

The Farmers Alliance

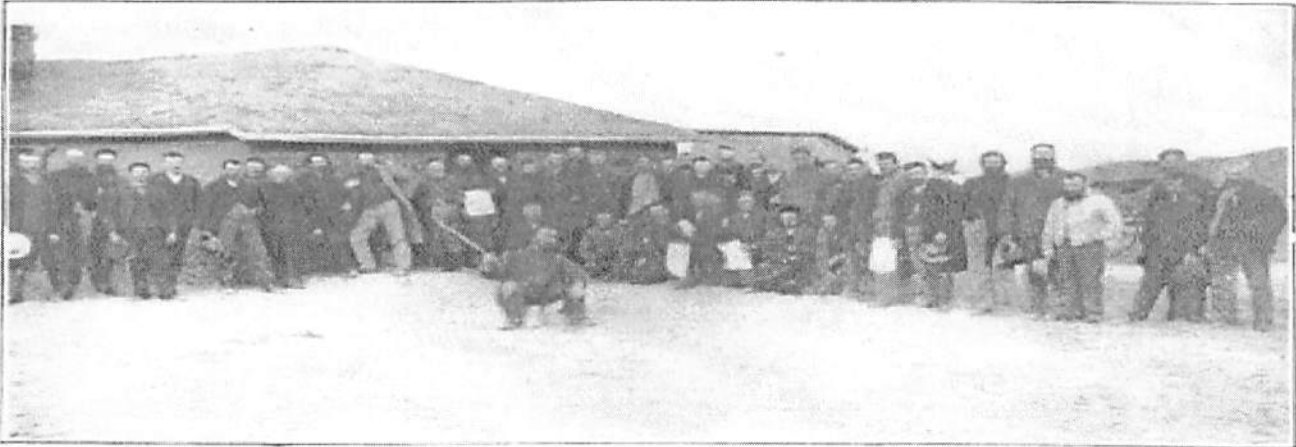
Directions: Analyze each source and describe how the farmers of Louisiana try to counter/change their current economic situation.

Task Focus Questions: What was the economic state of most farmers during this time period of 1880 to 1890? _____

Based on the current economic state of Louisiana's Farmers should they make an attempt to make the situation better for themselves? Explain why or why not. _____

Background

Aware that they would have to initiate any opportunities for relief themselves, farmers in eastern Texas and other scattered regions began to organize. Led by talented and energetic Charles Macune, the emerging Farmers' Alliance, as it came to be known, focused on educating farmers who had lost the ability to control their own destiny in a world seemingly dominated by corporate greed. The Alliance taught farmers methods of improving productivity and encouraged crop diversification. Significantly, the Farmers' Alliance also advocated a system of crop warehouses in which farmers could store their crops until prices rose. This alliance finally moved itself to Louisiana.



Source 1

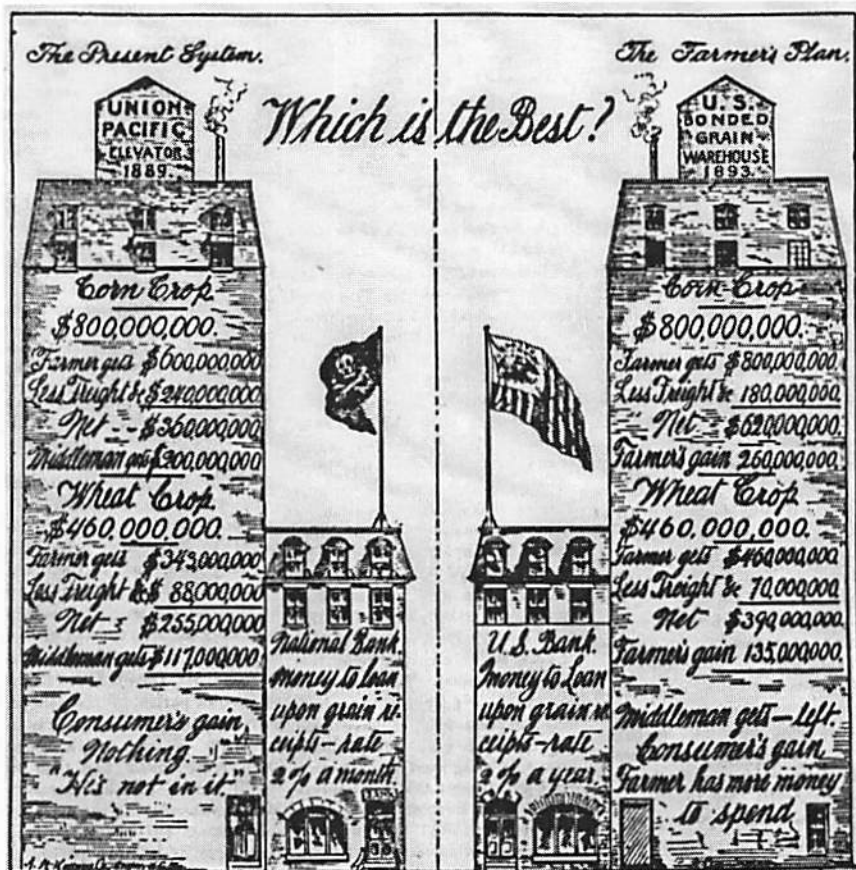
Excerpt from *The Louisiana Populist Movement, 1881-1900*

By Donna A. Barnes

The significant increase in cotton production was not limited to Louisiana. The acreage devoted to the production of cotton in the United States increased from 6.3 million in 1866 to almost 15.5 million by 1880, an increase of more than 145 percent. The number of cotton bales marketed increased even more, by more than 200 percent, because of higher yields resulting from the use of fertilizers."

Those touting the overproduction explanation for the farm crisis argued that the only effective remedy lay in crop diversification. Southern farmers were exhorted to plant less cotton. Cotton monoculture was said to be the root cause of overproduction, and farmers were told that they only had themselves to blame for the farm crisis."

In framing the farm crisis, the Louisiana Farmers Union strongly criticized the calls for crop diversification. Its leaders argued that there was little point in diversifying by producing other commercial crops that were also falling in price and for which the southern soil was not as well suited. Wheat-belt farmers were able to produce an average sixteen bushels of wheat per acre, and corn-belt farmers produced an average of slightly more than thirty-two bushels of corn per acre. Southern farmers, in contrast, produced on average only seven bushels of wheat and thirteen bushels of corn per acre. Consequently, Southern farmers were in no position to compete in the corn and wheat markets."



Annotated Excerpt from The Louisiana Populist Movement, 1881-1900

By Donna A. Barnes

The cooperative, joint-note plan was an ambitious, bold plan that held promise of breaking the grip that crop-lien financing had on small farmers... If successful, the Alliance Exchange held the potential for not only the financial salvation of small farmers, but also a dramatic expansion of the Alliance movement. Up to this point, the Alliance movement had recruited primarily small farm owners. It had not been nearly as successful in recruiting

tenant farmers, primarily because the early Alliance cooperative strategies often required a financial standing or financial autonomy that tenant farmers did not have. A successful cooperative, joint-note program held tremendous potential to expanding the Alliance movement beyond the class confines of small farm owners.

The success of the Alliance Exchange was predicated on sufficient capitalization to underwrite purchasing and marketing contracts. Total capitalization of the Exchange was set at \$500,000. To raise this sum, each Alliance member was assessed \$2. The assessments had barely begun to trickle in when the Exchange opened its doors for business in September 1887. Originally, it had been hoped that the capital of the Exchange would be sufficient to purchase the required supplies, allowing the joint notes to remain in the office of the Exchange. But it soon became apparent that this would not be possible.

In an effort to raise money to cover these new loans by the Exchange, the Exchange sought to take bank loans in order to make up the difference. When loans were due for renewal banks were deemed the villain, with their loan officers refusing to extend loans to the Exchange allegedly in order to protect their established relationships with wholesalers and retail merchants who would be hurt if the Exchange were successful.

Insufficient additional funds, however, were forthcoming. By September 1888 the joint-note program was formally discontinued, and a cash-only purchasing program was once again the only option for Alliance farmers.

Source 3

Excerpt from The Louisiana Populist Movement, 1881-1900

By Donna A. Barnes

Cotton sold in the United States was marketed through one of the twenty or so cotton exchanges. One of the largest exchanges was the New Orleans Exchange through which the bulk of the Louisiana cotton crop was marketed. Cotton brokers conducted the business of these exchanges, buying and selling large lots of cotton for a flat commission rate per bale, usually about \$1. Small farmers could not sell their cotton directly to exchange brokers because only very large bale allotments were handled by the cotton exchanges and because brokers mandated certain levels of capitalization to back the sales contract.

Consequently, small farmers had two marketing options: to sell to a country merchant or to sell to a traveling cotton agent. Country merchants bulked the cotton they purchased from local producers or received as payment on crop-lien loans. If the number of bales was sufficiently large, they sold the cotton through an exchange broker; otherwise, they sold their bulked cotton to a traveling cotton agent. The cotton agent made money by purchasing cotton from numerous individuals and, after amassing large quantities, reselling the cotton at a higher price to the exchange broker."

Small farmers had little leverage in the cotton market and were largely at the mercy of country merchants or traveling cotton agents... To increase the small farmers' leverage, and thereby increase the price that farmers received for their cotton, the Louisiana Farmers Union embraced the marketing strategies of cotton withholding and cotton bulking. The idea behind cotton withholding was simple: withhold enough cotton from the market to affect the cotton supply, which would in turn bolster cotton prices." The strategy of cotton bulking differed in that it entailed LFU farmers aggregating their cotton and attempting to sell it at a price higher than they could get individually. The hope was that the bulked cotton would attract a number of cotton factors, and thereby improve the prices farmers got for their cotton by introducing competitive bidding...

A number of problems, however, developed with the cotton-withholding and cotton-bulking efforts. The biggest problem with the cotton-withholding strategy was that a large, and growing, percentage of farmers grew cotton under crop-lien arrangements." Consequently, they no longer controlled the marketing of the share of their crop that had been used as loan collateral. At harvest this cotton had to be turned over immediately to the lien-holder so that accounts could be settled. With so many farmers using their cotton crop for collateral, too little cotton could be withheld from the market to affect cotton prices. Cotton-bulking efforts encountered a similar problem.

Farmers Alliance

Source 1

Source 2

Source 3

Describe how farmers created change.

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Describe how farmers created change.

Why didn't it work?

Why didn't it work?

Why didn't it work?