

History 323

Re: Farm Grievances

I. Short Overview of Farm Protest(1870-1900)

Big question: "What the hell was eating the farmers in America in the three decades after the Civil War?" Why were they raising more hell than corn?

Many of the economists in the reading for today assure us that there was no real economic or perceived economic reasons for farm protest. All the indicators suggest that economically these were good years.

(1) Railroad rates were on the decline/ as were farm prices/ but rr rates were declining more rapidly providing favorable agricultural terms of trade. Deflationary cycle to be sure/ but everything was declining in price. . .

(2) Mortgage rates were not excessive/ and credit was readily available

Still farmers in America were politically on the warpath during the so-called Gilded Age. Examples:

(1) Granger Movement-- ultimately took political action in the Midwest by taking over the state legislatures and with the Munn vs. Illinois (1876) they moved to the state regulation of rrs, warehouse rates, elevator rates, etc. Farmers moved into politics

(2) Cooperative movements/ Dallas exchange for next period

(3) SE strike of the Jay Gould Missouri-Pacific RR the farmers in Texas and their organization called the Texas Alliance joined the rr workers and the Knights of Labor in trying to closing down the Gould-owned rr line. There was serious talk about a labor/farmer third party in the 1880s.

(4) In the 1890s the farmers moved into the national party organization called the Populist Party. In 1892 the Populist ran a third party in the national presidential campaign and drew over 1,000,000 votes. The platform was for the times extremely radical: public ownership of rrs, telephone and telegraph systems; direct election of senators; free coinage of silver (inflationary policies), and the sub-treasury scheme (to bring the national government into the banking/credit business).

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Source: Anne Mayhew, "A Reappraisal of the Causes of Farm Protest in US, 1870-1900"
JEH (June 1972)

III. Efforts at Reconciliation

Explanation directed at Midwest farmers/and far west only. Does not include the Southern Populist Movement of the 1880s and 1890s.

Answer: Commercialization of farming.

A process that happened rather suddenly in the midwestern farm belt areas.

(1) Prior to the Civil War many farmers sold their surpluses into the local markets. Perhaps they dealt with markets that 30 to 40 miles away and shipped their own goods via horse and wagon. In short, they had little transportation costs to consider.

By the end of the Civil War railroad systems were in place and attracted farmers who dreamed of the profits that would roll in from markets that were great distances. Perhaps even outside of the United States.

(2) Prior to the Civil War many Midwestern farmers on family spreads consumed their own produce and relied on surpluses for extra income. But with the expansion of the mortgage houses into the farm regions credit was available. Many of these credit sources were tied to Eastern financial houses who made credit easily available or made mortgages on expanding the family farm more attractive, etc. . . Farmers expanded with mortgage money available and may have used credit to mechanize to work the additional acreage (in a labor scarce area).

Farmers and the international market Productivity was up even if farm prices now were not all that stable or predictable. For example, grain farmers could not really know how the weather in Australia was going to influence international grain market and prices.

In short, the commercialization of farming after the Civil War meant that farmers were paying for ~~input~~ inputs at a scale never before -- transportation costs, elevator costs, warehouse costs, mortgage rates, and interest rates. He was now into commercialized farming with all the promises of profits and all the risks that the system implied.

His new creditors did not return a sympathetic ear about bad weather, insect infestations, family illness, etc. when the monthly payments were due. . . .

When he was dealing with the local country store or the local banker, etc. this might be true. . . But now he was in the commercial network. . . .

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Re: Notes w/ Farm Grievances

Through the reading about farmers and their grievances the authors are always citing the farmer of the Midwest & the Great Plains.

What were the perceived grievances? Why were the farmers raising more hell and less corn? They claimed that their status after the Civil War--from 1870 to 1900--was in absolute decline. Was it?

We get the view that (1) in terms of trade, that is while farm prices were falling they were not falling as much as prices for things he bought. So he was much better off in this terms of trade relationship; Text argues that over this 30 year period farmers' real income rose between 45 to 111%. . . . [Applied only to farmers in Illinois, Indiana, Iowa, and Wisconsin).

Other complaints or other "villains" farmers had specific mads against. And they did have specific angers: monopoly was the great exploiter. Was this true?

(1) moneylenders--interest rates were "too high"--even though Bogue makes case that over this period of time interest rates were nationally falling, they were still "too high." Perhaps it was that farmers had come to expect only benefits from borrowing money and not the possibilities of "loss." When farmer now borrowed from an Eastern lender he had to reveal all the operations of the farm, etc. And of course Eastern moneylenders demanded prompt payment. The farmer was being introduced into the "cold economic world" of commercial farming.

(2) railroad rates--another monopoly--what does Higgs say about railroad rates?

There maybe something in the view that what was really "bugging" the farmers of the Midwest and the Great Plains states was the new economic world they found themselves in. The commercialization of farming held out the prospects of business profits and business success but to enjoy these advantages the farmer had to adjust to a new economic environment. In order to enjoy the new profits of commercial farming he had to rely now on credit sources that were foreign to him; to deal w/ railroads or a railroad; to deal with a grain dealer, etc. To see his farm produce and prices in competition w/ farm produce from foreign markets that could cause fluxuations in the prices -- and sometimes downward.

If he was going to get credit to buy more land; or use credit to buy more machinery--in puts-- he had to sell more crops in the commercial marketplace and therefore to enter a world in which he dealt with "agents" of monopolies or Eastern creditors, etc, and to be prepared to see prices for his produce affected by international market developments that he was unprepared to handle, etc.

History 319
Re: Agriculture

The Agrarian Myth

The turnip and romanticismA myth that had its origins among the cultured and the kosmopolitam. . .It represents a kind of homage Americans had paid to the fanciful or fancied innocence of their origins.

For generations American have ~~to~~ told the farmer that he was somehow special, blessed by God, and that the farmers' voice was the voice of democracy and of virtue itself. The agrarian myth convinced farmers in the Postbellum period that they were not themselves an organic part of the whole order of human business enterprise and speculation, partaking of its benefits and taking like risks with everyone else/

The farmer came to believe that he was an innocent victim of a conspiracy hatched in the East. . .In Wall Street, etc. . .

Yet in the Gilded Age the farmer -- commercial farmer --responded to his business problems just like the business world in general. He tried combination, . . . Co-operation . . pressure politics . . . lobbying, . . .piecemeal activity directed at specific goals.

Pattern of settlement in the West:

The commercial ethos was central to the farmers actions.

Farmers moved into the West under the Homestead Act and settled relatively cheap land. His rate of profits was high if he had good crops. This encouraged him to buy more land on his profit margin, more land than he could usually efficiently manage. The rapid appreciation on the price of his land led him to try and realize his gains in advance by mortgaging. As fast as he could increase his loan he would do so, using the funds for further investment or speculation.

He was hit by high credit and he did get gouged by grasping creditors and railroad rates, etc. But he operated under the assumption that he could mount up his debts under the sanguine belief that crops and prices of the future would match those in the present or be better. . .

All that was needed to drop him economically was a bad year--drought, pests, international surpluses on the international market, etc. . .And he could be wiped out. . .

Then the commercial farmer would in many cases revert back to nature's Nobleman. . .Victimized by a congeries of forces that were out to exploit him and ruin him, etc. . .

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Re: Agriculture

Farm Grievances

Economists pointing out that deflation was not at the root of farm grievances--at least not in justice. Their problem was indebtedness. . . . They incurred themselves.

(1) Deflationary cycle -- deflation was a fact of life for everyone during most of the Gilded Age period.

But farm prices were not falling as steadily as those in manufacturing. While the quality of farm goods remained about the same. . . the quality of manufactured goods was steadily improving. In short, the farmer was getting more for his money

(2) Mortgage rates:

The farmers argued that the money lenders and rates of interest on their indebtedness was exploitative. They were gouged.

Point being: Farmers borrowed in good times for expansion or speculative purposes (land speculation). Then they had to pay back heavy rates of interest in times of falling prices. He had to pay back dollars that were worth more than they were at the time he borrowed.

(#) International market prices

He had to compete with other nations in areas of wheat, cotton, beef. . . .

Beef with the Argentine, Australia

Cotton with Egypt, So. Africa. . . India.

Wheat with the Ukraine

International prices would be set by supply and demand factors that were beyond the farmers control and even his understanding. . . .

(3) railroad and warehouse rates. . . .

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The commercialization of the American farmer is best revealed in-
the way he responded to his problems in the same way that the business
community responded:

Combination

Co-operation(Grange movement)

pressure politics(see the Grange cases against the roads)

lobbying

piecemeal activity directed at specific goals
from the federal govt.

Commercial or economic nexus of the farmer:
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They depended upon making heavy use of agricultural machinery.
They depended upon banks and loan companies for credit, on merchants
and other middlemen to grade, store, and sell their crops. They experienced
both the benefits of commercial agriculture and its drawbacks to an
extraordinary degree. . . .