

Gilded Age Politics

Despite the great changes occurring in the country in the late 19th century the federal government still had relatively few functions. There was no national social welfare system and only minimal federal regulation of the economy.

The slowness of the government to take on new functions was a product, in part, of relatively evenly matched political parties. Elections were hard fought and typically won on the narrowest of margins. Republicans dominated the Presidency in this era, but Congress was generally split between the two parties. Only briefly, in 1881-1883, did a Republican President enjoy the support of a unified Republican Congress, and only in 1893-1895 did a Democratic President have a Democratic Congress. This condition of virtual political stalemate tended to stifle innovation.

Compounding this inertia was the growing influence of large national corporations which had few scruples about using their money and power to control government functions.

There were some significant differences between the parties in terms of their ideologies. The Republican party of this era was more “pro-government”. They argued that government had the right and obligation to help stimulate and shape the economy. In pragmatic terms this was reflected in their support for high protective tariffs to shut out foreign competition and encourage domestic industries; in federal funding for transportation projects such as railroads and harbor improvements; and in government funding for education. They were also more in favor of actively using government for the purpose of regulating social and moral relationships. Their support came mostly from the industrializing North.

Democrats, on the other hand, believed in limited government. They argued that the economy worked best when it was left alone rather than regulated by the government, and typically rejected any efforts to regulate social or moral relationships, although there was some variation on these issues between the northern and southern wings of the party. Democrats were strong in the South, the West, and amongst immigrant voters in Northern cities.

Voter turnout for both parties was quite high. Today it's normal to expect 50-60% of registered voters to turn out for a national election; in the late 19th century 70-80% was more typical. There were several major factors which inspired this enthusiasm.

Cultural issues were extremely important. Lingering resentments over the Civil War, for instance, continued to shape people's electoral behavior. Many Southern voters, for instance, were bitterly hostile to the Republican party – the party of Lincoln which had led the North in the Civil War. Similarly, many northerners despised the Democrats as the party of “treason”, since this had been the majority party in the South. Issues such as immigration and prohibition were similarly volatile. Republicans were

more likely to be evangelical, crusading Protestants. They were alarmed at the rise rate of Catholic immigration from Southern and Eastern Europe and often took the lead in urge immigration restrictions. They also were more likely to favor the strict regulation or outright prohibition of alcohol. This stance obviously alienated and alarmed many immigrant voters and those who were less likely to see drinking as a mortal sin.

Popular participation in politics was driven by other factors as well. During this era there was a rapid growth in political “machines”. Both parties sought to recruit campaign workers and voters by engaging in “patronage politics”: i.e., offering their supporters government jobs in exchange for their loyalty. Mass participation and enthusiasm was driven as well by the entertainment value of politics. While this may sound a bit strange to us today, in the era before mass popular entertainment, such as film, radio or television, people had to look elsewhere for diversions. Political rallies typically included free food and drink to be enjoyed while listening to the candidates speak. Oratory was considered an art form and much of it consisted of heaping scorn upon the opponent. People were intensely loyal to their party in the same way that many people today are loyal to their particular sports teams.

While government was relatively inactive in this era, the rapid changes in American society did begin to slowly force it to grow and take action. As the number of government employees climbed, so did concerns about political corruption. Career politicians at all levels of government were eager to use these public jobs to reward their followers, ensuring that many employees had no qualification other than their political partisanship. The solution pushed by reformers was a Civil Service system where public employees would be selected on the basis of nonpartisan examinations that tested their ability to actually perform their jobs competently. Both parties practiced “patronage politics” – that is, using government jobs as rewards to build up a political machine to support them – thus there was considerable resistance to this change. Nonetheless, pressure for reform grew, in part because of the intense conflicts that arose not only between the parties, but within the parties in their relentless quest to control more patronage positions. Within the Republican party, for instance, two factions fiercely contested for power and patronage: the Stalwarts and the Half-Breeds.

The movement for Civil Service reform received a huge boost from the tragic assassination of President James A. Garfield. Charles Guiteau, a Republican Stalwart, had expected to receive a government job in exchange for his labors in the 1880 election. Convinced that he had personally helped ensure Garfield’s election, he dreamed of being appointed to a diplomatic post, but the Garfield administration paid no attention to his clearly insane demands. Infuriated, Guiteau shot the President, exultantly shouting out, “I am a Stalwart of the Stalwarts! I did it and I want to be arrested! Arthur is President now!” His reference to partisanship within the Republican party highlighted the extent to which patronage politics had gotten out of control. Many also wished to honor President Garfield’s campaign promise of reform. This helped ensured the passage of the Pendleton Civil Service Act in 1883 with large majorities in both Houses of Congress. The act sought to eliminate political partisanship in employment by requiring competitive examinations and selection on the basis of merit rather than political loyalty.

This era also witnessed several battles between Democrats and Republicans over policy issues. One debate concerned tariff rates. The Republicans advocated a high protective tariff to shut out foreign

competition and stimulate domestic manufacturing – in effect, a government subsidy to industry. This had been the policy of the government since the Civil War. In 1888 Republican Congressman William McKinley, who would later become President, defended this policy:

"Free foreign trade gives our money, our manufactures, and our markets to other nations to the injury of our labor, our trades people, and our farmers. Protection keeps money, markets, and manufactures at home for the benefit of our own people."

Democrats in turn argued for a more free-market approach: lower tariffs that would allow foreign goods to freely compete with American goods. They argued that this would benefit consumers and encourage greater competition and economic efficiency. They saw high tariffs as an inherently corrupt concession to corporate trusts. This became a major issue for President Grover Cleveland, the first Democratic President to be elected since 1856, but ultimately he was unable to achieve any change. Tariff barriers would remain extremely high until the early 20th century when another Democratic President, Woodrow Wilson, proved more successful in securing reductions.

Another issue that roiled politics in the late 19th was the battle over Civil War pensions. The Republican party strongly supported generous benefits for veterans of the Union army. Their motives were not entirely selfless: the pensions were only for soldiers who had fought for the North, a large majority of whom were Republican. Indeed, during this period Union veterans formed an organization known as the Grand Army of the Republic (GAR) with over half a million members. It was a strong political lobby, closely connected to the Republican party. In 1887 Congress passed the Dependent Pension Bill, which provided a pension for all disabled veterans who had seen at least 90 days of service, regardless of the reasons for the disability. President Cleveland, a fiscally conservative Democrat, vetoed the bill, but it was re-passed in 1890 and signed by a Republican President, Benjamin Harrison.

The Republicans also sought to spend money on other projects. In periods where they had sufficient political power to pass legislation, they poured money into transportation projects, such as improvements to harbors and river navigation. This became particularly notable in the first two years of Harrison's presidency with Republicans controlling both Houses of Congress and the Presidency. They were unsuccessful, though, in passing federal support for public education and civil rights legislation to protect the voting rights of African-Americans.

By the late 1880s it was also becoming increasingly clear that the government would have to find some way to curb the growing power of corporate monopolies. In 1887 Congress, with bipartisan support, created the first federal regulatory agency: the Interstate Commerce Commission. Its purpose was to regulate the railroads. The act forbade certain practices, such as the granting of secret rebates to larger shippers, and gave the Commission to set rates. Lack of enforcement provisions, however, largely crippled this agency: it would not have a significant impact until the early 20th century when it was given additional powers. Similarly, in 1890 Congress passed the Sherman Anti-Trust Act which sought to curb the ability of powerful corporate monopolies to artificially manipulate the marketplace and shut out small competitors. Like the Interstate Commerce Commission, it would prove largely ineffective until the early 20th century.

The final issue that troubled the politics of this era was currency. The key problem was the basis of the monetary system: gold, silver, or both? While this may seem obscure to us today, for this people of this time it had huge ramifications. As of the 1890s the United States had a bi-metallic standard -- that is, both gold and silver were used as the basis for issuing currency. The more precious metals the government held in their vaults, the more paper money they could issue. Having plentiful, "cheap" money was critical for people who wanted to borrow or those who owed debts. It made it easier for them to get loans or pay off the loans they had. Other interests, however, pushed for a more deflationary currency based solely upon gold. This issue would provide a lynchpin for the emerging Populist movement.

The Populist movement grew out of the discontent of Southern and Western farmers with the inability of the federal government to address their problems. While there had been efforts during the 1880s and 1890s to increase federal regulation of the economy, this had proven to be less than effective.

What, in particular, were the problems faced by farmers in these regions?

Debt was a huge issue. Farmers in the South were increasingly losing their farms and slipping into tenancy -- farming someone else's land as tenants or sharecroppers. Within this system they became trapped in a system of "debt peonage", unable to accumulate enough savings to ever buy their own land. Farmers in the West were similarly often deeply in debt, particularly because of the machinery necessary to work the land in the arid regions.

Many farmers also felt that they were being taken advantage of by corporations and middle-men. Getting their crops to market often meant shipping long distances on railroads: railroads which often charged exorbitant rates and secretly charged small farmers more than larger growers. Once the crops reached the market, small farmers faced another problem. Since crops were typically harvested in particular months, during these periods the market was flooded, lowering prices. The logical thing for farmers to do was to store part of their crops and then release it as prices rose, but in most cases they didn't have the long-term storage facilities to do this. Instead, they had to sell their crops to middle-men when the price was low. These large wholesalers could then store the crops and reap the benefits as prices rose. Farmers suffered as well when they purchased goods such as farm machinery. They resented the high costs, suspecting that they were being cheated by corrupt manufacturing monopolies and unscrupulous merchants.

What was their solution to these problems?

The first general organization which sought to address the issues facing farmers was the National Grange. They sought to set up buy and selling cooperatives, even banking cooperatives, to cut out the middle-man and help ensure farmers received the full value of their work. They had a few successes, but they were usually under-capitalized and failed. Politically they pushed to enact laws at the state level which would regulate the rates which railroads charged for shipping, but these proved less than successful.

By the 1880s the Grange was increasingly eclipsed by the Farmers' Alliance movement. Although the movement had branches throughout the country, it was strongest in the South and West: regions where farmers were particularly desperate for change. Like the Grange they experimented with buying and selling cooperatives, although these efforts usually failed. By 1890 about 2.5 million farmers were members of various Alliance organizations, including 1 million African-American farmers who joined the Colored Farmers' Alliance.

Like the Grange, the Alliance movement also sought political action, but they were different in that they looked to the national government for solutions. In 1890 they issued what became known as the Ocala Platform, listing their political demands. Concerned that politics had become corrupted by corporate wealth, they called for the direct election of U.S. Senators by the people, rather than having them appointed by state legislatures. They urged the creation of a new national banking system, controlled by the federal government, which would ease the problems faced by debtors by issuing more money. They asked that the federal government create storage facilities for their crops so they could avoid losing most of their profits to middlemen. While their crops were stored in these facilities, which they referred to as "subtreasuries", the federal government would loan farmers money using the crops as collateral, helping them escape from the clutches of credit merchants and abusive bankers. They argued that the tax system was unfair to farmers: wealthy industrialists paid no tax on their incomes but land owning farmers frequently faced stiff property taxes. To rectify this they called for a national income tax. Finally, they called for greater federal regulation of the railroads to curb the abusive practices which they believed cheated small farmers out of their rightful profits.

The political demands of the Alliance reflected the broader discontent of the American people with the corruption and inactivity of the government and the growing power of corporations. During this era Congress did tentatively respond to these concerns through measures such as the Interstate Commerce Act, which sought to impose federal regulation on the railroads, and the Sherman Anti-Trust Act, although neither proved particularly effective. Congress also responded to the demand for cheaper money through passage of the Sherman Silver Purchase Act in 1890. At this time the United States had a bimetallic currency, meaning the amount of money issued by the government was linked to the amount of gold and silver it held in its vaults. By purchasing larger amounts of silver, the government could issue more currency to put into circulation. With more money available, credit was easier to obtain and debts easier to pay off. Yet many, like the Alliance, believed that the Silver Purchase Act had not gone far enough; that even more currency should be put into circulation.

Convinced that the regular political parties were unwilling to go beyond token concessions to their demands, the Alliance backed the formation of a third party in 1892: the People's Party, also referred to as the Populists. Their demands were even more radical than those of the Ocala Platform. The 1892 Omaha Platform began with the statement that:

We meet in the midst of a nation brought to the verge of moral, political, and material ruin. Corruption dominates the ballot box, the legislatures, the Congress, and touches even the ermine of the bench. The people are demoralized..The fruits of the toil of millions are boldly

stolen to build up colossal fortunes...(and) we breed two great classes --- paupers and millionaires

They called for not just the direct election of Senators, but an entire range of democratic reforms that would give the people a greater voice in government, including the right of the people to pass laws directly through the initiative process. They demanded not simply the regulation of the railroads, but actual government ownership. "The time has come," they argued, "when the railroad corporations will either own the people, or the people must own the railroads." They ask for even greater inflation of the currency through silver purchases and condemned high protective tariffs, which they saw as subsidies to corporations which hurt the interests of ordinary consumers. Finally, seeking to develop support among urban workers, they urged the passage of immigration reform to limit the import of cheap labor and endorsed the union movement for shorter hours.

The Populists did fairly well in the election of 1892. At the national level they polled over a million votes, about 8% of the total votes cast. They elected ten Congressmen, five U.S. Senators, three state governors, and some 1500 members of state legislatures. Nonetheless, the election revealed some key weaknesses. Although the Alliance was strongest in the South, the Populists had done relatively poorly in this region: the area of their greatest strength was in the West. They had done even worse in the industrial North-East. Despite their efforts to win the support of urban workers, many of their objectives ran fundamentally counter to the interests of this group, including the demand for currency inflation. While this benefited groups like farmers, it hurt workers whose real wages would decline if the dollars they were paid in became "cheaper".

Why, paradoxically, had the Populists done so poorly in the South? One factor was the enormous structural strength of the Democratic party in the region. In the "Solid South" the Democrats were in charge -- after Reconstruction the Republican party had largely vanished. With little political competition, one party controlled most offices and the electoral process. When the Populists attempted to challenge this power, the Democratic Party used all their resources, fair and foul, to ensure that Populist candidates did not win. The other problem the Populists faced was the issue of race. Like the Alliance, the Populists had made some efforts to bridge the gap between poor whites and poor blacks. The Populist leader Tom Watson argued that:

You are kept apart that you may be separately fleeced of your earnings. You are made to hate each other because upon that hatred is rested the keystone of the arch of financial despotism which enslaves you both. You are deceived and blinded that you may not see how this race antagonism perpetuates a monetary system which beggars both...

However, race antagonism ran deep in the South and the Democrats proved extremely adept at using this issue to drive a wedge between black and white Populists and to persuade whites to continue supporting the Democratic party.

The political situation became even more complicated in 1893 when the economy collapsed into a serious depression. By 1894 some 20% of the workforce was unemployed, leading to rising unrest among wage earners. Thousands of these desperate workers attempted to march on Washington to

stage protests and demand that the federal government provide relief through public sector jobs. The most famous group under the leadership of Jacob Coxey became known as "Coxey's Army". He arrived in Washington at the head of some 6,000 followers in April of 1894 and was promptly arrested for walking on the grass of the Capitol building. This same year saw the Pullman strike violently suppressed with the use of federal troops. Many Americans saw the rising protests and escalating violence as a sign that a political revolution was at hand: a massive protest against the corporate domination of the government.

Particularly troubling for the Alliance and the Populists, the administration of President Grover Cleveland had responded to the economic collapse by successfully pressuring Congress to repeal the Sherman Silver Purchase Act. Cleveland, like many "hard money" advocates, believed that the economic downturn had been caused by "cheap money" and faulting wording in the Sherman act. They advocated the return to pure Gold Standard under which only gold would be used as the basis for issuing currency. The battle between those advocating silver (more currency) and gold (less currency) became a key issue in the election of 1896.

While it was expected that both parties would support conservative "hard money" policies, the Democratic national convention proved to be a surprise. Their party planks including such Populists demands as a graduated income tax, attacks on the trusts, and most importantly, support for the free coinage of silver. They also found a fire-breathing presidential candidate in person of William Jennings Bryan. Bryan was a young congressman from Nebraska, a farm state where Populism had become a powerful movement. Although relatively unknown, Bryan shocked the Democratic National Convention with a stirring speech in defense of free silver:

We do not come as aggressors. Our war is not a war of conquest; we are fighting in the defense of our homes, our families, and posterity....Having behind us the producing masses of the nation and the world, supported by the commercial interests, the laboring interests, and the toilers everywhere, we will answer their demand for a gold standard by saying to them: You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind upon a cross of gold

Electrified by his words, the convention acclaimed him as their standard bearer. While still wary of the Democratic party, many Populists were likewise wildly enthusiastic about Bryan. They voted to make him the Presidential candidate of the People's Party as well.

Bryan's Republican opponents immediately branded him as an agrarian radical who was bent on social revolution. This helped sway business support to the Republicans and their Presidential candidate, William McKinley. McKinley, a reliable conservative who firmly supported the gold standard, enjoyed a massive advantage over his opponent in terms of campaign contributions.

Ultimately Bryan won 46% of the popular vote, showing particular strength in the agrarian South and West, but it was not enough to win him election. With the solid support of the industrial northeast, McKinley and the Republicans swept to victory, taking control of both the Presidency and Congress.

Under McKinley's administration the Populist movement faded away. A key reason was the return of economic prosperity which seemed to validate the Republican economic program of hard money and high tariffs. Some scholars argue that one reason the economy rebounded was the discovery of new gold deposits which enabled the treasury to expand its holdings, ironically providing exactly the type of monetary expansion that the "silver bugs" had demanded.

While the Populist movement of the farmers died away, the demand for change did not. Even with renewed prosperity, many Americans believed that the political system needed to be fundamentally restructured. This leads to a period which lasted roughly from the late 1890s through the end of WWI that historians refer to as the Age of Progressive Reform.