

3

The Cooperative Vision

Building a Democratic Economy

"the foundation that underlies the whole superstructure. . . ."

To all appearances, the agrarian revolt developed in the South and West in a fashion that merged separate currents of reforming energy. The National Farmers Alliance seemed a powerful tributary of insurgency that conveyed sluggish Southerners toward the People's Party. There the mobilized reform energies of the South flowed into a raging Western torrent. That torrent had no apparent source; it seemed to have materialized from an unknown well-spring concealed somewhere in the Great Plains. The revolt in the West had simply "happened"—times were hard. So the movement of the farmers appeared to the puzzled nation in 1892. Appearances, however, were misleading. The "tributaries" of the People's Party were not divergent; indeed, they were not even tributaries; the radical currents merely needed to be traced to their common headwaters.

The ideological course to the 1892 Omaha Platform of the People's Party ran back through the Ocala Demands of 1890, the St. Louis Platform of 1889, the Dallas Demands of 1888, and the Cleburne Demands of August 1886. For in 1886 the organizational impulses of hope and self-respect generated by farmer cooperatives, impulses that were to lead to the People's Party, identified themselves. Shaped by the tensions of organizing and expanding across the nation, the new culture of a people's politics that had materialized in Texas in 1886 became known to the nation in 1892 as "Populism."

The spectacle of earnest farmer-lecturers setting off on continent-spanning journeys in the late 1880's to organize the folk, and, furthermore, doing it, appears now to have had a kind of rustic grandeur. It was, in fact, the most massive organizing drive by any citizen institution of nineteenth-century America. The broader outlines had a similar sweep: the Alliance's five-year campaign carried lecturers into forty-three states and territories and touched two million American farm families; it brought a program and a sense of purpose to Southern farmers who had neither, and provided an organizational medium for Westerners who had radical goals but lacked a mass constituency. Despite the ultimate long-term effects, the massive recruiting campaign of 1887-91 nevertheless also dramatized the impending tension within the ranks of the new movement that was beginning to form. The immediate results were far too divisive to produce any portrait of grandeur, however rustic.

As matters developed late in 1886, the remarkable growth of the Texas Alliance was a direct product of the accelerating political momentum within the order. Earnest radicals soon discovered, however, that this very momentum had produced an acute internal crisis. After some anxious months the organization preserved its cohesion, but only by a new burst of creativity keyed to further expansion. More than anything else, the surge of the Farmers Alliance across the South and then the West developed out of the order's attempt to save itself from fratricidal destruction in Texas. This ideological tension had its origin in a tense internal struggle that took place on the eve of the campaign to organize the South.

2

Many of the delegates who gathered for Charles Macune's specially called conference in Waco in January 1887 carried militant instructions from their home Alliances. The continued growth of the order since Cleburne had confirmed for the activists the practicality of aggressive advocacy. Balancing this thrust was the psychological hold the Democratic Party had on Southerners. Those who opposed the Cleburne Demands did so

not so much because of their specific content—which faithfully expressed grievances most farmers regarded as legitimate—but because of their implicit repudiation of the Democratic Party of the South.

Amid such contradictory influences, the Waco conference was threatened with partisan discord until, on the second day, Charles Macune offered a transforming proposal. Ignoring the internal divisions, he oriented the delegates toward a more basic purpose—combating the farmer's traditional problem of credit. As Alliancemen of all factions listened attentively, Macune proposed a central statewide "Farmers Alliance Exchange" as a giant cooperative to oversee the marketing of the cotton crops of Alliance members and to serve as the central purchasing medium for Texas farmers. A statewide cooperative was truly a breathtaking vision. But Macune had another challenging proposal as well. He told the delegates that the men who had developed the Alliance cooperative and had organized Texas could "organize the cotton belt of the nation." He outlined his recently conceived plans for projected merger of the Alliance with a small Louisiana farm organization and offered an inspiring vision of a Southwide monopoly of organized agriculture to combat the marketing and financial monopolies of the nation.

The delegates were, to say the least, responsive. Macune brought an individual capacity to act, and a specific plan, at the precise moment when the Alliance had completed its basic organizing job in Texas and was ready—structurally and psychologically—to move to larger tasks. Macune's proposal to organize the nation's cotton belt was a step toward a national presence that every Alliancemen could appreciate, regardless of his political inclinations. Conservative objections to the Gleburne Demands receded in importance in the face of this larger objective. Partisan wrangling was put aside. All seemed relieved that the Alliance, so obviously healthy in other respects, had not been shattered. In a wave of good feeling, the Gleburne Demands were reaffirmed—this time without dissent—and the merger with the Louisiana Farmers Union was approved. A new organization, "The National Farmers Alliance and Cooperative Union," was established. C. W. Macune was unanimously elected

president, and the Louisiana representative who was present was elected vice-president. Travel funds were allocated, organizers were selected and briefed at a specially called statewide meeting of lecturers, and the campaign was launched—all within five weeks of Macune's Waco speech.

3

Six lecturers were initially dispatched to Mississippi, six to Alabama, seven to Tennessee, five to the border state of Missouri, and three to Arkansas. Others moved into the Carolinas, Georgia, Florida, Kentucky, and Kansas. Tested in the process of organizing 200,000 farmers in Texas, they took with them detailed plans for state characters, county organizations, and suballiances, and the aggressive anti-monopoly oratory of the Alliance movement. The Macune formula for a centralized buying and selling cooperative was outlined to gatherings at hundreds of Southern crossroads from the Gulf to the Ohio River. Farmers were told how to establish the trade store system on a county level and members of suballiances were instructed in the advantages of electing one of their own number as a business agent. All of the experiences of the founders were drawn upon, as organizers also explained the value of Alliance cotton yards, Alliance trade committees, and Alliance county warehouses.

The results were spectacular. Alliances sprouted not only in every state, but in almost every county of the Old Confederacy. Dazzled by his success, lecturer J. B. Barry sent in a rhapsodic report from North Carolina. "In spite of all opposing influences that could be brought to bear in Wake County, I met the farmers in public meetings twenty-seven times, and twenty-seven times they organized. . . . The farmers seem like unto ripe fruit—you can gather them by a gentle shake of the bush."

The first organizer to leave Texas for the Deep South was the order's Traveling Lecturer, S. O. Daws. He departed in February and organized the first Mississippi Alliance on March 3, 1887. Within six months, thirty Mississippi counties had been organized and a State Alliance created. Throughout the South, Texas organizers followed the precedent set by Daws in his 1884 Texas campaign: the most aggressive local farmers were named as

organizers and briefed in the techniques of conveying the Alliance doctrine. According to a Mississippi historian, "deputies swept to every part of the state," and one even took to announcing his itinerary in the public press! By the end of 1887, twenty-one North Carolinians were at work as Alliance organizers, and the new state leader, L. L. Polk, declared he needed "five times that number" to meet the demand. Alliances had multiplied at such a rate in one North Carolina county that there was "hardly an interval of five miles . . . that does not have an organization."

The pattern was much the same everywhere. The word spread, as it had earlier in Texas, that the Alliance meant what it said about "doing something for the dirt farmer." One Texan organized over 1300 farmers in a single Alabama county. Another stayed an entire year and later claimed to have organized 1500 suballiances in Alabama and Tennessee. But not all farmers were like "ripe fruit." J. M. Perdue, the author of the *Cleburne Demands*, wrote back from Opelika, Alabama, that many farmers were "so crushed under the crop mortgage system that they have lost almost all hope of bettering their condition." In a comment that reveals the depth of agrarian animosity toward furnishing merchants and the crop lien system, Perdue added that "the threats of the grab-all family have been given out, and many of the poor are afraid to join the Alliance, fearing the major or the colonel will quit issuing rations to them at 50 percent over cash price." In spite of all hazards, however, the organizing momentum of the Alliance gradually conquered whole farming districts, the hesitant tenants joining a bit late, but joining. The demand for lecturers became so great that not enough could be supplied. In more than one county the farmers organized themselves at mass meetings and formally requested organizers to visit them and show them how to establish an Alliance. To baffled Southern Grangers, only metaphors drawn from nature could explain the organizational phenomenon that had engulfed them. The Alliance had "swept across Mississippi like a cyclone." A North Carolinian added that "a great movement, called the Farmers Alliance, has about ruined the Grange."

By the time the National Farmers Alliance and Cooperation Union of America held its inaugural convention at Shreveport, Louisiana, in October 1887, the cooperative campaign had

invaded ten states—all in eight months. President Macune announced that the Texas organizers had brought some \$2,866.50 in dues money to the national treasurer, more than enough to repay a \$500 loan advanced by the Texas Alliance. After a generation of unrelenting poverty, the farmers of the South were desperate for a message of economic salvation. The Southern yeomanry had indeed become "like ripe fruit." But the memories of political and social orthodoxy were deeply imbedded. The question posed itself: ripe for what?

4

Throughout the Western plains, the question posing itself was of a different order at first. The succession of third party defeats throughout the 1880's in the West seemed, to many radicals, to doom any possibility of broad-based reform. The swift death of the Union Labor Party in 1888 so disillusioned one young radical in Kansas that he retreated to a self-conscious display of bravado in the face of what he clearly regarded as a hopeless situation:

I know that for the man who sees the evils of the time—the want, ignorance and misery caused by unjust laws—who sets himself so far as he has strength to right them, there is nothing in store but ridicule and abuse. The bitterest thought, and the hardest to bear, is the hopelessness of the struggle, "the futility of the sacrifice."

The author of these somber words was Jeremiah Simpson, a man destined within a very short time to achieve national notoriety as "Sockless Jerry" Simpson, the very symbol of fiery prairie Populism. Indeed, a mere eleven months after he brooded over ranks grown "thin by death and desertion," Simpson offered a remarkably different appraisal of the health of the reform movement: "Our meetings are growing; at first they were held in country school houses while the other parties held theirs in the open air; now ours are outside, and the other parties are never heard of at all."

To reform candidates who saw politics solely in terms of the size of crowds at summer speech festivals, a marvelous change

had indeed come over the people of Kansas sometime between 1889 and 1890. But if the gulf between Simpson's exaggerated despair one year and his romantic optimism the next had the merit of pointing to anything at all of substance, it was that essential forms of social change are rarely those most easily seen from the rostrums of meeting halls.

The organizing problem facing reformers in the West was not a result of some rare flowering of agricultural prosperity. During the late 1880's when Simpson and others labored against the "evils of the time," agrarian distress wracked Kansas almost as fully as it did the South. But as Simpson clearly failed to grasp, the organizing hazard did not revolve simply around economic conditions. Indeed, coherent reform politics never does. Insurgent movements are not the product of "hard times"; they are the product of insurgent cultures. "Hard times" demoralize people, making coherent politics even more difficult than normal. A generation on the crop lien had taught millions the power of this political fact. Effective insurgent cultures, on the other hand, offer people hope. And from this starting point, political movements are possible—especially if times are hard. What came to Jerry Simpson's region of Kansas in 1889 was the political culture of the Alliance cooperative movement. The cooperative vision was carried to the farthest reaches of the state by scores of lecturers. In due course, a political earthquake resulted.

In charting the agrarian revolt in Kansas, therefore, it is necessary to start not with reform politicians like Simpson (who often give voice to insurgent impulses they do not fully understand), but with the men who helped generate the movement itself. The S. O. Daws of Kansas was a young man in his mid-twenties named Henry Vincent.

Kansas 5

Some months before the Texas Alliance deployed its lecturers through the South, the town of Winfield, Kansas, in Cowley County near the Oklahoma border, discovered that it had suddenly acquired a young radical who had descended upon the quiet hamlet with the intention of opening a newspaper.

That young man was to prove one of the most energetic Populists of them all.

Henry Vincent was one of five sons of James Vincent, a rather unusual man in his own right. A radical egalitarian, abolitionist, and free thinker, the senior Vincent put himself through Oberlin College as a youth, married, and moved to a farm near Tabor, Iowa. He became western correspondent for Greeley's *New-York Tribune* and Garrison's *Liberator*, worked for the American Anti-Slavery Society, and operated an underground railroad and school at Tabor. He seems to have rather thoroughly transmitted his humanist views and a measure of his tenacity to all of his children—especially to young Henry. At the age of seventeen, Henry began a journal called the *American Nonconformist*, which he printed on a thirty-five-dollar hand press in Tabor. Seven years later, he, along with two of his brothers, thirty-year-old Cuthbert and twenty-three-year-old Leopold, migrated to Cowley County in Kansas. The brothers selected Winfield for the site of their journalistic effort after a careful inspection of other locales in what seems to have been a search for a climate conducive to social change. Grandly entitling the venture *The American Nonconformist and Kansas Industrial Liberator*, Henry and his brothers unleashed among their boom-conscious Kansas neighbors a startling brand of journalism. The inaugural issue of October 7, 1886, declared:

This journal will aim to publish such matter as will tend to the education of the laboring classes, the farmers and the producer, and in every struggle it will endeavor to take the side of the oppressed as against the oppressor, provided the "underdog" has concern for his own hide to defend himself when he is given the opportunity, and not turn and bite the hand of him who has labored for his freedom, by voting both into a worse condition than before.

The Vincents established a far-flung system of exchanges with other agrarian and labor newspapers and kept a careful nationwide watch on political activities in behalf of the "underdog." They soon became well-informed on the activities of both the Knights of Labor, then at its national peak of influence, and the

Farmers Alliance, then still confined to its Texas origins. The *Nonconformist* praised the racial liberalism demonstrated by the Knights at their integrated 1886 convention in Richmond, Virginia, and similarly applauded the aggressive spirit of the Cleburne Demands, which emerged from the little-known farm order in Texas in the same year. It duly noted the spread of the Alliance across the South, and when the Texas organizers ranged over Missouri and edged into neighboring Kansas in the summer of 1887, they quite naturally found a welcome first and foremost in Cowley County. One Texan organized a number of suballiances in the county and a second arrived later in the year to extend the Alliance message to surrounding counties. The Vincents meanwhile were busy applauding the efforts of Western radicals to reconstitute a new national third party as a home for displaced greenbackers. In the course of these third party efforts, the Vincents established relations with the radicals in the Texas Alliance who had engendered the Cleburne Demands.

By the time the third party men were ready to hold a nominating convention for the new national Union Labor Party in Cincinnati in the spring of 1888, a coterie of politically insurgent Westerners had established contact and had begun working together. The network, which was primarily composed of Kansans and Texans, also included greenback veterans from Iowa, Alabama, Nebraska, Arkansas, Missouri, and the Dakotas.

While the subsequent poor showing of the Union Labor Party in the fall elections of 1888 helped plunge radical politicians such as Jerry Simpson into despair, there was a more germane development—the spread of the *Kansas Farmers Alliance* from its base in Cowley County. The enormous growth of the order in Texas in 1885-86 came only after the founders had earlier consolidated a strong geographical base in a nucleus of counties, in the process perfecting their organizational doctrines and an accompanying rhetoric of recruitment. In 1888, the Kansas Alliance consolidated a similar base in south-central Kansas. Henry Vincent's effort to familiarize Kansas farmers with Alliance doctrines was not simply one of journalistic "education." Vincent understood that movements need organization and organizations need internal lines of communication. Late in

1888, following the disastrous third party showing in the November elections, Vincent led a group of Kansas radicals on a pilgrimage to Dallas for further briefings on the structure of the Alliance movement at the organization's national offices. Additionally, W. P. Brush, in the course of his official duties as state organizer for the Kansas Alliance, attended the 1888 convention of the National Farmers Alliance at Meridian, Mississippi. There he acquired further details of the cooperative movement and was appointed one of twelve "national lecturers" designated by the Macune-led Southerners.

In December 1888 the Farmers State Alliance of Kansas was organized. Lecturers armed with charters and equipped with the new lecturing methods spread over the state. They met with an immediate response, just as their counterparts in the South had earlier. Kansas farmers listened to the outline of the cooperative program and promptly joined the Alliance in droves. Suballiances elected business agents and county Alliances formed trade committees. As evidence of the success of the organizing campaign mounted, the *Nonconformist* interviewed Ben Clover, the new Kansas Alliance president on the progress of the order. He announced that "extensive movements are on foot." It was not an idle remark. ~~The new culture of politics was being born.~~ As the cooperative banner went up in central and eastern Kansas, a new and surprisingly democratic energy began to surface in ways that newspapers, friendly and otherwise, could scarcely ignore. In February 1889, the Harper County Alliance began bombarding the state legislature with appeals for stricter usury laws, and two months later Brown County farmers staged a mass protest against what they called "the extortions of the binding twine trust." The farmers decided to "proceed at once to the erection of a cooperative manufactory for binding twine." Elsewhere throughout Kansas, Alliance country trade committees met with merchants, wholesalers, and manufacturers. Where the farmers were rewarded with small successes, their respect for their own efforts and for their Alliance grew. When they encountered rebuffs, they talked about it together and debated the meaning of existing commercial relationships in American society. They also learned that the voting records of their

politicians indicated a surprising responsiveness to the needs of banks, railroads, and other corporations. These discoveries did not fit with the description of the Republican Party of Kansas that they had been taught since infancy to believe. Some of the farmers began to get more angry the more they learned, and all of them wanted to do something about it. The suballiance in Kansas, like its predecessors in Texas and the South, became a schoolroom of self-education.

This process took time. Political results first became visible in the handful of "old" Alliance counties near the Kansas-Oklahoma border that had first heard the message of the Alliance in 1887. The 1889 elections in Henry Vincent's Cowley County brought a hint of storms soon to come. Area farmers, already organized as an Alliance cooperative, further organized themselves in a mass meeting and nominated a complete independent ticket against the Republican incumbents.* Affiliating with neither major party, the ticket was elected by a surprisingly large margin. The political culture of the agrarian movement had literally reached a majority of the people in the county.

In steadfastly Republican Kansas, this result was a bit startling in itself. A glance behind the returns, however, yielded even more instructive insights. Whatever had happened in Cowley County over the preceding twelve months, it had clearly not happened countywide. For example, the townsfolk of Winfield had voted Republican in 1888 by a comfortable eight to five margin and had even added slightly to the party's plurality the following year. But a phenomenal change had come over the rural districts of the county. The farmers who voted at Rock Creek precinct were typical. In 1888 they had cast 96 votes for

* While the internal dynamics guiding the development of insurgent democratic movements are not generally well understood, the greatest confusion concerns not the building of movements, but rather the process of their politicization. Insurgent economic movements, for example, do not "inexorably" move into insurgent politics. The reason is elementary: the great mass of participants have older cultural memories which shape political conduct along traditional lines and make insurgent politics difficult for the average citizen to imagine. For political insurgency to occur on a mass scale, movements, once recruited, need to be politicized, which is a complex process. The politicization of the mass of Alliance farmers—a development that defined the extent and the limits of American Populism—is traced on pp. 84-87, 91-93, and 125-82.

the Republican Party, 23 for the Union Labor Party, and 60 for the Democrats. In the following year, however, the Republican vote plummeted to 45 while the new independent ticket swept the precinct with 117 votes. Clearly, something was happening at the forks of the creek.

What had happened, of course, was the cooperative crusade. The cornerstone of the independent political movement in Cowley County was a new enterprise created by the Alliance and known as "The Winfield Co-operative Mercantile and Manufacturing Association." Virtually every farmer in the county was a member. A founding trustee of the Alliance cooperative—the first in Kansas—was the editor of the *Nonconformist*, Henry Vincent.

6

SUMMARY

What was true for Kansas and Texas was true everywhere; indeed, the agrarian revolt cannot be understood outside the framework of the cooperative crusade that was its source. Amidst a national political system in which the mass constituencies of both major parties were fashioned out of the sectional loyalties of the Civil War, the cooperative movement became the recruiting vehicle through which huge numbers of farmers in the South and West learned to think about a new kind of democratic possibility in America. The central educational tool of the Farmers Alliance was the cooperative experiment itself. The massive effort at agrarian self-help, and the opposition it stimulated from furnishing merchants, wholesale houses, cotton buyers, and bankers in the South and from grain elevator companies, railroads, land companies, livestock commission agencies, and bankers in the West, brought home to hundreds of thousands of American farmers new insights into their relationship with the commercial elements of American society. Reduced to its essentials, the cooperative movement recruited the farmers to the Alliance in the period 1887-91, and the resulting cooperative experience educated enough of them to make independent political action a potential reality. In the process, the Alliance created the world's first large-scale working class cooperative and proposed a comprehensive democratic

monetary system for America, the world's emerging industrial leader. That the chief theorist of both the cooperative and the monetary system, Charles Macune, consistently opposed Alliance political activism and feared the emergence of the third party added a curious dimension to the internal politics of the agrarian revolt.

7

Irony dogged Charles Macune throughout his years as national spokesman of the Farmers Alliance. The scores of Alliance organizers who fanned out across the South and Midwest in 1887-89 and who sallied north of the Ohio River and across both the Rockies and the Appalachians in 1890-91 had been defined by their previous experience not only as "lecturers," but also as incipient political radicals. Their duties as lecturers carried them to the remotest backwaters of the rural countryside and into the very maw of the crop lien system of the South. Upon the lecturers fell the burden of explaining the function of the suballiance business agent, the county trade committee, and the visionary state exchange that, in the South, might free them all from the furnishing-merchant. Upon the same lecturers also fell the burden of explaining the delays, the opposition of merchants, bankers, commission agents, and sundry other functionaries who came to represent "the town clique." Whether in Alabama or South Dakota, a cooperative encountering difficulty constituted an implied rebuke to the Alliance leaders who had praised the idea in the first place. At such a time of difficulty—and it came, eventually, to every Alliance cooperative in every state, from Florida to Oregon—the farmers, so recently brought to a new level of hope by the promise of their movement, looked to the messengers of cooperation both for explanation and guidance. The latter responded in one of two ways. They could blame the difficulties on the farmers, assert that rank and file members did not understand cooperation well enough, and insist that they expected too much, too soon. In the course of this response they could counsel patience and devote much time to thorough explanations of the theory and practice of cooperation. Many Alliance leaders followed such a course, none

with more grace than Macune himself. But the mass program of agrarian cooperation that Macune had visualized also set in motion another and rather different response. In this view, cooperative difficulties were not inherently the fault of the idea itself, nor were they traceable to deficiencies in farmers generally; rather, cooperatives encountered trouble because of the implacable hostility of the financial and commercial world. Alliance leaders holding such views could explain that town merchants selectively cut prices to make the Alliance trade store look bad and that bankers refused to take the notes of the Alliance state exchange because the bank's mercantile clients wanted the exchange to go under. They could add that the Alliance store or warehouse often performed its duty even if it sold not a dollar of goods—if, simply by its presence, it introduced genuine wholesale and retail competition into rural America. Macune was also capable of this analysis, and sometimes with a passion that rivaled the anti-monopoly intensity of spokesmen for the Alliance's left wing.

But however individual leaders responded initially, the cooperative crusade and the experiences it generated set in motion an intense dialogue within the Alliance, one that reached realms of radical political analysis that Macune had not foreseen and from which he instinctively recoiled. Yet the cooperative experience increasingly set the terms of the debate in ways neither the order's moderates nor its radicals could conveniently ignore. The mass of farmers themselves saw to this. They wanted freedom from what they regarded as intolerable conditions, and the delays they experienced in their local and state cooperative efforts brought forth questions to which lecturers had to respond, whatever their politics. Indeed, a raw irritant persisted at the core of this internal Alliance dialogue between the farmers and their spokesmen, a criticism by the rank and file that, however respectfully implied, ate at the very heart of the lecturers' sense of justice. It was not the lecturers' fault! They felt, more tellingly than some of them could explain, the totality of banker and merchant opposition, the calumny of news stories about the Alliance in the metropolitan press, the deceptive style of traditional politicians who voted for the commercial classes while

pretending to be friends of the people. In ways that Macune both understood and resisted, Alliance leaders came to have such thoughts in the late 1880's, and their knowledge constituted an organizational imperative for a new political party free of the control of bankers and their allies. The men who believed in cooperation the most, the Alliance men who became trustees of local trade stores, county warehouses, and state exchanges, who counseled against politics as a divisive influence at a time when the cooperative needed the support of a united farming class, who then saw the cooperatives stagger under financial burdens born of lack of credit—it was some of these very men, Macune's lecturers, who eventually carried the Farmers Alliance to the People's Party. The interior logic of the cooperative crusade, both in the hopeful early days of recruitment and in the more difficult days of implementation, drove Alliance leaders toward such ultimate political choices because, quite simply, the structure of American society impelled it.

8

The reality that explained the remarkable organizing potential of the Alliance cooperative rested in the substance of the daily lives of millions of farmers. In the late nineteenth century a national pattern of emerging banker-debtor relationships and corporation-citizen relationships began to shape the lives of millions of Americans. Throughout the Western granary the increasing centralization of economic life fastened upon prairie farmers new modes of degradation that, if not as abjectly humiliating as Southern forms, were scarcely less pervasive.

Of the many ingredients in the new way of life, most easily understood is the simple fact that farm prices continued to fall year after year, decade after decade. The dollar-a-bushel wheat of 1870 brought 80 cents in 1885 and 60 cents in the 1890's. These were official government figures, computed at year's end when prices were measurably higher than those received by the farmer at harvest. Actually, most Dakota farmers received closer to 35 cents a bushel for their wheat in the days of Populism. Similarly, the 1870 corn crop averaged 45 cents a bushel;

thereafter it fell steadily, plunging below 30 cents in the 1890's, according to official figures. But as early as 1889 corn in Kansas sold at 10 cents a bushel, the U.S. Agriculture Department's figures to the contrary notwithstanding.

Moreover, the grain that made the nation's bread was a demanding crop; it had to be harvested at breakneck speed each fall before it became too dry and brittle to bind well. The Midwestern farmer went into debt to buy the needed equipment. He made chattel mortgage payments on such machines at rates of annual interest that ranged from 18 to 36 per cent and in currency that appreciated in value every year. Under these circumstances, the steady decline of commodity prices further reduced his margin of economic maneuver.

✓ But this was only a part of the problem facing Western agriculturalists. Like most nineteenth-century Americans, farmers were enthusiastic about the arrival of each new railroad that promised to further "open up the country" to new towns and new markets. But the farmers' euphoria at the appearance of a new rail line inevitably turned to bitter resentment. The farmer in the West felt that something was wrong with a system that made him pay a bushel of corn in freight costs for every bushel he shipped—especially since the system somehow also made it possible for large elevator companies to transport grain from Chicago all the way to England for less money than it cost a Dakota farmer to send his wheat to the grain mills in near-by Minneapolis. A number of railroads also forced shippers—grain dealers as well as individual farmers—to pay freight costs equal to the rail line's most distant terminal, even should they wish to ship only over a lesser portion of the line. (The extra fee was called "transit.") In many locales, the farmer had the option of paying or seeing his crop rot.

Underlying the entire new structure of commerce was the national banking system, rooted in the gold standard and dominated by Eastern commercial banks, most prominently the House of Morgan. Though bankers profited from the high interest rates that accompanied tight money, the gold-based currency was so constricted that virtually every year the calls on the Eastern money market by Western banks at harvest brought

the nation dangerously close to financial panics. The sheer burden of providing the necessary short-term credit to finance the purchasing and shipping of the nation's annual agricultural production was more than the monetary structure could stand. The prevailing system, however, did have the effect of administering a strong downward pressure upon commodity prices at harvest time.

On the "sod-house frontier" of the West, the human costs were enormous. Poverty was a "badge of honor which decorated all." Men and children "habitually" went barefoot in summer and in winter wore rags wrapped around their feet. A sod house was a home literally constructed out of prairie sod that was cut, sun-dried, and used as a kind of brick. Out of such materials, the very "civic culture" of the agrarian revolt was constructed. The farmers knew where their problems were. A social historian reports that farmers in the 1870's and 1880's reserved their "deepest enmity" for grain and stock buyers and for the railroads that served farmers and middlemen alike.

Everywhere the farmer turned he seemed to be the victim of rules that somehow always worked to the advantage of the biggest business and financial concerns that touched his world. To be efficient, the farmer had to have tools and livestock that cost him forbidding rates of interest. When he sold, he got the price offered by terminal grain elevator companies. To get his produce there, he paid high rates of freight. If he tried to sell to different grain dealers, or elevator companies, or livestock commission agents, he often encountered the practical evidence of secret agreements between agricultural middlemen and trunk line railroads. The Northern Pacific named specific grain terminals to which farmers should ship, the trunk line simply refusing to provide railroad cars for the uncooperative.

Among the large new business combinations that were engaged in creating trusts in virtually every major branch of American commerce, the watering of stock became so routine that it is not too much to say that the custom provided the operating basis for the entire industrial system that was emerging. To pay even nominal dividends on watered stock, companies needed high rates of profit—in effect, they converted their customers into

real sources of direct capital. Railroad networks that cost \$250,000 in public money to build were owned by companies that capitalized themselves at \$500,000 and then sold construction bonds on \$500,000 more. Agrarian spokesmen wondered out loud why the citizenry should be paying interest on public indebtedness of one million dollars, 75 per cent of which was watered stock. Railroad magnates rarely bothered to reply to such critics beyond offering an occasional opinion that popular concern about the interior affairs of business corporations was "officious."

9

But widespread as suffering was throughout the West, nowhere in America did the burdens of poverty fall more heavily than upon the farm families of the rural South. The crop lien system had driven millions west in the 1870's; by the late 1880's the system had graduated to new plateaus of exploitation: as every passing year forced additional thousands of Southern farmers into foreclosure and thence into the world of landless tenantry, the furnishing merchants came to acquire title to increasing portions of the Southern countryside. Furnishing men had so many farms, and so many tenants to work them, that it became psychologically convenient to depersonalize the language of agricultural production. Advancing merchants spoke to one another about "running 100 plows this year," a crisp phrase that not only referred to thousands of acres of land but also to hundreds of men, women, and children who lived in peonage. Through a 1500-mile swath of the Southland, from Virginia to Texas, such absence of choices came to characterize the monotonous lives of millions, tenants and "landowners" alike. It was into this vast domain of silent suffering that the lecturers of the Farmers Alliance deployed in 1887-88. The results were difficult to describe, though a South Carolina Granger made an effort by reporting to his national offices that the Alliance had "swept over our state like a wave."

The message of the lecturers was persuasive because the goal—to change the way most Southerners lived—was one the Grange had never dared to attempt. The larger dream contained

in the new and untested Texas plan for a central state exchange added the final galvanizing ingredient to the formula of hope that was the Farmers Alliance.

But the new recruits did not wait idly for the arrival of a statewide marketing system. Hope was everywhere and across the South, farmers in a dozen states competed with one another in pioneering new varieties of purchasing cooperatives that could be constructed to defeat money-lenders and wholesale and retail merchants. The leader of a local Georgia Alliance wrote the order's national journal in Texas that "we are going to get out of debt and be free and independent people once more. Mr. Editor, we Georgia people are in earnest about this thing." The effort "to be a free and independent people" was emphasized by North Carolina Alliance leader L. L. Polk, who explained: "There is a limit, even to the submissiveness of farmers."

Just how high the stakes were, and how far from "submissiveness" the farmers had to carry themselves, was brought to light by the cooperative movement in Alabama. After Alliance-men in Dothan had cooperatively erected a warehouse and had begun to demonstrate its utility by instituting cooperative purchasing and marketing arrangements, merchants, bankers, and warehousemen succeeded in inducing the town council to levy a \$50 tax on the warehouse. The farmers responded by moving their building outside the city limits, whereupon the council attempted to make them pay for draying their cotton into and out of town. Attempts to enforce the ordinance led to a gunfight in which two men were killed and another wounded. Alabama farmers thought these events over for awhile, and it was not long before the Alliance began to explore ways to start a cooperative bank. Though the means to carry out their proposal were never found, it was clear that the cooperative experience provided remarkable lessons in how power worked in America.

Yet for all the hope that it stirred, the Alliance movement remained just that—a hope. Though the farmers came by the thousands, the Alliance found it difficult to implement an effective cooperative program. While local arrangements might produce marginal improvements, a statewide undertaking was needed to cope with the lien system. As Southern Alliances grew,

and as both farmers and their spokesmen learned more about the intricacies of cooperation, they increasingly tended to keep one eye cocked on Macune's Texas Exchange, where the mass marketing concept was undergoing its first major test in the South. In 1887-88 the Texas effort entered its crucial stage—and Alliance leaders throughout the nation watched in hope and apprehension as the idea of a cooperative commonwealth endeavored to coexist with banker-centered American capitalism.

to all cooperatives working; rather state exchanges

✓ The original plan of a central state exchange which Macune had outlined in January 1887 had been consummated in stages. Macune learned that a central exchange in Texas could sell directly to Eastern factories if it possessed sufficient capital to underwrite its contracts properly. He reported this to his Texas colleagues, and the Alliance, after taking competing bids from several cities, selected Dallas as the site for the exchange, receiving a bonus of \$3500. On this shred of capital the "Farmers Alliance Exchange of Texas" opened for business in Dallas in September 1887. Macune used the internal organizational structure of the Alliance to bring the individual farmer closer to the prevailing prices being paid on the world cotton market. Each county business agent, working through the Alliance cotton yard established by each county trade committee, was instructed to weigh, sample, and number the bales of cotton in his local yard. The local agents wrapped samples from each bale, placed tickets on them giving weight, grade of cotton, and yard number, then expressed them in sacks to the Dallas exchange. There they were placed on display in a sample room where cotton buyers could examine them. Export buyers were impressed, and they came to the Texas Exchange. In one massive transaction, 1500 bales of cotton were selected from samples in Dallas and sold for shipment to England, France, and Germany. The cotton was shipped from twenty-two different stations in Texas.

✓ Impressive as all this activity was as a demonstration of agrarian self-help, the Texas Exchange leadership soon realized it was not nearly enough, for it did not free the small farmer or

the tenant farmer from all the personal and financial indignities involved in the crop lien. The directors soon found themselves awash in petitions from suballiances calling for the implementation of some plan so they could "make a crop independent of the merchant."

Late in 1887 the directors of the Texas Exchange faced the challenge squarely. The plan they embarked upon was one of the most creative in the annals of American farm organizations, and it led directly to the one pathbreaking political concept of the agrarian revolt, the sub-treasury system. In November 1887, the Texas Exchange advanced its program. It was called the joint-note plan. The quiet phrase concealed a breathtaking extension of the cooperative concept: landowning farmers in the Alliance were asked to place their entire individual holdings at the disposal of the group—to stake their own futures on the ultimate success of the Alliance cooperative. The gamble was an unusual one: landowners and tenants alike would collectively purchase their supplies for the year through the state exchange on credit; the landowners signing the joint note. For collateral, they would put up their land and endeavor to protect themselves against loss by taking mortgages on the crops of the tenants. They would market their cotton collectively through the exchange and then pay off the joint notes at year's end. The farmers would sink or swim together; the landless would escape the crop lien, too, or none of them would. As they had in the past, the brotherhood of the Alliance would "stand united." In one dramatic season of cooperative marketing and purchasing, they would collectively overcome all of the furnishing merchants of Texas and free every farmer in the state from the clutches of the lien system!

The planning behind the joint-note cooperative mobilized the entire infrastructure of self-help that the order had created through the years. Each Alliance county business agent was to acquire from each suballiance member who wanted supplies on credit a schedule of his probable individual needs for the coming year, together with a showing of "full financial responsibility" and a pledge of cotton worth at least three times as much as the amount of credit requested. The farmers of each suballiance were then to execute a collective joint note for the estimated

signing
plan

robp.
of credit
with
everyone
giving
a share
collateral

escape
lien

escape
crop
lien

collateral

amount of supplies for all of them. The note was to draw interest after May 31 and was to be paid November 15, after the 1888 crop had been harvested. Each signer of the joint note was required to specify the number of acres of land he owned, its value, outstanding indebtedness, the number of acres cultivated both in cotton and grain, and the value of his livestock. He also agreed to allow his cosigners to harvest his crop in the event he became incapacitated. Such joint notes from suballiances were then to be screened by the county business agent and the county trade committee before being passed on—along with the collective supply order of all participating suballiance members—to the “committee of acceptance” in the state exchange in Dallas.

The third part of the plan was, of course, that the exchange would use the notes as collateral to borrow money to purchase the supplies. The supplies were to be shipped on a monthly basis, one-sixth of the order for each of the months between May and November. The notes would draw 1 per cent per month from date of shipment until the individual farmer repaid his debt. In addition to making substantial savings in credit costs, (5½% compared to 50 to 200% charged by furnishing merchants) farmers might expect much cheaper prices on supplies as a result of the exchange's bulk purchasing power.

(To explain this elaborate plan the Texas Alliance mobilized its lecturing system once again, utilizing many of the men who had been seasoned in the organizing campaign in the South the year before. The procedure and all its complicated components were outlined to every county Alliance in Texas and eventually to every suballiance. The farmers marshalled all of their resources in a gigantic effort “to become a free and independent people.”

As the joint notes flooded into the Dallas nerve center, efforts to induce the membership to pay the \$2.00 per capita assessed for the capital stock of the exchange were intensified. When the exchange directors met in March 1888 to review the situation they found that, while paid-up stock had climbed from its September value—virtually nothing—to \$17,000, this “blood money” from the farmers of Texas had to be balanced against the steadily rising amounts contained in the joint notes approved

by the committee of acceptance. The committee, anticipating brokering the joint notes through bank loans, began buying supplies to fulfill the orders from the suballiances. By April, when the paid-in capital stock had climbed above \$20,000, the joint notes approved by the exchange totaled no less than \$200,974.88 on local collateral of over \$600,000 in the land and stock of Texas farmers. On this foundation, the exchange had ordered goods in the amount of \$108,371.06.

Macune had meanwhile begun the quest for outside banking capital in March, using the joint notes as collateral. After repeated conferences in Dallas, bankers there refused to advance loans. Macune then went to Houston, Fort Worth, Galveston and New Orleans. In Houston he acquired one loan of \$6000 by pledging \$20,000 in joint notes as collateral, and some mercantile houses advanced supplies, taking the notes as security, but with few exceptions the answer elsewhere was "no." Macune's regular report to the exchange directors sounded an ominous note:

The business manager spent the whole of the month of March in trying to negotiate banking arrangements whereby a loan could be effected at a reasonable rate of interest . . . but all the efforts made were unsuccessful, and tended to produce the conviction that those who controlled the moneyed institutions of the state either did not choose to do business with us, or they feared the ill will of a certain class of business men who considered their interests antagonistic to those of our order and corporation. At any rate, be the causes what they may, the effort to borrow money in a sufficient quantity failed.

The Texas exchange was suddenly in serious trouble. Obligations assumed by the exchange for supplies shipped to suballiances fell due in May, and the agency was unable to meet them. The Alliance leadership rallied to the exchange. Evan Jones, the Erath County radical now elevated to state president, presided over a joint meeting of the order's executive committee and the exchange's directors. Finding the exchange's books in order, Jones confirmed to his members their hope that "the entire business is and has been conducted upon sound, con-

servative, practical business principles." He added grimly: "It is time for each brother to realize that faltering now means unconditional surrender." Jones and the exchange directors then announced that "grave and important issues confront us. . . . Unjust combinations seek to throttle our lawful and legitimate efforts." In order that "proof of the existence of this combination" could be submitted to the membership, the Alliance leaders "most earnestly recommended" that a mass meeting be held at the courthouse in each county of the state on the second Saturday in June. At these meetings documentary evidence "disclosing facts of vast importance" would be submitted along with a plan to meet the crisis.

11

"The day to save the exchange . . ."

That "second Saturday in June" fell on June 9. It was a day men remembered for the rest of their lives. The response to the call made one fact dramatically clear: the central reality in the lives of most Southern farmers in the late nineteenth century was the desire to escape the crop lien.

The farmers came by the thousands to almost 200 Texas courthouses on June 9, 1888. Townspeople in the far reaches of the state who were not privy to the Alliance internal communication network of circulars, lecturers, or the columns of the *Southern Mercury* knew little of the "Farmers Exchange" and its financial troubles in Dallas. They watched with puzzlement the masses "of rugged honest faces" that materialized out of the countryside and appeared at the courthouses of the state. In scores of county seats, the crush of farm wagons extended for blocks in every direction, some beyond the town limits. Reporters remarked about the "earnestness" of the effort to save the exchange and the "grim determined farmers" who were making pledges of support to some far-off mercantile house. The correspondent of the *Austin Weekly Statesman* recorded that observers were "completely astonished by the mammoth proportions" of the turnout. In the far north of Texas, 2000 farmers from over 100 suballiances in Fannin County marched impas-

sively down the main street of Bonham behind banners that proclaimed "The Southern Exchange Shall Stand." A brass band led the procession to the meeting place where Alliancemen stood for hours in the summer heat to learn about the plight of their exchange.

Little in the farmers' experience led them to doubt the interpretation of recent events made by their state officers, for they had been exploited for years. They reported soberly in their county Alliance journals that "we found the trouble was that a number if not all of the banks and wholesale merchants in Texas had turned against the exchange." In farmhouses all over Texas women dug into domestic hideaways for the coins that represented a family's investment in the hope of escaping the crop lien. At a mass meeting in southeast Texas frugal German farmers collected \$637.70 and one of their number respectfully tendered a five-year lease on some property to the state exchange for use as it saw fit. In Parker County in northwest Texas the crowd of farmers was so large the hall could not accommodate it and the mass meeting moved in a body to another location. In the county seat of Rockwall, near Dallas, a "large and enthusiastic mass meeting" lasted from 9:00 a.m. to 6:00 p.m., and, though the reporter was hazy about the specifics, it was clear, he said, that they "intend to stand by the exchange." The Hays County Alliance wired that it "loves Dr. Macune for the enemies he has made," and Lamar Alliancemen paid their respects to newspaper rumors about Macune's malfeasance by tending their "thanks and appreciation to the manager of the state exchange." County presidents sent wires to each other as if the sense of solidarity thus engendered might produce greater contributions from a membership notoriously low in capital assets. An East Texas Alliance received telegrams from seven County Alliances, some halfway across the state. A North Texas County contributed \$4000 to the exchange, while Gulf Coast Alliancemen pledged several thousand more before adjourning to a joint meeting with the Knights of Labor to plan a local political ticket. On the old frontier, other gatherings, including a well-attended mass meeting in drought-wracked Young County, pledged smaller amounts, and in the center of the state

Bell County farmers announced that their pledges constituted "a success in every respect."

Following this remarkable demonstration from the grass roots, Macune announced that results "had exceeded expectations" and that the exchange was on solid footing. But though pledges seemed to have totaled well over \$200,000, the central truth of the Texas Alliance was that it represented precisely those it said it did—the great mass of the agricultural poor. A letter to the *Southwest Mercury* earlier in the year portended the outcome of the June 9 effort: "We voted the \$2.00 assessment for the exchange, and as soon as we are able, will pay it, [but] we are not able to do so at present." The dignity with which the admission was made, and the willingness of the *Mercury* to eschew proper "promotional" techniques by printing it without comment, is indicative of the commonplace recognition of prevailing poverty among great numbers of those intimately associated with the Alliance movement, landowners and tenants alike.

In the light of existing economic conditions in the farming districts, June 9 was indeed a success, but not in the scale of six figures. The Texas Exchange eventually received something over \$80,000 from its feverish effort. The farmers' pledges represented their hope for the exchange; their actual contributions measured the reality of their means.

The exchange survived the season, though manifestly it was not well. Credit—the farmer's age-old problem—was the exchange's problem too. In Dallas, during the summer of 1888, Macune put his fertile mind to work on this old truth that had been so forcibly reaffirmed to him. Somehow, the farmer's crop that the advancing merchants took as collateral had to be utilized by the farmer to obtain credit directly. Precisely how this could be done obviously required something less ephemeral than joint notes that bankers would not honor. But what?

The August 1888 convention of the Texas Alliance provided a tentative answer. Though the Texans were now at the peak of their organizational strength and political influence in the

national agrarian movement, the delegates, representing some 250,000 Texas Alliancemen, were absorbed in only one issue, the future of their cooperative exchange. Macune faced an anxious gathering of Alliance county presidents and lecturers on the convention's first day. His exhaustive report, running to sixty-six typewritten pages, presented in minutest detail the record of his stewardship. The stakes were high and all knew it. "Not a few there were," said the *Dallas News*, "who had come many a mile to hear this report and who believed that on this document depended in a large degree the rise or fall, the success or destruction of this experiment." Macune needed all his persuasive wiles, for his address went beyond a mere defense of his direction of the exchange. It included an entirely new approach to the central management of agricultural credit. His months of intensive brooding about the causes of his own and the exchange's crisis had produced a bold new stratagem: he intended to escape the need for bank credit by generating the necessary liquid capital from the farmers themselves. ✓

Macune proposed the creation of a treasury within the exchange to issue its own currency—exchange treasury notes—in payment of up to 90 per cent of the current market-value of commodities. Farmers would circulate these notes within the order by using them to purchase their supplies at the Alliance stores. The latter were to be strengthened by having each county Alliance charter a store of \$10,000 capital, half paid in by the local farmers and the other half by the central exchange. As outlined by Macune, the plan actually cost the central exchange nothing in capital, for it acquired the use of the \$10,000 capital of each of the county Alliances for half that amount—in effect, using the credit of the local stores. The plan, while certainly strengthening the local operation, had as its principal intent the strengthening of the central exchange; indeed, each county Alliance was to be coerced into subscribing for its proportionate per-capita share—on pain of being excluded from the benefits of the treasury-note plan. The practical effect of establishing a treasury department in the state exchange, one empowered to issue its own currency to Alliance members upon deposit of warehouse receipts of their commodities, was to expand the money supply circulating within the order in a way that strength-

ened the capitalization of both the central exchange and its local branches.

Macune argued for his treasury-note idea with customary sweep, dismissing the "cash-only" Rochdale inheritance of the Grange as wholly inadequate to the task at hand:

We have been talking co-operation for twenty years. Now we have made an aggressive movement. It has thrown the whole community into the wildest confusion. . . . It saved us last year from one to five million dollars on our cotton; it saved us forty percent on our plows; thirty percent on our engines and gins; sixty percent on sewing machines; thirty percent on wagons. . . . In spite of all this the question today is: shall we endorse the aggressive movement, or shall we go back home and say to the people, we stirred up the bees in the bee tree and made them make the biggest fuss you ever heard . . . but we declined the fight and have come back home to starve and let our children grow up to be slaves. In a nut-shell then, the question is: will you cease an aggressive effort that promises certain relief, simply because the opposition howl and curse?

Macune's words underscored the fact that he was fighting for his life as exchange manager and national spokesman for the Alliance. But the experience had shaken the farmers. Alliance-men stood loyally by Macune, their "past, present, and future business manager," but they clearly felt they did not have the immediate means to implement the treasury-note plan. In essence, both Macune and the farmers were forced to acknowledge that the treasury-note plan, however ingenious, was beyond the means of the penniless farmers of Texas. The exchange drew up new by-laws relinquishing, at least for the present, the basic struggle against the credit system: "all purchases made from branch exchanges must be for cash, and notice is hereby given that the books of the exchange are closed against any further debit entries." This was a bitter retreat; it reflected the belief that if the cooperative effort were ever to make a second attempt, the exchange had to be placed on a sound footing. The officers betrayed their anxiety by exhorting the membership to pay up the joint notes: "settlements are at once required, and must be made as soon as possible."

10. 6. 1894

10. 6. 1894

10. 6. 1894

10. 6. 1894

10. 6. 1894

10. 6. 1894

Yet neither Macune nor his principal advisers in the Texas leadership appeared to be intimidated by the experience or inclined to shrink from the complexity of managing large-scale farmer cooperatives. At the Alliance's second national convention in Meridian, Mississippi, late in 1888, Macune and another cooperative theorist from Texas, Harry Tracy, argued earnestly with state Alliance leaders that the Rochdale system helped only the thin layer of the agricultural middle class in the South, that it ignored the crushing needs of the great mass of tenant farmers and the hundreds of thousands of landowners caught in the cycle of debt to merchants. Macune insisted at Meridian that the Alliance cooperative had to go beyond the joint-stock Rochdale plans of the past. The central state exchange, he said, "is calculated to benefit the whole class, and not simply those who have surplus money to invest in capital stock; it does not aspire to, and is not calculated to be a business for profit in itself."

Instead of encouraging a number of independent stores scattered over the country, each in turn to fall a prey to the opposition, whenever they shall think it of sufficient importance to concentrate a few forces against it, this plan provides for a strong central State head, and places sufficient capital stock there to make that the field for concentrating the fight of the opposition, and a bulwark of strength and refuge for the local store efforts.

Alliance delegates could not with consistency argue against an attempt "to benefit the whole class," as the Alliance itself was predicated upon that approach. And they did not. Tracy, Macune's colleague, elaborately spelled out the central state exchange concept and informed North Carolina's L. L. Polk that cooperative stores in every Southern hamlet would accomplish little in the way of "financial liberty" as long as "they buy, ship, and sell independent of each other." In terms of the mass of Alliance farmers, Tracy saw no "utility" in lesser cooperative attempts. Such ideas were inherently radical, of course, though men like Tracy who were allied with Macune still voted Democratic and did not regard themselves as political insurgents.

But the searing educational experience of the cooperative struggle of 1888 had by no means been restricted to Charles Macune and the top Alliance leaders. All Texas Alliancemen had gone to this school. It had conveyed some unique lessons about American banking practices. Indeed, to farmer advocates who sought to benefit "the whole class," the dynamics of the cooperative movement had also brought a new perspective on the larger American society. The discovered truth was a simple one, but its political import was radical: the Alliance cooperative stood little chance of working unless fundamental changes were made in the American monetary system. This understanding was the foundation of the Omaha Platform of the People's Party. In August 1888 it materialized in the organization that would carry it to millions of Americans.

At the 1888 convention of the Texas Alliance, the intense intellectual discussion of the future of the exchange—and the cooperative crusade that had generated the climate for such discussions—brought the agrarian movement to a critical ideological threshold. In the very months that Macune and the Alliance leadership labored frantically to anchor in place the cornerstone of the cooperative commonwealth—indeed, in the very weeks the dirt farmers of the Alliance met, marched, and contributed in an effort to save their exchange—Alliance radicals quietly and almost imperceptibly achieved a decisive ideological breakthrough: they conveyed the greenback political heritage to the spreading agrarian movement as the centerpiece of Alliance doctrine.

This seminal development, one that hammered into place the ideological framework of the famed Omaha Platform of the People's Party, was an achievement riddled with irony, for it was accomplished over the objections of the most inventive greenbacker among them—Charles Macune. That it happened at all conclusively verified the ascendancy of radicalism within the ranks of the Alliance founders.

In April 1888, as Macune searched in vain for bankers who would honor the collateral of the Alliance Exchange, H. S. P.

Ashby, one of S. O. Daws's original radical organizers, issued a "waking up circular" calling for a statewide meeting "for the purpose of considering what steps, if any, should be taken in the approaching campaign." A leader of the earlier independent political movement which had elected a radical mayor of Fort Worth in the midst of the Great Southwest Strike of 1886, Ashby had become a key participant in a loose coalition of like-minded farmer spokesmen that included Evan Jones, president of the Texas Alliance; J. R. Bennett, editor of the *Southern Mercury*, the order's national journal; and, perhaps not surprisingly, William Lamb. Along with other radicals in the nation in 1888, these men wanted to construct a third-party political institution to replace the defunct Greenback Party. Ashby's meeting, convened in Waco in May 1888 as the "Convention of Farmers, Laborers, and Stock Raisers," promulgated a six-point platform that featured the abolition of the national banking system, the replacement of national bank notes with legal tender treasury notes issued on land security, prohibition of alien land ownership, and "government ownership or control of the means of transportation and communication."

grou
of
ind-
pla

Macune took time out from his Exchange wars to write a lengthy letter to the *Southern Mercury* warning the 250,000 Alliance members in Texas against independent political action. But while Ashby and others held their Waco meeting, Lamb was in Cincinnati assisting in the formal creation of the new national "Union Labor Party." Back in Fort Worth on July 3, 1888, Lamb chaired a statewide "Non-Partisan Convention" which accepted Ashby's Waco platform and added additional planks calling for a federal income tax, free coinage of silver, and the enactment of compulsory arbitration laws. With respect to the railroads, the phrase "government ownership or control" was altered to read "government ownership *and* control." No sooner had Lamb's "non-partisans" finished their work in Fort Worth on July 4 than the "Texas Union Labor Party" held its inaugural convention in the same city on July 5. Amid an amusing—and revealing—overlapping of delegates from the two conventions, the new Union Labor Party adopted—without so much as changing a comma—the platform of the "non-partisans" written

Macun
mfor
1888
200
1-2

two days earlier. The new third party's nominee for the governorship of Texas was no less than Evan Jones, president of the Texas Alliance. As the struggle to save the Exchange reached its climax in the summer of 1888, Jones reluctantly decided that a divisive political campaign would weaken the Alliance at the moment it needed maximum solidarity to preserve the forward thrust of the cooperative movement. Therefore, shortly before the annual convention of the Texas Alliance at Dallas in August 1888, he declined the nomination "of this noble body of men."

But at the convention itself—even as Macune made his lengthy report on the exchange to the attentive delegates—J. M. Perdue chaired an Alliance committee that delivered a radical "report on the industrial depression" that placed greenback monetary theory at the heart of Alliance politics. This document, which concluded with the "Dallas Demands," conveyed to the agrarian movement the radical greenback heritage; the three documents written at Waco, Fort Worth, and Dallas between May and August 1888 provided the entire substance of the St. Louis Platform adopted by the National Alliance the following year. With the exception of one monetary proposal which Macune himself was to provide, the Omaha Platform of the People's Party was in place.

1868
A
These developments revealed clearly the dynamics that produced the multi-sectional People's Party: the cooperative crusade not only recruited the farmers to the Alliance; opposition to the cooperatives by bankers, wholesalers, and manufacturers generated a climate that was sufficiently radical to permit the acceptance by farmers of the greenback interpretation of the prevailing forms of American finance capitalism. Greenback doctrines thus provided the ideology and the cooperative crusade provided the mass dynamics for the creation of the People's Party. Both reached their peak of intensity in the Texas Alliance in the tumultuous summer of 1888, and the emotional heat from that experience welded radical greenbackism onto the farmers' movement. After 1888, only one step,* a rather sizable

* This step—the final one involving the political education of the mass movement—is the process of politicization described on pp. 91–93 and 125–82. See also Goodwyn, *Democratic Promise*, pp. 649–52, fn. 34 and 39.

one, remained to bring to fruition the creation of a multi-sectional radical party—the conversion of the bulk of the national Alliance membership to the greenback doctrines which had become the central political statement of the agrarian movement.) Two men, Charles Macune and William Lamb, working toward opposite purposes, were to provide the tactics that produced the mass conversion.

14

But in 1888 radical politics was not yet the uppermost thought in the minds of the growing army of farmers who met in thousands of suballiances scattered from Florida to Kansas. The attention of the Alliance was focused on the cooperative crusade. The Texans offered the agrarian movement a bold blueprint of large-scale cooperation, and the very promise of this blueprint recruited farmers by the hundreds of thousands. Large-scale cooperatives were dangerous, it seemed, but men like Macune and Tracy, as well as the more radical leadership among the Alliance founders, argued that only broadly gauged cooperatives could acquire the capital strength to combat the array of weapons available to forces of monopoly. Indeed, the more one learned of the options open to commercial opponents of farmer cooperatives, the more imperative centralized exchanges seemed.

One new state Alliance that agreed was Kansas. As the order moved into its greatest period of growth in 1889, the "Kansas Alliance Exchange Company" was chartered as a centralized marketing and purchasing agency. It later began to publish its own newspaper, the *Kansas Farmers Alliance and Industrial Union*.

The National Alliance spread across the Western plains in 1889, through Missouri as well as Kansas, and moved across the Ohio River into Indiana. Alliance organizers invaded Kentucky and established enclaves in Oklahoma Territory and Colorado in the West and Maryland in the East.

As a decade of organizing came to an end, one of the Alliance's most striking achievements involved victory over its announced enemy, a bona fide national "trust." Cotton bagging had traditionally been made from jute, and in 1888 a combine of jute

manufacturers suddenly announced that henceforth jute bagging would be raised from seven cents a yard to eleven, twelve and, in some regions, fourteen cents a yard. The action laid a "tribute of some \$2,000,000" on the nation's cotton farmers. Alliance leaders in Georgia, Alabama, Mississippi, South Carolina, Louisiana, and Florida reacted with vigor. The Alliance convened a South-wide convention in Birmingham in the spring of 1889 to fashion final plans for a boycott throughout the cotton belt. The state Alliances agreed on common plans for action and entered into arrangements with scores of mills across the South for the manufacture of cotton bagging. Some buyers, particularly in England, complained about the inferior cotton bagging, a problem Florida farmers ingeniously solved by arranging to import cheaper jute bagging from Europe and paying for it with farm produce consigned to the Florida Alliance Exchange. In Georgia, a rising agrarian advocate, Tom Watson, helped fortify Alliances for the struggle by delineating the larger implications: "It is useless to ask Congress to help us, just as it was folly for our forefathers to ask for relief from the tea tax; and they revolted . . . so should we." He added, with an eye to future struggles, "The Standard of Revolt is up. Let us keep it up and speed it on." Georgia Alliances took him at his word. When North Carolina's Polk appeared at a Georgia Alliance convention in the middle of the jute war, he encountered an up-country farmer dressed out in cotton bagging who told him that 360 Alliances in his county had uniform suits of it and "they are literally the cotton bagging brigade." A double wedding at an Alliance Exposition in Atlanta found 20,000 Alliances looking on approvingly as "both brides and both grooms were attired in cotton bagging costumes." Such innovations testified to the fervor with which state and local Alliances threw themselves into the battle with the jute trust, but its ultimate outcome depended on less colorful but more demanding organizational arrangements to substitute cotton bagging for jute at thousands of local suballiances across half a continent. The farmers of the Alliance met this test in 1888-89, and the manufacturing combine, suddenly awash in its own jute, conceded that the price-rigging scheme had collapsed. In 1890, Southern farmers

4 network

were buying ~~fourteen-cent~~ jute bagging for as little as five cents a yard.

This triumph for cooperative purchasing was matched in quality, if not in scope, by innovations in cooperative marketing that emanated from Kansas. At the local level, county alliances formed a variety of marketing and purchasing cooperatives with an élan born of their new sense of collective power. But cooperation in Kansas soon moved beyond the stage of local efforts. In 1889, the Kansas Alliance entered into joint agreements with the Kansas Grange and the Missouri Alliance and, in 1890, with the Nebraska Alliance, to establish the American Livestock Commission Company. The experiment in multi-state marketing of livestock opened in May 1889 with paid-up capital from farmer members totaling \$25,000. The effort proved successful from the start. Within six months the commission company had over \$40,000 in profits to distribute to its members. The animosity toward the cooperative among commission companies scarcely promised a serene future, however.

These successes were balanced by a crucial failure. In the late summer of 1889, after twenty months of operation, the Texas Exchange, unable to market its joint notes in banking circles and therefore unable to respond to insistent demands from its creditors, went under. The Texas effort, the first to be chartered, was thus the first to fail. The news sent a wave of anxiety through the entire South: was the Alliance dream unattainable? Were the Texas lecturers wrong? As the Alliance grew, so did the burdens of explaining and proving its program of self-help. With increasing frequency the Alliance founders, driven by the difficulties of cooperation, had to explain to farmers that the opposition to their movement derived from the self-interest of gold-standard financiers who administered and profited by the existing national banking system. Greenback doctrines were thus increasingly marshalled to defend the Macunite dream of large-scale farmer cooperatives. By this process radical monetary theory began to be conveyed to the suballiances by growing numbers of Alliance lecturers. The farmers had joined the Alliance cooperative to escape the crop lien in the South and the chattel mortgage in the West, and the failure of cooperatives,

MS. I.

particularly the huge model experiment in Texas, spread deep concern through the ranks of the Farmers Alliance. Wherever a cooperative failed for lack of credit, greenbackism surged like a virus through the organizational structure of the agrarian movement. Slowly, the Omaha Platform of the People's Party was germinating.

Charles Macune was not present in Dallas for the death of the exchange, for the ubiquitous Alliance leader now operated out of Washington, where he edited the new Alliance national newspaper. The *National Economist*, underwritten by Texas Alliancesmen, became, under Macune's tutelage, easily the best edited journal of agricultural economics in the nation. Circulation soon passed 100,000. As the Alliance organization completed its second year as a national institution, the enigma that was Dr. Charles W. Macune rivaled that of the cooperative crusade itself as a case study in complexity. Macune's belief that cooperation must serve landless tenants and others bound to the crop lien system stamped him as an economic radical, yet he remained firmly traditional on political issues and adamantly opposed to all talk of a third party. Macune was able to summarize all these ideas in a single sentence: "The people we seek to relieve from the oppression of unjust conditions are the largest and most conservative class of citizens in this country."

Helta
15

Precisely what the Alliance movement was in the process of becoming could scarcely have been predicted by the farmers themselves from the contradictory events of 1888-89. Only one thing was certain: the Alliance was attempting to construct, within the framework of American capitalism, some variety of cooperative commonwealth. Precisely where that would lead was unclear. More than any other Alliancesman, Charles Macune had felt the power of the corporate system arrayed alongside the power of a self-help farmer cooperative. He had gone to the bankers and they had replied in the negative. Though his own farmer associates had said "yes," they could not marshal enough resources to defeat the crop lien system. Macune knew that an

exchange of considerably reduced scope could be constructed on a sound basis within the means available to organized farmers. One could avoid the credit problem simply by operating cash stores for affluent farmers.

But while he was an orthodox, even a reactionary social philosopher, and still a political traditionalist, C. W. Macune was obsessed with the need to create a democratic monetary system.

The pressure of the multiple experiences that had propelled him to leadership amid the Cleburne schism, to fame as an organizer and national leader during the Southern expansion, to crisis and potential loss of political power over the exchange, and to constant maneuvering against his driving, exasperating, creative left wing—all, taken together, conjoined to carry Macune to a conception of the uses of democratic government that was beyond the reach of orthodox political theorists of the Gilded Age. Out of his need for personal exoneration, out of his ambition, and out of his exposure to the realities in the daily lives of the nation's farmers, Macune in 1889 came to the sub-treasury plan. Politically, his proposal was a theoretical and psychological breakthrough of considerable implication: he proposed to mobilize the monetary authority of the nation and put it to work in behalf of a sector of its poorest citizens through the creation of a system of currency designed to benefit everyone in the "producing classes," including urban workers.

The main outlines of the sub-treasury system gradually unfolded in the pages of the *National Economist* during the summer and fall of 1889. There can be no question that Macune saved his proposal for dramatic use in achieving, finally, a national merger of all the nation's major farm and labor organizations. He now planned that event for St. Louis in December 1889, when a great "confederation of labor organizations," convened by the Alliance, would attempt to achieve a workable coalition of the rural and urban working classes, both North and South.

But the sub-treasury was more than a tactical adjunct to organizational expansion. Macune's concept was the intellectual culmination of the cooperative crusade and directly addressed its most compelling liability—inadequate credit. Through his sub-treasury system, the federal government would underwrite

✓ the cooperatives by issuing greenbacks to provide credit for the farmer's crops, creating the basis of a more flexible national currency in the process; the necessary marketing and purchasing facilities would be achieved through government-owned warehouses, or "sub-treasuries," and through federal sub-treasury certificates paid to the farmer for his produce—credit which would remove furnishing merchants, commercial banks, and chattel mortgage companies from American agriculture. The sub-treasury "certificates" would be government-issued greenbacks, "full legal tender for all debts, public and private," in the words of the Alliance platform. As outlined at St. Louis in 1889, the sub-treasury system was a slight but decisive modification of the treasury-note plan Macune had presented to the Texas Alliance the year before. Intellectually, the plan was profoundly innovative. It was to prove far too much so for Gilded Age America.

✓ In its own time, the sub-treasury represented the political equivalent of full-scale greenbackism for farmers. This was the plan's immediate import: it defined the doctrine of fiat money in clear terms of self-interest that had unmistakable appeal to farmers desperately overburdened with debt. As the cooperative crusade made abundantly clear, the appeal extended to both West and South, to Kansas as well as to Georgia. Macune's concept went beyond the generalized greenbackism of radicals such as William Lamb to a specific practical solution that appealed directly to farmers in a context they could grasp. But more than this, the sub-treasury plan directly benefited all of the nation's "producing classes" and the nation's economy itself. For the greenback dollars for the farmers created a workable basis for a new and flexible national currency originating outside the exclusive control of Eastern commercial bankers. Beyond the benefits to the economy as a whole, Macune's system provided broad new options to the United States Treasury in giving private citizens access to reasonable credit. As Macune fully understood, the revolutionary implications of the sub-treasury system went far beyond its immediate value to farmers.

The line of nineteenth-century theorists of an irredeemable currency—one that included such businessmen as Kellogg and

Campbell and extended to such labor partisans as Andrew Cameron—culminated in the farmer advocate, Charles Macune. As Macune argued, the agrarian-greenbackism underlying his sub-treasury system provided organizational cohesion between Southern and Western farmers. As he did not foresee, it also provided political cohesion for a radical third party. The People's Party was to wage a frantic campaign to wrest effective operating control of the American monetary system from the nation's commercial bankers and restore it, "in the name of the whole people," to the United States Treasury. It was a campaign that was never to be waged again.

Interest