

**MONETARY  
POLICY IN THE  
GILDED AGE**

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APUSH**



# THE GOLD STANDARD

The **gold standard** means that any money issued must be backed up by actual gold that is held in storage.



The gold standard results in a **limited money supply**, but the value of the money is **stable (deflationary)**.



As an added bonus, under the **gold standard**,  
as the population increases  
the value of the currency (money) also increases,  
because there is less available per person.





# SOFT MONEY

Soft money is money that is not backed by gold:

greenbacks

&

silver coins  
minted in unlimited  
quantities





# SOFT MONEY IS...

- **inflationary** (as more is produced, its value decreases and the prices of goods go up accordingly)
- good for people who owe a lot of money, and can charge more for their goods or services (because of inflation), but still repay their debts in constant dollars (plus interest, of course)



An 1896  
campaign  
button



Rocky Mountain News,  
9 July, 1896  
**A SOLILOQUY**  
Miss Democracy, with  
a sigh of relief --  
"There's a good day's  
work and the path is  
clear for decent  
people."

Did the idea for the  
Yellow Brick Road  
come from this?

**AFTER RECONSTRUCTION ENDED,  
THERE WAS A DEBATE OVER  
EXPANDING THE MONEY SUPPLY.**

**THOSE WHO WANTED TO DO SO:**

- **Expectant Capitalists** (people who hoped to get rich by investing in businesses or land speculation, but needed to borrow money to do so)
- **Debtors** (people who owed money, and wanted it to be easier to get money to repay their loans - including laborers and small business owners who could charge more for their work or goods as prices went up)
- **Farmers** (who also wanted it to be easier to borrow money or to buy land, seed, or equipment; or to get money to pay off their loans; or to be able to raise prices)



OPPONENTS OF **SOFT MONEY**,  
WHO FAVORED **HARD MONEY**  
(**THE GOLD STANDARD**) **INSTEAD:**

- **Bankers** (people who had control of the money in circulation, and wanted it to retain a high value)
- **Creditors** (people who wanted loans they had made to be repaid with money that had a high value)
- **Investors** (who had already invested in land or businesses, and wanted to be paid off in money that had a high value)
- **Established Capitalists** (people who were already well-established in business, and didn't want to have to worry about a lot of new competition)

# CONGRESS ACTS

- The **Panic of 1873** caused inflation & foreclosures.
- So, Congress halted the coining of silver (in 1873).
- Then, Congress passed the **Specie Resumption Act (1875)**.
  - The last of the greenbacks were withdrawn.
  - There was deflation (a drop in prices, and an increase in the value of money - hard currency).
  - But this made things harder for farmers, especially, because the value of their crops dropped and they still had to repay their debts.
- When silver deposits were discovered in the West ( ), there were renewed demands for the use of silver coinage to expand the money supply.
- The **Bland-Allison Act (1878)** offered a compromise: the limited coinage of silver.



# POLITICS

After Reconstruction, the presidency was dominated by Republicans who favored the interests of big business.



Rutherford B. Hayes  
(R) #19: 1877-1881

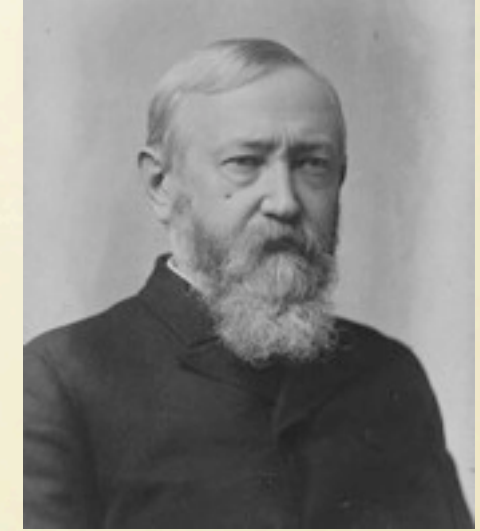


James Garfield  
(R) #20: 1881



Chester A. Arthur  
(R) #21: 1881-1885

Grover  
Cleveland  
(D)



Benjamin Harrison  
(R) #23: 1889-1893

Grover  
Cleveland  
(D)



Grover Cleveland (D)  
#22 and #24: 1885-1889 and 1893-1897

Although Cleveland was not a Republican, and took many stands against corruption, he also supported the gold standard.



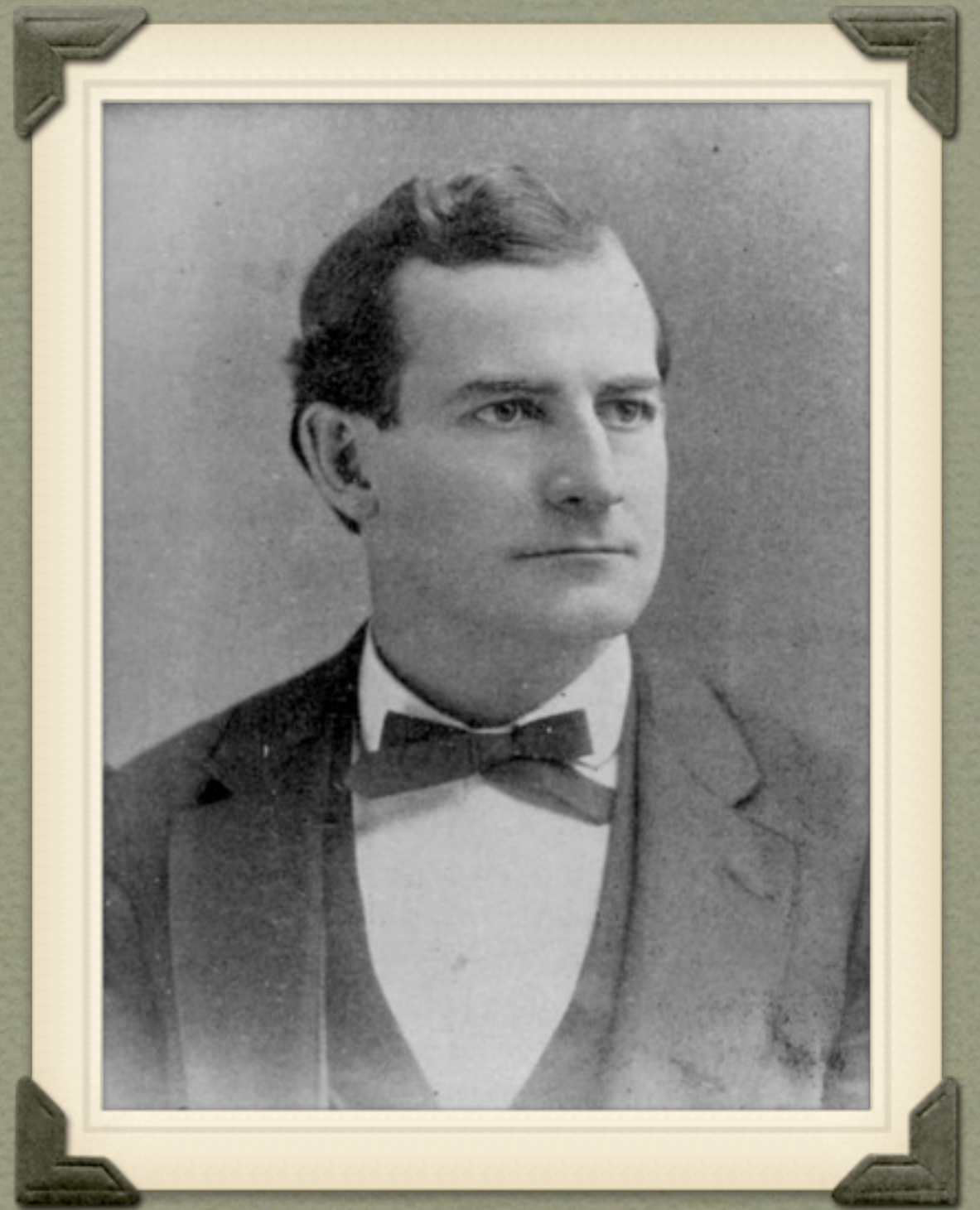
# MORE POLITICS ...

- In response to large numbers of farm foreclosures, business failures, and high unemployment, a number of political groups formed to represent the interests of the farmers, and also of factory workers and poorer people in general:
- The Farmers' Alliance
- The Greenback Party
- The Populist Party (aka The People's Party)





IN 1896, AT THE  
DEMOCRATIC  
NATIONAL  
CONVENTION IN  
CHICAGO,  
**WILLIAM JENNINGS**  
**BRYAN**  
GAVE HIS FAMOUS  
**“CROSS OF GOLD”**  
SPEECH.





# REACTION TO THE “CROSS OF GOLD” SPEECH

- William Jennings Bryan was chosen as both the Democrats’ and the Populists’ candidate for President



"You shall not press down upon  
the brow of labor this crown of thorns;  
you shall not crucify mankind  
upon a cross of gold."



- bimetalism: support for using both gold and silver to back United States currency (used to refer to support for the silver standard)
- free silver: also indicated support for free coinage of silver
- “Silver Bug”: a person who favored the free coinage of silver, and soft money
- “Gold Bug”: a person who favored the gold standard