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

Presented by:
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I. The “Bloody Shirt” Elects Grant

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

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

• Republicans:
  • Freed from Union party coalition of war days
  • Nominated Grant for presidency in 1868
  • Platform called for continued Reconstruction of South
  • Grant “Let us have peace”

• Democrats:
  • In their nominating convention, denounced military Reconstruction but could agree on little else

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

— Wealthy eastern delegates demanded federal war bonds be redeemed in gold
— Poorer Midwestern delegates called for redemption in greenbacks (Ohio Idea)
— Debt-burdened agrarian Democrats hoped to keep more money in circulation and keep interest rates low

• Disputes introduced bitter contest over monetary policy that continued until century’s end
• Midwestern delegates got the platform but not the candidate
  — Nominee Horatio Seymour repudiated Ohio Idea
I. The “Bloody Shirt” Elect Grant (cont.)

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

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

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

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

II. The Era of Good Stealings (cont.)

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

II. The Era of Good Stealings (cont.)

• Conspirators worked on President Grant directly:
  – And through his brother-in-law who received $25,000 for complicity

• For weeks Fisk and Gould bid price of gold skyward, so they could profit from its heightened value:
  – On “Black Friday” (September 24, 1889) bubble broke when Treasury compelled to release gold
  – Price of gold plunged
  – Scores of honest businesspeople driven to the wall
  – Congressional probe concluded Grant had done nothing crooked, but had acted stupidly
II. The Era of Good Stealings (cont.)

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

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

III. A Carnival of Corruption

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

- Formal censure of two congressmen
- Revelation that vice-president accepted payments from Credit Mobilier

- Breath of scandal in Washington reeked of alcohol:
  - in 1874-1875, Whiskey Ring robbed Treasury of millions in excise-tax revenue
  - Grant’s own private secretary among culprits
  - Grant volunteered a written statement to jury that helped exonerate thief

- Bribes:
  - Secretary of War William Belknap (1876) forced to resign after pocketing bribes from suppliers to Indian reservations
  - Grant accepted his resignation “with great regret”

IV. The Liberal Republican Revolt of 1872

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

- Democrats:
  - Endorsed Greeley’s candidacy
  - He had blasted them as traitors, slave shippers, saloon keepers, horse thieves, and idiots
  - He pleased them when he pleaded for clasping hands across “the bloody chasm”
  - Republicans dutifully renominated Grant
  - Voters had to choose between two non-politicians, neither of whom truly qualified
IV. The Liberal Republican Revolt of 1872 (cont.)

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

V. Depression, Deflation, and Inflation

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

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

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

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

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

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

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

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

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

VI. Pallid Politics in the Gilded Age

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

- How can paradox of political consensus and partisan fervor be explained?

- Sharp ethnic and cultural differences in membership of two parties:
  - Distinctions of style and tone, especially religious sentiment
  - Republicans adhered to creeds that traced lineage to Puritanism:
    - Strict codes of personal morality
    - Believed government should play role in regulating both economic and moral affairs of society

- Democrats:
  - More likely to adhere to faiths that took a less stern view of human weakness
  - Religion professed toleration in an imperfect world
  - Spurned government efforts to impose single moral standard on entire society

- Differences in temperament and religious values produced raucous political contests at local level, esp. on issues like prohibition and education

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

- Democrats:
  - Immigrant Lutherans and Roman Catholics figured heavily
  - More likely to adhere to faiths that took a less stern view of human weakness
  - Religion professed toleration in an imperfect world
  - Spurned government efforts to impose single moral standard on entire society

- Republicans:
  - Strength largely in Midwest and rural, small-town Northeast
  - Freedmen in South continued to vote Republican in significant numbers

- Solid electoral base in South
- In northern industrial cities—with immigrants and well-oiled political machines
VI. Pallid Politics in the Gilded Age (cont.)

-- Members of Grand Army of the Republic (GAR)—politically potent fraternal organization of several hundred thousand Union veterans of Civil War

-- Patronage—lifeblood of both parties:
  • Jobs for votes, kickbacks, party service
  • Boisterous infighting over patronage beset Republican party in 1870s and 1880s
  • Roscoe ("Lord Roscoe") Conkling—embraced time-honored system of civil-service jobs for votes

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

-- Half-Breeds wanted some civil-service reform:
  • Champion was James G. Blaine of Maine
  • Two personalities succeeded only in stalemating each other and deadlocking party
VII. The Hayes-Tilden Standoff, 1876

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

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

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

Map 23.1
VII. The Hayes-Tilden Standoff, 1876 (cont.)

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

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

VIII. The Compromise of 1877 and the End of Reconstruction

• Compromise of 1877:
• Deadlock broken by Election Count Act:
  – Passed by Congress in early 1877
  – Set up electoral commission of fifteen men selected from Senate, House and Supreme Court (see Table 23.1)
  – February 1877, a month before Inauguration Day, Senate and House met to settle dispute
VIII. The Compromise of 1877 and the End of Reconstruction (cont.)

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

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

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

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

- Compromise bought peace at a price:
  - Partisan violence averted by sacrificing civil rights of southern blacks
  - With Hayes-Tilden deal, Republican party abandoned commitment to racial equality

- Civil Rights Act of 1875:
  - Last gasp of feeble radical Republicans
  - Supreme Court pronounced much of act unconstitutional in Civil Rights Cases (1883)

- Court declared Fourteenth Amendment prohibited only government violation of civil rights, not denial of civil rights by individuals
- When President Hayes withdrew federal troops that were propping up Reconstruction governments, Republican regimes collapsed
IX. The Birth of Jim Crow in the Post-Reconstruction South

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

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

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

- Tolerated violent intimidation of black voters

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

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

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

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

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

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

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

XI. Garfield and Arthur

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

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

- Garfield lingered in agony for 11 weeks
- Died on September 19, 1881:
  - Guiteau found guilty of murder and hanged
  - Garfield's murder had one positive outcome:
    - Shocked politicians into reforming shameful spoils system
  - Unlikely instrument of reform was Chester Arthur

- Pendleton Act (1883):
  - Magna Carta of civil-service reform
  - Made compulsory campaign contributions from federal employees illegal
XI. Chester and Arthur (cont.)

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

XI. Chester and Arthur (cont.)

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

XII. The Blaine-Cleveland Mudslingers of 1884

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

• Cleveland’s admirers soon got shock:
  – Learned he had an illegitimate son
  – Made financial provision for son

• Campaign of 1884 sank to perhaps lowest level in American experience:
  – Personalities, not principles, claimed headlines
XII. The Blaine-Cleveland Mudslingers of 1884 (cont.)

- Contest hinged on state of New York, where Blaine blundered badly in closing days of campaign
- Republican clergy called Democrats party of “Rum, Romanism, and Rebellion” insulting culture, faith, and patriotism of New York’s Irish American voters
- Blaine refused to repudiate phrase
- New York Irish vote gave presidency to Cleveland

- Cleveland swept solid South and squeaked into office with 219 to 182 electoral votes
- 4,879,507 to 4,850,293 popular votes
XIII. “Old Grover” Takes Over

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

XIII. “Old Grover” Takes Over (cont.)

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

XIII. “Old Grover” Takes Over (cont.)

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

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

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

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

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

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

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

• Money used to line up corrupt “voting cattle” known as “repeaters” and “floaters”
• In Indiana, crucial “swing” state, votes purchased for as much as $20 each

— Election day:
• Harrison nosed out Cleveland 233 to 168 electoral votes
• Change of 7,000 N.Y. ballots would have reversed outcome
• Cleveland polled more popular votes:
  = 5,537,857 to 5,447,129
• Became first sitting president defeated since Martin Van Buren in 1840

XV. The Billion-Dollar Congress

• Republican in office:
  — Had only three more votes than necessary in House for quorum
  — Democrats obstructed House business by refusing to answer roll calls:
    • Demanded roll calls to determine presence of quorum
    • Employed other delaying tactics
  — New Republican Speaker of House: Thomas B. Reed of Maine
XV. The Billion-Dollar Congress (cont.)

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

XV. The Billion-Dollar Congress (cont.)

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

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

XVI. The Drumbeat of Discontent (cont.)

- Shorter workday and immigration restrictions
- Populists uproariously nominated Greenbacker, General James Weaver
- Homestead Strike (1892):
  - At Andrew Carnegie’s Homestead steel plant, near Pittsburgh, officials called in 300 armed Pinkerton detectives to crush strike by steelworkers over pay cuts
  - Strikers forced Pinkerton assailants to surrender after vicious battle that left 30 dead and 60 wounded
  - After troops entered, union broken
XVI. The Drumbeat of Discontent (cont.)

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

Map 23.3
XVI. The Drumbeat of Discontent (cont.)

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

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

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

XVII. Cleveland and Depression

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

XVII. Cleveland and Depression (cont.)

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

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

XVII. Cleveland and Depression (cont.)

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

XVII. Cleveland and Depression (cont.)

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

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

XVII. Cleveland and Depression (cont.)

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

XVIII. Cleveland Breeds a Backlash

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

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

XIII. Cleveland Breeds a Backlash (cont.)

- Democrats' political fortunes:
  - Suffered several setbacks:
    - House Democrats dislodged in 1894
      - Republicans won congressional election in landslide
      - 244 seats to 105 for Democrats
      - Republicans looked forward to presidential race of 1896
    - Cleveland failed to cope with economic crisis of 1893:
      - Became one of "forgettable presidents" along with Grant, Hayes, Garfield, Arthur, and Harrison