which provided for huge monthly purchases of silver by the government for coinage into dollars. So strong was the sentiment that a two-thirds majority was mustered after President Hayes vetoed the measure.

The effect of this act, as some had anticipated, was disappointing. It did not stay silver on its downward course. Thereupon the silver faction pressed through Congress in 1886 a bill providing for the issue of paper certificates based on the silver accumulated in the Treasury. Still silver continued to fall. Then the advocates of inflation declared that they would be content with nothing short of free coinage at the ratio of sixteen to one. If the issue had been squarely presented in 1890, there is good reason for believing that free silver would have received a majority in both houses of Congress; but it was not presented.

The Sherman Silver Purchase Act and the Bond Sales

Republican leaders, particularly from the East, stemmed the silver tide by a diversion of forces. They passed the Sherman Act of 1890 providing for large

monthly purchases of silver and for the issue of notes redeemable in gold or silver at the discretion of the secretary of the Treasury. In a clause of superb ambiguity they announced that it was “the established policy of the United States to maintain the two metals on a parity with each other upon the present legal ratio or such other ratio as may be provided by law.” For a while silver was buoyed up. Then it turned once more on its downward course. In the meantime the Treasury was in a sad plight. To maintain the gold reserve, President Cleveland felt compelled to sell government bonds; and to his dismay he found that as soon as the gold was brought in at the front door of the Treasury, notes were presented for redemption and the gold was quickly carried out at the back door. Alarmed at the vicious circle thus created, he urged upon Congress the repeal of the Sherman Silver Purchase Act. For this he was roundly condemned by many of his own followers who branded his conduct as “treason to the party”; but the Republicans, especially from the East, came to his rescue and in 1893 swept the troublesome sections of the law from the statute book. The anger of the silver faction knew no bounds, and the leaders made ready for the approaching presidential campaign.

THE PROTECTIVE TARIFF AND TAXATION

Fluctuation in Tariff Policy

As each of the old parties was divided on the currency question, it is not surprising that there was some confusion in their ranks over the tariff. Like the silver issue, the tariff tended to align the manufacturing East against the agricultural West and South

rather than to cut directly between the two parties. Still the Republicans on the whole stood firmly by the rates imposed during the Civil War. If we except the reductions of 1872 which were soon offset by increases, we may say that those rates were substantially unchanged for nearly twenty years. When a revision was brought about, however, it was initiated by Republican leaders. Seeing a huge surplus of revenue in the Treasury in 1883, they anticipated popular clamor by revising the tariff on the theory that it ought to be reformed by its friends rather than by its enemies. On the other hand, it was the Republicans who also enacted the McKinley tariff bill of 1890, which carried protection to its highest point up to that time.

The Democrats for their part were not all confirmed free traders or even advocates of tariff for revenue only. In Cleveland’s first administration they did attack the protective system in the House, where they had a majority, and in this they were vigorously supported by the president. The assault, however, proved to be a futile gesture for it was blocked by the Republicans in the Senate. When, after the sweeping victory of 1892, the Democrats in the House again attempted to bring down the tariff by the Wilson bill of 1894, they were checkmated by their own party colleagues in the upper chamber. In the end they were driven into a compromise that looked more like a McKinley than a Calhoun tariff. The Republicans taunted them with being “babes in the woods.” President Cleveland was so dissatisfied with the bill that he refused to sign it, allowing it to become a law, on the lapse of ten days, without his approval.

The Income Tax of 1894

The advocates of tariff reduction usually associated with their proposal a tax on incomes. The argument which they advanced in support of their program was simple. Most of the industries, they said, are in the East and the protective tariff which taxes consumers for the benefit of manufacturers is, in effect, a tribute laid upon the rest of the country. As an offset they offered a tax on large incomes; this owing to the heavy concentration of rich people in the East, would fall mainly upon the beneficiaries of protection. "We propose," said one of them, "to place a part of the burden upon the accumulated wealth of the country instead of placing it all upon the consumption of the people." In this spirit the sponsors of the Wilson tariff bill laid a tax upon all incomes of \$4000 a year or more.

In taking this step, the Democrats encountered opposition in their own party. Senator Hill, of New York, turned fiercely upon them, exclaiming: "The professors with their books, the socialists with their schemes, the anarchists with their bombs are all instructing the people in the...principles of taxation." Even the eastern Republicans were hardly as savage in their denunciation of the tax. But all this labor was wasted. The next year the Supreme Court of the United States declared the income tax to be a direct tax, and therefore null and void because it was laid on incomes wherever found and not apportioned among the states according to population. The fact that four of the nine judges dissented from this decision was also an index to the diversity of opinion that divided both parties.

The Grangers and State Regulation

The same uncertainty about the railways and trusts pervaded the ranks of the Republicans and Democrats. As to the railways, the first firm and consistent demand for their regulation came from the West. There the farmers, in the early seventies, having got control in state legislatures, particularly in Iowa, Wisconsin, and Illinois, enacted drastic laws prescribing the maximum charges which companies could make for carrying freight and passengers. The application of these measures, however, was limited because the state could not fix the rates for transporting goods and passengers beyond its own borders. The power of regulating interstate commerce, under the Constitution, belonged to Congress.

The Interstate Commerce Act of 1887

Within a few years, the movement which had been so effective in western legislatures appeared at Washington in the form of demands for the federal regulation of interstate rates. In 1887, the pressure became so strong that Congress created the Interstate Commerce Commission and forbade many abuses on the part of railways; such as discriminating in charges between one shipper and another and granting secret rebates to favored persons. This law was a significant beginning; but it left the main question of rate-fixing untouched, much to the disappointment of farmers and shippers.

The Sherman Anti-Trust Law of 1890

As in the case of the railways, attacks upon the trusts were first made in state

legislatures, where it became the fashion to provide severe penalties for those who formed monopolies and “conspired to enhance prices.” Republicans and Democrats united in the promotion of measures of this kind. As in the case of the railways also, the movement to curb the trusts soon had spokesmen at Washington. Though Blaine had declared that “trusts were largely a private affair with which neither the president nor any private citizen had any particular right to interfere,” it was a Republican Congress that enacted in 1890 the first measure—the Sherman Anti-Trust Law—directed against great combinations in business. This act declared illegal “every contract, combination in the form of trust or otherwise, or conspiracy in restraint of trade and commerce among the several states or with foreign nations.”

The Futility of the Anti-Trust Law
Whether the Sherman law was directed

against all combinations or merely those which placed an “unreasonable restraint” on trade and competition was not apparent. Senator Platt of Connecticut, a careful statesman of the old school, averred: “The questions of whether the bill would be operative, of how it would operate, or whether it was within the power of Congress to enact it, have been whistled down the wind in this Senate as idle talk and the whole effort has been to get some bill headed: ‘A bill to punish trusts,’ with which to go to the country.” Whatever its purpose, its effect upon existing trusts and upon the formation of new combinations was negligible. It was practically unenforced by President Harrison and President Cleveland, in spite of the constant demand for harsh action against “monopolies.” It was patent that neither the Republicans nor the Democrats were prepared for a war on the trusts to the bitter end.

Lesson Two

History Overview and Assignments The Minor Parties and Unrest

A composite view of the platforms put forth by the dissenting parties from the administration of Grant to the close of Cleveland’s second term reveals certain notions common to them all. These included among many others: the earliest possible payment of the national debt, regulation of the rates of railways and telegraph companies, repeal of the Specie Payment Resumption Act of 1875, the issue of legal tender notes by the government convertible into interest-bearing obligations on demand, unlimited coinage of silver as well as gold, a graduated inheritance tax, legislation to take from “land, railroad, money, and other gigantic corporate monopolies...the powers they have so corruptly and unjustly usurped,” popular or direct election of United States senators, women’s suffrage, and a graduated income tax.

Key People, Places, and Events

Labor Reformers
Prohibitionists
William Jennings Bryan

The Greenback Party
The Grangers
President William McKinley

Anti-monopolist
The Populist Party



1892 People's Party campaign poster

Reading and Assignments

- Review the discussion questions and vocabulary, then read the article:
The Minor Parties and Unrest.
- Narrate about today's reading using the appropriate notebook page. Be sure to answer the discussion questions and include key people, events, and dates within the narration.
- Define the vocabulary words in the context of the reading and put the word and its definition in the vocabulary section of your history notebook.
- Visit www.ArtiosHCS.com for additional resources.

Vocabulary

portentous	menace
guise	oration
repudiate	

Discussion Questions

1. Describe the platform of the Greenback Party.
2. Describe the platform of the Populist Party.
3. Describe the economic crisis of 1893.
4. Describe the platform of the Republican Party.
5. Describe the platform of the Democratic Party.
6. Describe the contents and significance of William J. Bryan's speech known as *The Crown of Thorns* or *The Cross of Gold* speech.
7. What is a corporate monopoly?

Adapted for High School from the book:

History of the United States

by Charles A. Beard and Mary R. Beard

The Minor Parties and Unrest

The Demands of Dissenting Parties

From the election of 1872, when Horace Greeley made his ill-fated excursion into

politics, onward, there appeared in each presidential campaign one, and sometimes two or more parties, stressing issues that

appealed mainly to wage-earners and farmers. Whether they chose to call themselves Labor Reformers, Greenbackers, or Anti-monopolists, their slogans and platforms all pointed in one direction. Even the Prohibitionists, who in 1872 started on their career with a single issue, the abolition of the liquor traffic, found themselves making declarations of faith on other matters and hopelessly split over the money question in 1896.

A composite view of the platforms put forth by the dissenting parties from the administration of Grant to the close of Cleveland's second term reveals certain notions common to them all. These included among many others: the earliest possible payment of the national debt, regulation of the rates of railways and telegraph companies, repeal of the Specie Payment Resumption Act of 1875, the issue of legal tender notes by the government convertible into interest-bearing obligations on demand, unlimited coinage of silver as well as gold, a graduated inheritance tax, legislation to take from "land, railroad, money, and other gigantic corporate monopolies...the powers they have so corruptly and unjustly usurped," popular or direct election of United States senators, women's suffrage, and a graduated income tax, "placing the burden of government on those who can best afford to pay instead of laying it on the farmers and producers."

Criticism of the Old Parties

To this long program of measures the reformers added harsh and acrid criticism of the old parties and sometimes, it must be said, of established institutions of government. "We denounce," exclaimed the

Labor Party in 1888, "the Democratic and Republican parties as hopelessly and shamelessly corrupt and by reason of their affiliation with monopolies equally unworthy of the suffrages of those who do not live upon public plunder."

"The United States Senate," insisted the Greenbackers, "is a body composed largely of aristocratic millionaires who according to their own party papers generally purchased their elections in order to protect the great monopolies which they represent."

Indeed, if their platforms are to be accepted at face value, the Greenbackers believed that the entire government had passed out of the hands of the people.

The Grangers

This unsparing, not to say revolutionary, criticism of American political life, appealed, it seems, mainly to farmers in the Midwest. Always active in politics, they had, before the Civil War, cast their lot as a rule with one or the other of the leading parties. In 1867, however, there grew up among them an association known as the "Patrons of Husbandry," which was destined to play a large role in the partisan contests of the succeeding decades. This society, which organized local lodges or "granges" on principles of secrecy and fraternity, was originally designed to promote in a general way the interests of the farmers. Its political bearings were apparently not grasped at first by its promoters. Yet, appealing as it did to the most active and independent spirits among the farmers and gathering to itself the strength that always comes from organization, it soon found itself in the hands of leaders more or less involved in politics. Where a few votes are marshaled together in a democracy, there is power.

The Greenback Party

The first extensive activity of the Grangers was connected with the attack on the railways in the Middle West, which forced several state legislatures to reduce freight and passenger rates by law. At the same time, some leaders in the movement, no doubt emboldened by this success, launched in 1876 a new political party, popularly known as the Greenbackers, favoring a continued re-issue of the legal tenders. The beginnings were disappointing; but two years later, in the congressional elections, the Greenbackers swept whole sections of the country. Their candidates polled more than a million votes, and fourteen of them were returned to the House of Representatives. To all outward signs a new and formidable party had entered the lists.

The sanguine hopes of the leaders proved to be illusory. The quiet operations of the resumption act the following year, a revival of industry from a severe panic which had set in during 1873, the Silver Purchase Act, and the re-issue of Greenbacks cut away some of the grounds of agitation. There was also a diversion of forces to the silver faction, which had substantial support among the silver mine owners of the West. At all events the Greenback vote fell to about 300,000 in the election of 1880. A still greater drop came four years later and the party gave up the ghost, its sponsors returning to their former allegiance or sulking in their tents.

The Rise of the Populist Party

Those leaders of the old parties who now looked for a happy future unvexed by new factions were doomed to disappointment. The funeral of the Greenback party was

hardly over before there arose two other political specters in the agrarian sections: the National Farmers' Alliance and Industrial Union, particularly strong in the South and West; and the Farmers' Alliance, operating in the North. By 1890 the two orders claimed over three million members. As in the case of the Grangers many years before, the leaders among them found an easy way into politics. In 1892 they held a convention, nominated a candidate for president, and adopted the name of "People's Party," from which they were known as Populists. Their platform, in every line, breathed a spirit of radicalism. They declared that "the newspapers are largely subsidized or muzzled, public opinion silenced, business prostrate, our homes covered with mortgages, and the land concentrating in the hands of capitalists...The fruits of the toil of millions are boldly stolen to build up colossal fortunes for a few." Having delivered this sweeping indictment, the Populists put forward their remedies: the free coinage of silver, a graduated income tax, postal savings banks, and government ownership of railways and telegraphs. At the same time they approved the initiative, referendum, and popular election of senators, and condemned the use of federal troops in labor disputes. On this platform, the Populists polled over a million votes, captured twenty-two presidential electors, and sent a powerful delegation to Congress.

Industrial Distress Augments Unrest

The four years intervening between the campaign of 1892 and the next presidential election brought forth many events which aggravated the ill-feeling expressed in the portentous platform of Populism.

Cleveland, a consistent enemy of free silver, gave his powerful support to the gold standard and insisted on the repeal of the Silver Purchase Act, thus alienating an increasing number of his own party. In 1893 a grave industrial crisis fell upon the land: banks and business houses went into bankruptcy with startling rapidity; factories were closed; idle men thronged the streets hunting for work; and the prices of wheat and corn dropped to a ruinous level. Labor disputes also filled the crowded record. A strike at the Pullman car works in Chicago spread to the railways. Disorders ensued. President Cleveland, against the protests of the governor of Illinois, John P. Altgeld, dispatched troops to the scene of action. The United States district court at Chicago issued an injunction forbidding the president of the Railway Union, Eugene V. Debs, or his assistants to interfere with the transmission of the mails or interstate commerce in any form. For refusing to obey the order, Debs was arrested and imprisoned. With federal troops in possession of the field, with their leader in jail, the strikers gave up the battle, defeated but not subdued. To cap the climax the Supreme Court of the United States the following year (1895) declared null and void the income tax law just enacted by Congress, thus fanning the flames of Populist discontentment all over the West and South.

THE SOUND MONEY BATTLE OF 1896

Conservative Men Alarmed

Men of conservative thought and leaning in both parties were by this time thoroughly disturbed. They looked upon the

rise of Populism and the growth of labor disputes as the signs of a revolutionary spirit, indeed nothing short of a menace to American institutions and ideals. The income tax law of 1894, exclaimed the distinguished New York advocate, Joseph H. Choate in an impassioned speech before the Supreme Court, *“is communistic in its purposes and tendencies and is defended here upon principles as communistic, socialistic—what shall I call them—populistic as ever have been addressed to any political assembly in the world.”*

Mr. Justice Field in the name of the Court replied: *“The present assault upon capital is but the beginning. It will be but the stepping stone to others larger and more sweeping till our political conditions will become a war of the poor against the rich.”*

In declaring the income tax unconstitutional, he believed that he was but averting greater evils lurking under its guise. As for free silver, nearly all conservative men were united in calling it a measure of confiscation and repudiation; an effort of the debtors to pay their obligations with money worth fifty cents on the dollar; the climax of villainies openly defended; a challenge to law, order, and honor.

The Republicans Come Out for the Gold Standard

It was among the Republicans that this opinion was most widely shared and firmly held. It was they who picked up the glove thrown down by the Populists, though a host of Democrats, like Cleveland and Hill of New York, also battled against the growing Populist defection in Democratic ranks. When the Republican National Convention assembled in 1896, the die was

soon cast; a declaration of opposition to free silver save by international agreement was carried by a vote of eight to one. The Republican Party, to use the vigorous language of Mr. Lodge, arrayed itself against “not only that organized failure, the Democratic Party, but all the wandering forces of political chaos and social disorder...in these bitter times when the forces of disorder are loose and the wreckers with their false lights gather at the shore to lure the ship of state upon the rocks.” Yet it is historic truth to state that McKinley, whom the Republicans nominated, had voted in Congress for the free coinage of silver, was widely known as a bimetallist, and was only with difficulty persuaded to accept the unequivocal endorsement of the gold standard which was pressed upon him by his counselors. Having accepted it, however, he proved to be a valiant champion, though his major interest was undoubtedly in the protective tariff. To him nothing was more reprehensible than attempts “to array class against class, ‘the classes against the masses,’ section against section, labor against capital, ‘the poor against the rich,’ or interest against interest.” Such was the language of his acceptance speech. The whole program of Populism he now viewed as a “sudden, dangerous, and revolutionary assault upon law and order.”

The Democratic Convention at Chicago

Never, save at the great disruption on the eve of the Civil War, did a Democratic national convention display more feeling than at Chicago in 1896. From the opening prayer to the last motion before the house, every act, every speech, every scene, every

resolution evoked passions and sowed dissensions. Departing from long party custom, it voted down in anger a proposal to praise the administration of the Democratic president, Cleveland. When the platform with its radical planks including free silver, was reported, a veritable storm broke out. Senator Hill, trembling with emotion, protested against the departure from old tests of Democratic allegiance; against principles that must drive out of the party men who had grown gray in its service; against revolutionary, unwise, and unprecedented steps in the history of the party. Senator Vilas of Wisconsin, in great fervor, avowed that there was no difference in principle between the free coinage of silver—“the confiscation of one-half of the credits of the nation for the benefit of debtors”—and communism itself—“a universal distribution of property.” In the triumph of that cause he saw the beginning of “the overthrow of all law, all justice, all security and repose in the social order.”

The Crown of Thorns Speech

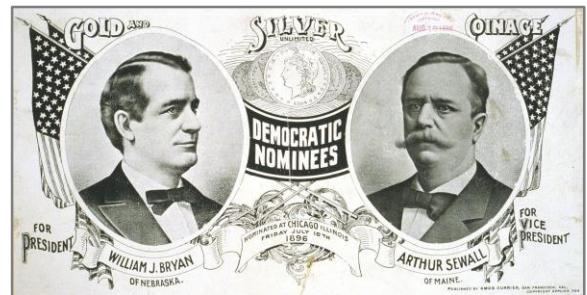
The champions of free silver replied in strident tones. They accused the gold advocates of being the aggressors who had assailed the labor and the homes of the people. William Jennings Bryan of Nebraska voiced their sentiments in a memorable oration. He declared that their cause “was as holy as the cause of liberty—the cause of humanity.” He exclaimed that the contest was between the idle holders of idle capital and the toiling millions. Then he named those for whom he spoke—the wage-earner, the country lawyer, the small merchant, the farmer, and the miner. *“The man who is employed for wages is as much a businessman as his employer. The*

attorney in a country town is as much a businessman as the corporation counsel in a great metropolis. The merchant at the crossroads store is as much a businessman as the merchant of New York. The farmer...is as much a businessman as the man who goes upon the board of trade and bets upon the price of grain. The miners who go a thousand feet into the earth or climb two thousand feet upon the cliffs...are as much businessmen as the few financial magnates who in a back room corner the money of the world...It is for these that we speak. We do not come as aggressors. Ours is not a war of conquest. We are fighting in defense of our homes, our families, and our posterity. We have petitioned, and our petitions have been scorned. We have entreated, and our entreaties have been disregarded. We have begged, and they have mocked when our calamity came. We beg no longer; we entreat no more; we petition no more. We defy them...We shall answer their demands for a gold standard by saying to them, 'You shall not press upon the brow of labor this crown of thorns. You shall not crucify mankind upon a cross of gold.'"

Bryan Nominated

In all the history of national conventions never had an orator so completely swayed a multitude; not even Yancey in his memorable plea in the Charleston convention of 1860 when, with grave and moving eloquence, he espoused the southern cause against the impending fates. The delegates, after cheering Mr. Bryan until they could cheer no more, tore the standards from the floor and gathered around the Nebraska delegation to renew the deafening applause. The platform as

reported was carried by a vote of two to one and the young orator from the West, hailed as America's Tiberius Gracchus, was nominated as the Democratic candidate for president. The South and West had triumphed over the East. The division was sectional, admittedly sectional—the old combination of power which Calhoun had so anxiously labored to build up a century earlier. The Gold Democrats were repudiated in terms which were clear to all. A few, unable to endure the thought of voting the Republican ticket, held a convention at Indianapolis where, with the sanction of Cleveland, they nominated candidates of their own and endorsed the gold standard in a forlorn hope.



Bryan/Sewall campaign poster

The Democratic Platform

It was to the call from Chicago that the Democrats gave heed and the Republicans made answer. The platform on which Mr. Bryan stood, unlike most party manifestoes, was explicit in its language and its appeal. It denounced the practice of allowing national banks to issue notes intended to circulate as money on the ground that it was “in derogation of the Constitution,” recalling Jackson’s famous attack on the Bank in 1832. It declared that tariff duties should be laid “for the purpose of revenue”—Calhoun’s doctrine. In demanding the free coinage of silver, it returned to the practice abandoned in 1873. The income tax came

next on the program. The platform alleged that the law of 1894, passed by a Democratic Congress, was “in strict pursuance of the uniform decisions of the Supreme Court for nearly a hundred years,” and then hinted that the decision annulling the law might be reversed by the same body “as it may hereafter be constituted.”

The appeal to labor voiced by Mr. Bryan in his “crown of thorns” speech was reinforced in the platform. “As labor creates the wealth of the country,” ran one plank, “we demand the passage of such laws as may be necessary to protect it in all its rights.” Referring to the recent Pullman strike, the passions of which had not yet died away, the platform denounced “arbitrary interference by federal authorities in local affairs as a violation of the Constitution of the United States and a crime against free institutions.” A special objection was lodged against “government by injunction as a new and highly dangerous form of oppression by which federal judges, in contempt of the laws of states and rights of citizens, become at once legislators, judges, and executioners.” The remedy advanced was a federal law assuring trial by jury in all cases of contempt in labor disputes. Having made this declaration of faith, the Democrats, with Mr. Bryan at the head, raised their standard of battle.

The Heated Campaign

The campaign which ensued outrivaled in the range of its educational activities and the bitterness of its tone all other political conflicts in American history, not excepting the fateful struggle of 1860. Immense sums of money were contributed to the funds of both parties. Railway, banking, and other corporations gave generously to the

Republicans; the silver miners, less lavishly but with the same anxiety, supported the Democrats. The country was flooded with pamphlets, posters, and handbills. Every public forum, from the great auditoriums of the cities to the “red schoolhouses” on the countryside, was occupied by the opposing forces.

Mr. Bryan took the stump himself, visiting all parts of the country in special trains and addressing literally millions of people in the open air. Mr. McKinley chose the older and more formal plan. He received delegations at his home in Canton and discussed the issues of the campaign from his front porch, leaving to an army of well-organized orators the task of reaching the people in their home towns. Parades, processions, and monster demonstrations filled the land with politics. Whole states were polled in advance by the Republicans and the doubtful voters personally visited by men equipped with arguments and literature. Manufacturers, frightened at the possibility of disordered public credit, announced that they would close their doors if the Democrats won the election. Men were dismissed from public and private places on account of their political views, one eminent college president being forced out for advocating free silver. The language employed by impassioned and embittered speakers on both sides roused the public to a state of frenzy, once more showing the lengths to which men could go in personal and political abuse.

The Republican Victory

The verdict of the nation was decisive. McKinley received 271 of the 447 electoral votes, and 7,111,000 popular votes as against Bryan’s 6,509,000. The

congressional elections were equally positive although, on account of the composition of the Senate, the “hold-over” Democrats and Populists still enjoyed a power out of proportion to their strength as measured at the polls. Even as it was, the Republicans got full control of both houses—a dominion of the entire government which they were to hold for fourteen years—until the second half of Mr. Taft’s administration, when they lost possession of the House of Representatives. The yoke of indecision was broken. The party of sound finance and protective tariffs set out upon its lease of power with untroubled assurance.



Bryan depicted as a Populist snake swallowing the Democratic Party, 1896 cartoon from the pro-GOP magazine *Judge*

REPUBLICAN MEASURES AND RESULTS

The Gold Standard and the Tariff

Yet strange as it may seem, the Republicans did not at once enact legislation making the gold dollar the standard for the national currency. Not until 1900 did they take that positive step. In his first inaugural address President McKinley, as if still uncertain in his own mind or fearing a revival of the contest just closed, placed the tariff, not the money question, in the forefront. “The people have

decided,” he said, “that such legislation should be had as will give ample protection and encouragement to the industries and development of our country.” Protection for American industries, therefore, he urged, is the task before Congress. “With adequate revenue secured, but not until then, we can enter upon changes in our fiscal laws.” As the Republicans had only forty-six of the ninety Senators, and at least four of them were known advocates of free silver, the discretion exercised by the president in selecting the tariff for congressional debate was the better part of valor.

Congress gave heed to the warning. Under the direction of Nelson P. Dingley, whose name was given to the bill, a tariff measure levying the highest rates yet laid in the history of American imposts was prepared and driven through the House of Representatives. The opposition encountered in the Senate, especially from the West, was overcome by concessions in favor of that section; but the duties on sugar, tin, steel, lumber, hemp, and in fact all of the essential commodities handled by combinations and trusts, were materially raised.

Growth of Combinations

The years that followed the enactment of the Dingley law were, whatever the cause, the most prosperous the country had witnessed for many a decade. Industries of every kind were soon running full blast, labor was employed, and commerce spread more swiftly than ever to the markets of the world. Coincident with this progress was the organization of the greatest combinations and trusts the world had yet seen. In 1899 the smelters formed a trust with a capital of \$65,000,000; in the same year the

Standard Oil Company with a capital of over one hundred millions took the place of the old trust; and the Copper Trust was incorporated under the laws of New Jersey, its par value capital being fixed shortly afterward at \$175,000,000. A year later the National Sugar Refining Company of New Jersey started with a capital of \$90,000,000, adopting the policy of issuing to the stockholders no public statement of its earnings or financial condition. Before another twelvemonth had elapsed all previous corporate financing was reduced to small proportions by the flotation of the United States Steel Corporation with a capital of more than a billion dollars, an enterprise set in motion by the famous Morgan banking house of New York.

In nearly all these gigantic undertakings, the same great leaders in finance were more or less intimately associated. To use the language of an eminent authority: *“They are all allied and intertwined by their various mutual interests. For instance, the Pennsylvania Railroad interests are on the one hand allied with the Vanderbilts and on the other with the Rockefellers. The Vanderbilts are closely allied with the*

Morgan group....Viewed as a whole we find the dominating influences in the trusts to be made up of a network of large and small capitalists, many allied to one another by ties of more or less importance, but all being appendages to or parts of the greater groups which are themselves dependent on and allied with the two mammoth or Rockefeller and Morgan groups. These two mammoth groups jointly...constitute the heart of the business and commercial life of the nation.” Such was the picture of triumphant business enterprise drawn by a financier within a few years after the memorable campaign of 1896.

America had become one of the first workshops of the world. It was, by virtue of the closely knit organization of its business and finance, one of the most powerful and energetic leaders in the struggle of the giants for the business of the earth. The capital of the Steel Corporation alone was more than ten times the total national debt which the apostles of calamity in the days of Washington and Hamilton declared the nation could never pay. American industry, filling domestic markets to overflowing, was ready for new worlds to conquer.