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# 100 Years of Populism

***The Humane Economy. Populism, Capitalism, and Democracy.*** By Norman Pollack New Brunswick NJ Rutgers University Press, 1990, 229 pages, \$40 (hardcover)

Reviewed by Gene Wunderlich

One hundred years ago the Populist movement achieved its political zenith in forming the Populist Party. Officially the "Peoples Party of the United States of America," the Populist Party was founded in Cincinnati, Ohio, by discontented farmers who saw the liberating promise of capitalism broken by monopolies in transportation and finance. In 1892, the Populist Party nominated and ran James Weaver of Iowa for president and James Field of Virginia for vice president. Although the party garnered 22 electoral votes in the election, its real achievements were its challenge to the unrestricted economics of *laissez faire* and a platform that later became mainstream policy.

Norman Pollack, a much published scholar of Populism in America, relates the movement to the economics of capitalism. In other books, he has addressed political, legal, and moral issues inherent in the movement. In *The Humane Economy*, he illuminates the role of Populism in economic policy, showing how Populist policies may have saved capitalism in America from destruction by its own excesses. Populism may well be one of the most notable contributions of America's farmers to the Nation's economic policy.

In reading Pollack, it is helpful to recall the economic conditions of America in the late 1800's. Agriculturally, the country was in the final stages of settlement, still experiencing the growing pains of expanding production and marketing. Railroads, themselves in financial and organizational turmoil, were key to marketing the products of a commercial agriculture. The Panic of 1873 reflected a general condition of growth, outrunning the capacity of economic and financial institutions. To accommodate the rapid capitalization of the economy, new instruments of centralization and power arose. The first trust, Standard Oil, was formed by John D. Rockefeller in 1879. Farmers, at the bottom of an economic pyramid topped by finance and transportation, felt exploited and denied the fruits of the free enterprise system.

The Populist perspective of property is worthy of review even in the context of many of today's economic issues. In their time, Populists supplied a needed re-examination of the assumption of unre-

stricted acquisition of property and unlimited exercise of property rights. Lorenzo Lewelling, representing the western branch of Populism, saw human rights and property rights as sometimes conflicting. The natural rights doctrine as applied to property was limited. Government, as the instrument of welfare in a democratic society, might have to restrict property. Both Lewelling and Frank Doster argued that the role of government was to protect the individual from the oppressions of social Darwinism inherent in an unrestrained free market system.

The core of Pollack's analysis is his comparison of the political economy of Adam Smith with that of the Populists. More precisely, his comparison is of Smithian and Populist economics as perceived by selected spokesmen or by himself. Over a broad range of principles, the liberal emphasis on individual autonomy ("internal economic activation") was common to both the Smithian and Populist positions. Populists were skeptical, however, of the self-correction mechanisms of the 18th century model. Pollack quotes from Henry Lloyd "Liberty produces wealth, and wealth destroys liberty" (p. 131). Competition is desirable as an engine of efficiency, but competition fails when it leads to restricting combinations.

The Populist position rested heavily on independence, individual initiative, and private property to stimulate development in the capitalist system. The Populist position did not oppose capitalism but encouraged its competitive features. The role of government was not to replace private initiative but to see that it could function in the widest possible arena. Pollack writes "Armed with the benefit of a century of capitalistic practice unavailable to Smith, they [Populists] questioned the adequacy of a self-adjusting mechanism unless it was within a state framework" (p. 139).

In his interpretation of various Populist proponents and in his own synthesis, Pollack draws not directly on Adam Smith but on an undefined, but probably widely accepted, simplification of "invisible hand" economics, based on self-interest and a survival-of-the-fittest competition. The benevolence principle contained in Smith's *Theory of Moral Sentiments* is absent. In fairness to Pollack, his purpose was to contrast the apologies of ruthless capitalist expansion of the 19th century with Populist principles. Smith was merely his stalking horse, and he carefully acknowledges the anti-mercantilist context of Smith's economic perspective, a context that saw government as intruder rather than protector of economic opportunity.

Pollack relates elements of populist doctrine to the form of *laissez faire* economic policy dominant in the

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late 19th century. His model of Populist doctrine is a distillation and interpretation of leading writers and speakers of the time. In William Peffer he sees the Populist notions of the value and dignity of labor, and of corporate organization robbing the independent will of laborers to contribute to the economy. In James Weaver and others he finds that the lost independence of labor results from an imbalance of private and public forces. He quotes Scott Morgan on the effect of market structure on farmers: "Monopoly names the price of what they have to sell, and charges them what it pleases for what they are compelled to buy" (p. 20). To the economic structure arguments he adds Thomas Nugent's moral criticism of monopoly, which attacked the corrupting influence of economic concentration, yet avidly supported the sanctity of private property.

Populists emphasized the importance of independent, freely negotiated economic decisions, widely held private property, and unrestrained markets. Today, they might use the cliché, "level playing field." Their view of the role of government was one of counterforce to monopoly. Pollack draws on Davis to show that the Populist view of the necessary and proper functions of government, as declared by the Constitution, properly

includes measures to assure that the free-market economy is indeed free for all to access on an equal footing. It is from views such as James Davis's that arguments for public ownership of utilities and railroads were derived.

Populism was a turning point in America's development of capitalism. It is perhaps remembered too often for slightly quirky monetary ideas, and not often enough for its trust busting and for the then-declared "socialist" ideas of a graduated income tax, parcel post, 8-hour workdays, popular election of Senators, legislative initiative and referendum, and the Australian ballot (which carries candidate names and the texts of propositions, and is given to voters at the polls), institutions we now take for granted. As we emerge from the 1980's we would do well to reread the Populist story, and from it gain insights for America's policies in the 1990's.

Anyone involved with, interested in, or affected by, agricultural economic policy or, for that matter, the future course of American capitalism and democracy, should find Pollack's book valuable.