

Reconstruction Ends

In the election of 1868, General Ulysses S. Grant, the most popular northern hero to emerge from the Civil War, became president. Grant ran on the Republican ticket with the slogan, "Let us have peace" against the Democratic candidate Horatio Seymour. The Republican platform endorsed the Reconstruction policy of Congress, payment of the national debt with gold, and cautious defense of black suffrage.

Grant swept the Electoral College with 214 votes, compared to Seymour's 80. However, Grant only had about 300,000 more popular votes than Seymour, with the more than 500,000 black voters accounting for his margin of victory.

Unfortunately, the qualities that had made Grant a fine military leader did not serve him well as president. Grant had a dislike of politics and passively followed the lead of Congress in the formulation of policy. He was honest to the point of being the victim of unscrupulous friends and schemers. All of this left him ineffective and caused others to question his leadership abilities.

Financial problems plagued Grant's presidency. With the end of the war, the Treasury assumed that the nearly \$450 million worth of greenbacks issued during the conflict would be retired and the nation would return to using gold coins. Numerous agrarian and debtor groups resisted doing so, believing it would negatively affect the economy, cause deflation, and make it harder to pay long-term debts. In President Grant's inaugural address, he encouraged the payment of the national debt with gold. In March 1869, he signed his first act--the Public Credit Act--which endorsed that principle.

The first major scandal of Grant's presidency came in 1869, when two millionaire partners, Jay Gould and Jim Fisk, connived with Grant's brother-in-law to corner the gold market. They convinced Grant that the federal Treasury should refrain from selling gold because the rise in gold prices would raise farm prices. Fisk and Gould bid the price of gold up from \$132 to \$163 per ounce. On September 24, 1869, the Treasury was ordered to sell large quantities of gold, causing the bubble to burst.

Another scandal that rocked the Grant administration was the *Crédit Mobilier* scandal. It came to light during the 1872 election that the Union Pacific Railroad had formed the *Crédit Mobilier* construction company and then hired themselves at inflated prices to build the railroad line. The company then "bought" several prominent Republican congressmen with shares of its valuable stock. A congressional investigation led to the formal censure of only two of the corrupt congressmen.

The Whiskey Ring affair was also revealed during the 1872 election. The Whiskey Ring bribed tax collectors to rob the Treasury of millions in excise-tax revenues. Grant was adamant that no guilty man involved in the scheme should escape prosecution, but when he discovered his private secretary was involved, he helped exonerate him. Grant's Secretary of War was also discovered to be involved in accepting bribes from suppliers to the Indian reservations.

The scandals and incompetence surrounding Grant's administration, along with disagreement among party members, led a group of Republicans to break off and start the reform-minded Liberal Republican Party. Unlike the other Republicans, the Liberal Republicans favored gold to redeem greenbacks, low tariffs, an end to military Reconstruction, and restoration of the rights of former Confederates. The Liberal Republicans were generally well educated and socially prominent, and most had initially supported Reconstruction. They nominated Horace Greeley, the editor of the *New York Tribune*, for president in 1872. The Democrats also endorsed Greeley's candidacy, even though he had always been hostile toward them. Grant, as expected, won the Republican Party's nomination for a second term.

In 1872, voters had to choose between two presidential candidates who were not politicians and who had questionable qualifications. In the end, the regular Republicans were able to sway votes by once again "waving the bloody shirt"--appealing to the hatred of northern voters and reminding them of the trials of war. Grant won with a popular majority of nearly 800,000 votes and with 286 Electoral College votes to Greeley's 66. After Grant's victory, the Republicans did clean house with some civil-service reform and reduction of high Civil War tariffs.

An economic crisis in America followed shortly after the presidential election of 1872. Unbridled expansion of factories, railroads, and farms and contraction of the money supply through the withdrawal of greenbacks helped trigger the Panic of 1873. This was the longest and most severe depression the country had experienced, with over 15,000 businesses filing bankruptcy, widespread unemployment, and a slowdown in railroad and factory building.

The split of the Republican Party helped the Democrats gain seats in the Senate and carry the House of Representatives in the 1874 congressional elections. With control of the House, the Democrats immediately launched more investigations into the presidential scandals and discovered further evidence of corruption.

The Panic put the issues surrounding greenback currency back into public focus. Greenbacks were valued less than gold, so people tended to spend them first and save their gold or use it to pay foreign accounts, which drained gold out of the country. The Treasury had been slowly removing the greenbacks from circulation in order to combat inflation following the Civil War.

"Hard money" people--primarily creditors who did not want the money they loaned repaid with depreciated dollars--looked forward to the complete withdrawal of greenbacks. In contrast, "cheap money" people--agrarian and debtor groups--pushed for the Treasury to reissue greenbacks that had been withdrawn in hopes that doing so would stimulate the economy. In 1874, President Grant vetoed a bill to issue more greenbacks. Congress then passed the Resumption Act of 1875, which called for the gradual redemption of greenbacks for gold starting in 1879, making the value of paper money equal to that of gold.

The Resumption Act infuriated the "cheap money" people and resulted in the formation of the Greenback Labor Party, which elected fourteen congressmen in 1878. The Act brought the greenbacks up to their full face value and helped restore the government's credit. However, the contest over monetary policy persisted as one of the most divisive issues in American politics.

Although President Grant's terms in office were tainted with corruption, his supporters urged him to run for a third term in 1876. Some believe he did not run due to the many scandals that emerged during his terms. Others believe it was because the House passed a resolution to limit presidents to two terms in office. Either way, Grant was out of the running, and the Republicans turned to a compromise candidate: Rutherford B. Hayes from Ohio. Hayes was a three-time governor of Ohio, and his chief virtue was that no one knew much about him, so both Radicals and reformers accepted him.

The Democratic Party nominated Samuel J. Tilden, a famous lawyer from New York who had overthrown the notorious Boss Tweed. Both Hayes and Tilden favored conservative rule in the south and civil service reform. Since the campaign did not generate any substantive issues, the two parties turned to mud-slinging, with Republicans claiming Democrats were Confederates and Democrats pointing to the corruption of the past Republican presidency.

On Election Day, Tilden garnered 184 electoral votes--only one short of the majority needed--and nearly 300,000 more popular votes than Hayes. However, there were 20 disputed electoral votes due to irregular returns from Oregon, Florida, Louisiana, and South Carolina. In the three disputed southern states, rival canvassing boards submitted different returns to Congress: one supporting a Democratic win and the other supporting a Republican win. Unfortunately, the Constitution had no provisions outlined for such a situation, so in January 1877, Congress set up a special electoral commission consisting of 15 men from the Senate, House, and Supreme Court.

The electoral commission reviewed the votes for Oregon, Florida, Louisiana, and South Carolina and, by partisan result of eight Republicans to seven Democrats, gave the Republicans the electoral votes. The House voted to accept the commission's decision, declaring Hayes President by an electoral vote of 185 to 184. Congressional Democrats threatened to filibuster and prevent the recording of the electoral vote.

Many southern Democrats began to make informal agreements with the Republicans behind closed doors. In the Compromise of 1877, Republican Congressman James Garfield met with powerful southern Democrats at the Wormley Hotel in Washington. The Republicans promised that if Hayes was elected he would withdraw the last of the federal troops from the south, allowing the only remaining Republican Reconstruction governments to collapse. Another concession the Republicans made was to promise support for a bill that would subsidize construction of the southern transcontinental railroad line. Finally, the Republicans also consented to giving the position of Postmaster-General to a southern white.

The Compromise came at a price: It gave the Democrats justification to desert Tilden, since it would allow them to regain political rule in the south. With the compromise, the Republicans had quietly given up their fight for racial equality and blacks' rights in the south. In 1877, Hayes withdrew the last federal troops from the south, and the bayonet-backed Republican governments collapsed, thereby ending Reconstruction.

Over the next three decades, the civil rights that blacks had been promised during Reconstruction crumbled under white rule in the south. The plight of southern Blacks was forgotten in the north

as they were segregated and condemned to live in poverty with little hope. Radical Reconstruction had never offered more than an uncertain commitment to equality, but it had left an enduring legacy with the Thirteenth, Fourteenth, and Fifteenth Amendments waiting to be enforced.