



graphic: Peter Veres

Response to Hardship The Farmers Alliance Cooperative

Farmers started to think of themselves as a group of cooperating people, consciously rejecting the capitalist philosophy of every man for himself.

The most widespread cooperative system in United States history was organized by the Farmers Alliance during the 1890s. The farmers in the Alliance had suffered from widespread changes in the American economy following the Civil War. By 1890, a system had been perfected by industrial capitalists and their allies that got sufficient agricultural products out of the land while each year leaving most farmers poorer than the year before.

The Homestead Act of 1862, which allowed settlers to claim 160 acres of land for \$10, had mainly illustrated that all easily workable agricultural lands had already been claimed before the Civil War. Remaining lands were mostly too dry; farmers could no longer flee West to escape their troubles. Large scale factory farms were increasingly mechanized and able to produce profits while prices paid for grains slid. The fall of prices meant any farmer in debt would be unlikely to get sufficient crop income to pay the debt down. By 1890, Nebraska alone reported more than 100,000 farms were struggling to keep up mortgage payments. Many farmers were forced to become sharecroppers, getting a share of the crop in return for farming land owned by others, a system not very different from serfdom. As early as 1880,



one-fourth of all American farmers were tenants, with the proportion much higher in the southern states.

The deflation of the era was caused by a static money supply spread among a rapidly growing population, the limited supply of gold, and adherence to the gold standard, resulted in decades of economic misery. Railroad corporations added to the misery by carefully setting rates to take all the profit out of commodities being shipped. Indebted tenants could get credit only at owners' stores that charged high prices designed so that debts could never be fully paid off. Tenants' shares of crops were bought at extra low prices, often by the same landlord merchants.

The first phase of the farmer rebellion, in the 1870s, centered on the Grange, a self-help social organization that succeeded in passing laws to protect farmers in some states, only to have them overturned in the courts.

The Farmers Alliance was better thought out. Although formed earlier, the Alliance really started in 1883 when S.O. Daws, appointed Travelling Lecturer, changed the organization's vision and tactics. In 1884 the Alliance was advocating replacing the exploitative agricultural business structure with its own system for selling crops at fair prices, fair interest rates on loans to farmers, and cooperative buying of farm supplies like seed, fertilizer, and equipment.

The Alliance "learned in 1884-1885 that cooperative buying and selling was easier to plan at country meetings than to carry out . . . The entire commercial world was hostile to the concept." The first actual economic success came when cotton farmers in Texas pooled their cotton in warehouses before selling it. They received an additional five cents per hundred pounds for their efforts, a lot at the time. This spurred further efforts.

As important as the co-op system was to become, it paralleled a shift in culture. Farmers started to think of themselves as a group of cooperating people, consciously rejecting the capitalist philosophy of every man for himself.

Co-ops of all kinds were founded, particularly in the South, during the late 1880s. "Farmers in a dozen states competed with one another in pioneering cooperatives that could be constructed to defeat money-lenders and wholesale and retail merchants." But small farmers were in debt, and debtors cannot issue credit. Capitalists can, as can government. To succeed in their plan to fix the farm economy, the Alliance needed the cooperation of government. Thus the next logical step was the formation of the Peoples Party, better known as the Populists. Their rise and fall can be found in *The Populist Moment* by Lawrence Goodwyn.

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