

Andrew Jackson and the Bank War

Read through the synopsis of Jackson's Bank War and all the primary source documents. As a group you have thirty minutes to analyze the material and present the story of the Bank War to your classmates while paying attention to some of the questions below. Please do not limit yourselves to just those questions as they are meant to get you started. Remember your classmates will not have the documents so you must be clear in addressing each of them in your presentation. You will have no more than five to six minutes to present your in-depth findings.

Questions to ponder:

Why was the Bank such a controversial issue in American politics at this time?

Did the United States really need a National bank?

Did the Bank, as operated by Biddle, have too much political and economic power?

Why was Jackson opposed to the Bank?

Suggestions for your presentation:

A short debate among your group to the Senate presenting each side of the issue surrounding Jackson's veto.

Two short speeches to your fellow Senators, one supporting, the other opposing the veto.

Make sure you include details and reference the documents in your presentation. Give thought to answering the questions also.

Andrew Jackson's War with the Bank of the United States

The bank, Mr. Van Buren, is trying to kill me, but I will kill it! ²⁷

-Andrew Jackson

This worthy President [Andrew Jackson] thinks that because he has scalped Indians and imprisoned judges, he is to have his way with the Bank. He is mistaken. ²⁸
Nicholas Biddle

The Jackson-Biddle test of strength and will pitted the President of the United States against the head of the nation's largest corporation. Jackson, the ex-frontier brawler turned national hero, claimed to speak for Americans who hated monopoly and privilege. Biddle, the sophisticated man of letters turned banker, was said to be championing the vested interests of America's privileged few. More than the future of the government chartered Bank of the United States was at stake in this contest. At issue was the growth of the American economy, the future of money and credit, and the meaning of democratic principles.

The Second Bank of the United States

The Andrew Jackson-Nicholas Biddle clash was the last chapter in the turbulent history of the Bank originally proposed by Alexander Hamilton. It will be recalled that the Second Bank was chartered five years after the First was allowed to die. The first three years of the second B.U.S.'s existence were a near disaster. Guided by the expansionist policies of William Jones, the Bank issued too many loans of flimsy credit. When these errors were discovered under a new leadership, the Bank hastily called in its loans. This sudden contraction of credit helped trigger the Panic of 1819. Among the many victims of this credit contraction was none other than Andrew Jackson. It has been said that his distaste for banks stemmed from this experience as well as an earlier incident in which he had been held liable for notes on which a business partner had defaulted.

When Nicholas Biddle became president of the Bank in 1822, he began a policy of cautious credit expansion. In the next nine years, the Bank increased its loans from 28 to 44 million dollars. During this period, the Bank once again assumed the central role in the economy which Hamilton had envisioned. It established a total of 9 branches, served as a depository for government money (on which it paid no interest) and smoothly and efficiently handled government accounts. The notes it issued against its deposits served the nation as a valuable and universally accepted form of money. About one-third of all the nation's bank deposits were held in its vaults. Its gross revenue was twelve times that of the state of Massachusetts, and its loans far exceeded Federal expenditures.



Contemporary cartoon of greedy banker lusting after gold coin

The Power of the Bank of the United States

The very size of the B.U.S enabled it to fill an important role that no other institution could accomplish. The Bank could buy up notes issued by the less powerful state banks. By demanding that banks meet their obligations by paying off the notes with gold or silver currency, the bank was able to prevent state banks from issuing more bank notes than was prudent. The National bank's ability to restrict credit expansion by other banks actually served to regulate the amount of currency in circulation. This, in turn, prevented an unwarranted expansion of credit and gave the notes issued by state banks more credibility and wider acceptance. This power, however, generated jealousy and fear on the part of other banks. Biddle did not help his cause when he foolishly admitted under questioning that he could crush any of the state banks:

Q: Has the bank at any time oppressed any of the State Banks?

A: Never. There are very few banks which might not have been destroyed

by an exertion of the powers of the bank. None have ever been injured. ²⁹

In exercising the Bank's power, Biddle would tolerate for no interference by any officer of the Government, from the President downwards:

[T]he officers of the bank should regard only the rights of the bank and the instructions of those who govern it, and should be at all times prepared to execute the orders of the board, in direct opposition, if need be, to the personal interests and wishes of the President and every officer of the Government. ³⁰

By means of proxy, or stand-in votes of absentee stockholders, Biddle controlled the selection of 20 of the 25 Bank Directors. Although he did not possess the legal power, Biddle wouldn't allow the federally appointed directors to inspect the Bank's books. Thus, the tremendous influence that the Bank had on the economy was in effect wielded by one man, Nicholas Biddle. As to mere power, he boasted to a confidant in 1837, "I have been for years in the daily exercise of more personal authority than any President habitually enjoys." ³¹

As so often happens, economic power can also become political power. Under Biddle's direction in 1831 and 1832, the Bank spent tens of thousands of dollars to distribute information favorable to the Bank. It paid authors to write articles praising it, distributed copies of speeches on the Bank, and paid newspapers to publish favorable stories. In addition, the Bank also lent large sums to politicians and to newspapers. At least one newspaper, the New York Courier and Inquirer, changed its editorial policies in favor of its creditor after receiving loans totaling \$52,000. Furthermore, fifty-nine Congressmen borrowed various amounts from the Bank, often to finance their political campaigns, and regularly received their

Andrew Jackson's Veto

President Jackson

Is there no danger to our liberty and independence in a bank that in its nature has so little to bind it to our country? The president of the bank has told us that most of the State banks exist by its forbearance. Should its influence become concentrated, as it may under the operation of such an act as this, in the hands of a self-elected directory whose interests are identified with those of the foreign stockholders, will there not be cause to tremble for the purity of our elections in peace and for the independence of our country in war?

...

It is to be regretted that the rich and powerful too often bend the acts of government to their selfish purposes. Distinctions in society will always exist under every just government. Equality of talents, of education, or of wealth, can not be produced by human institutions. In the full enjoyment of the gifts of heaven and the fruits of superior industry

economy, and virtue, every man is equally entitled to protection by law; but when the laws undertake to add to these natural and just advantages artificial distinction, to grant titles, gratuities, and exclusive privileges, to make the rich richer and the potent more powerful, the humble member of society—the farmers, mechanics, and laborers—who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their Government. . . . In the act before me there seems to be a wide and unnecessary departure from these just principles. . . .

If we can not at once, in justice to interests vested under improvident legislation, make our Government what it ought to be, we can at least take a stand against all new grants of monopolies and exclusive privileges, against any prostitution of our Government to the advancement of the few at the expense of many, and in favor of compromise and gradual reform in our code of laws and system of political economy. . . .³²

Senator Webster

A great majority of the people are satisfied with the bank as it is, and desirous that it should be continued. They will heed no change. The strength of this public sentiment has carried the bill through Congress, against all the influence of the administration, and all the power of organized party.

Mr. President, it is not the local interest of the West, nor the particular interest of Pennsylvania, or any other State, which has influenced Congress in passing this bill. It has been governed by a wise foresight, and by a desire to avoid embarrassment in the pecuniary concerns of the country, to secure the safe collection and convenient transmission of public moneys, to maintain the circulation of the country, sound and safe as now it happily is, against the possible effects of a wild spirit of speculation. Finding the bank highly useful, Congress has thought fit to provide for its continuance.

Mr. President, we have arrived at a new epoch. We are entering on experiments, with the government and the Constitution of the country, hitherto untried, and of fearful and appalling aspect. This message calls us to the contemplation of a future which little resembles the past. Its principles are at war with all that public opinion has sustained, and all which the experience of the government has sanctioned. It appeals to every prejudice which may betray men into a mistaken view of their own interests and to every passion which may lead them to disobey the impulses of their understanding. . . . It sows, in an unsparing manner, the seeds of jealousy and ill-will against that government of which its author (Jackson) is the official head. It raises a cry, that liberty is in danger, at the very moment when it puts forth claims to powers heretofore unknown and unheard of. . . . It . . . seeks to inflame the poor against the rich; it wantonly attacks whole classes of the people, for the purpose of turning them against the prejudices and resentments of other classes. It is a state paper which finds no topic too exciting for its use, no passion too inflammable . . .

I will now give you a history of the times at headquarters [Washington, D.C.]. We are still engaged in debating the great question of the removal of the [federal government's] deposits [from the Bank of the United States]. This question has consumed almost the whole of the session [of Congress]. . . . The Senate took the vote last week on Mr. Clay's Resolutions [on the administration's decision to divert federal funds from the bank]. First resolution was that the Secretary's reasons were insufficient, and was not satisfactory to the Senate and the other was that the President [Jackson] has violated the Laws and the Constitution. The first resolution was adopted 28 to 18 and the Second by a vote of 27 to 19. . . . This was the vote of the Senate and I hope the vote may be taken in the House next week. It will be a close vote. Both parties claim the victory. I am still of [the] opinion that the House will adopt similar Resolutions to that of the Senate. My reasons for these opinions is that in so large and intelligent body of men called Honourable men cannot violate principle so much as for a majority to vote for a measure that every man that knows anything must acknowledge is contrary to the laws and Constitution. I have conferred with some of our own numbers that has acknowledged that the act was not right, that Jackson had not a friend in Congress but was sorry that the act was done, but that they must sustain their party. This is what may be called forsaking principle to follow party. This is what I hope ever to be excused from. I cannot nor will not forsake principle to follow after any party and I do hope there may be a majority in Congress that may be governed by the same motive. . . .

I do consider the question now before Congress is one of deep interest to the American people. The question is whether we will surrender up our old long and happy mode of government and take a despot. If Jackson is sustained in this act we say that the will of one man shall be the law of the land. This you know the people will never submit to. I do believe nothing keeps the people quiet at this time only the hope that Congress will give some relief to the Country. We have had memorials from more than three hundred thousand people praying for the restoration of the deposits and a revival of the Charter of the United States Bank. They state that the manufactures have all stopped and dismissed their hands and that there is men, women and children ro[a]ming over the country offering to work for their victuals. You know that such a state of things cannot be kept quiet long. This has never been the case before since previous to the old war [the War of 1812]. The people petitioned in vain. . . . and at length we knew what followed and. . . my great dread is a Civil War. I do consider the South Carolina question [the nullification controversy] nothing to compare with the present moment. We see the whole circulatory medium of the Country deranged and destroyed and the whole commercial community oppressed and distressed. . . . Just to gratify the ambition of one man [Jackson] that he may [w]reck his vengeance on the United States Bank. And for what? Just because it refused to lend its aid in upholding his party. The truth is he is surrounded by a set ofimps. . . that is willing to sacrifice the country to promote their own interest. . . .

I have no doubt of the people getting their eyes open yet in time to defeat the little political Judas, Martin Van Buren. . . . Never was the money of Rome more compleat on the hands of Caesar than the whole purse of the nation is at the time in the hands of our President Jackson. . . . He is now in possession of both sword and purse. Caesar said to the secretary of Rome give me the money and the secretary said no person have a right to ask that but the Roman Senate and Caesar said to him that it would be as easy for Caesar to take your life as to will it to another. With that the Secretary knowing that Caesar had all power he stepped aside and Caesar took the money. How was it with Andrew Jackson when he asked Mr. Duane to remove the deposits and he refused & he was then dismissed and a more pliable one appointed and the act is done and I believe they are sorry for it. No man knows where the money of the Country is. Congress has no control over it. This is a new scene in our political history.

ANDREW JACKSON, MARCH 14, 1834, TO MOSES DAWSON, GLC 1736

The panic is fast subsiding and like other panics must end in leaving society in a more pure state. The cowards fly, and the corrupt & infected portion of our country will fail, and leave our country in a more healthy condition, by giving us, in time, a metallic currency to meet the wants of the labouring class of the community by putting down the circulation of notes under five dollars and in time, under twenty dollars.... The tyrant [the Second Bank of the United States] is chained & must expire at the end of its charter.

1. Jackson Vetoes the Bank Recharter (1832)

As the [Bank] charter had yet four years to run, and as a renewal now was not necessary to the successful prosecution of its business, it was to have been expected that the Bank itself, conscious of its purity and proud of its character, would have withdrawn its application for the present, and demanded the severest scrutiny into all its transactions. . . .

The Bank is professedly established as an agent of the Executive Branch of the government, and its constitutionality is maintained on that ground. Neither upon the propriety of present action nor upon the provisions of this act was the Executive consulted. It has had no opportunity to say that it neither ends nor wants an agent clothed with such powers and favored by such exemptions. There is nothing in its legitimate functions which makes it necessary or proper. Whatever interest or influence, whether public or private, has given birth to this act, it cannot be found either in the wishes or necessities of the Executive Department, by which present action is deemed premature, and the powers conferred upon its agent not only unnecessary but dangerous to the government and country.

It is to be regretted that the rich and powerful too often bend the acts of government to their selfish purposes. Distinctions in society will always exist under every just government. Equality of talents, of education, or of wealth cannot be produced by human institutions. In the full enjoyment of the gifts of heaven and the fruits of superior industry, economy, and virtue, every man is equally entitled to protection by law.

But when the laws undertake to add to these natural and just advantages artificial distinctions, to grant titles, gratuities, and exclusive privileges, to make the rich richer and the potent more powerful, the humble members of society—the farmers, mechanics, and laborers—who have neither the time nor the means of securing like favors to themselves, have a right to complain of the injustice of their government.

There are no necessary evils in government. Its evils exist only in its abuses. If it would confine itself to equal protection, and, as heaven does its rains, shower its favors alike on the high and the low, the rich and the poor, it would be an unqualified blessing. In the act before me there seems to be a wide and unnecessary departure from these just principles.

Nor is our government to be maintained or our Union preserved by invasions of the rights and powers of the several states. In thus attempting to make our General Government strong, we make it weak. Its true strength consists of leaving individuals and states as much as possible to themselves—in making itself felt, not in its power, but in its beneficence; not in its control, but in its protection; not in binding the states more closely to the center, but leaving each to move unobstructed in its proper orbit.

Experience should teach us wisdom. Most of the difficulties our government now encounters, and most of the dangers which impend over our Union, have sprung from an abandonment of the legitimate objects of government by our national legislation, and the adoption of such principles as are embodied in this act. Many of our rich men have not been content with equal protection and equal benefits, but have besought us to make them richer by act of Congress. By attempting to gratify their desires we have in the results of our legislation arrayed section against section, interest against interest, and man against man, in a fearful commotion which threatens to shake the foundations of our Union.

2. *A Boston Journal Attacks Jackson (1832)*

The Bank veto . . . is the most wholly radical and basely Jesuitical document that ever emanated from any administration, in any country.

It violates all our established notions and feelings. It arraigns Congress for not asking permission of the Executive before daring to legislate on the matter, and fairly intimates a design to save the two Houses in future from all such trouble.

It impudently asserts that Congress have acted prematurely, blindly, and without sufficient examination.

It falsely and wickedly alleges that the rich and powerful throughout the country are waging a war of oppression against the poor and the weak; and attempts to justify the President on the ground of its being his duty thus to protect the humble when so assailed.

Finally, it unblushingly denies that the Supreme Court is the proper tribunal to decide upon the constitutionality of the laws!!

The whole paper is a most thoroughgoing electioneering missile, intended to secure the madcaps of the South, and as such deserves the execration of all who love their country or its welfare.

This veto seems to be the production of the whole Kitchen Cabinet [an informal group of advisors to Jackson]—of hypocrisy and arrogance; of imbecility and talent; of cunning, falsehood, and corruption—a very firebrand, intended to destroy their opponents, but which now, thanks to Him who can bring good out of evil, bids fair to light up a flame that shall consume its vile authors.

If the doctrines avowed in this document do not arouse the nation, we shall despair that anything will, until the iron hand of despotism has swept our fair land, and this glorious Republic, if not wholly annihilated, shall have been fiercely shaken to its very foundations.