



# Origin of the Specie: Andrew Jackson and the Bank War

## Thematic Unit

### Introduction

The question over the constitutionality of the Bank of the United States (BUS) had loomed over the country for almost 40 years. Federalists argued for it, Anti-Federalists argued against it. When Andrew Jackson was elected in 1828, he brought the promise to reform government with him, and high on his list was the “corrupt” and “monstrous” Bank of the United States. In a protracted battle over a national banking system Jackson not only reshaped the nation’s economy, but also the role of the Office of the President, in ways that reverberate today.

### Objectives

- A. Examine the events that established, and ultimately eliminated the Bank of the United States.
- B. Analyze how and why Andrew Jackson expanded the role of the Office of the President.
- C. Understand how those events are still relevant today.

### Background

In the Election of 1828, Jackson campaigned on a platform of reform. In his crosshairs sat Nicholas Biddle and the 2nd Bank of the United States. When Biddle continually challenged Jackson’s calls for an investigation into the corruption of the BUS’ branches, it enraged the president, and confirmed his preconceived notions about the role of banks,

and their serving of a “Northeastern Aristocracy.” The issue over the BUS quickly became larger than a financial issue. National Republicans nominated Henry Clay to run for president, and it was clear the best way to defeat Jackson was to force his hand with the Bank. The National Republicans (or Whigs) claimed Jackson was trying to establish a dictatorship by hoarding power. The Democrats, personally led by Jackson, claimed the Whigs were trying to influence elections and corrupt the government with the BUS. His veto of the re-chartering of the BUS changed the dynamic of presidential power – forever. In the election of 1832, Jackson put the issue before the electorate – something that had never before been done before. When Jackson handily defeated Henry Clay, he saw that as having been confirmed in his efforts by the Nation. And as their direct representative (another paradigm shift), he killed the BUS. The effects of this were felt for years, possibly leading to the Panic of 1837, and the defeat of his protégé, Martin Van Buren in the election of 1840. The similarities between these events and the economic collapse of 2008 are striking and remarkable.

### **Vocabulary**

Bank Charter  
Constitutionality  
Depression  
Federalist  
Housing bubble  
Implied Power  
Inflation  
*McCulloch v. Maryland*  
Panic of 1819  
Panic of 1837  
Paper money  
Pet banks  
Promissory Note  
Specie  
Speculation  
States’ Rights  
Veto

### **Suggested Pre-Activities**

1. Hold a classroom discussion, asking students to take states’ rights vs. federal rights stance. Topics can include: infrastructure, taxes, military, and banking. How do they feel about it?
2. Ask students to write a paper on the pros/cons of debit cards – what are their benefits, and what are their drawbacks?

3. Establish a series of banks. Ask three students to be the bankers, and “give” the students \$100 to deposit. Place no restrictions on how the bankers handle their investors’ money. Introduce concepts of land speculation, loans, and politics.

### **Presentation Outline**

*Note to Classroom Instructor – this will be covered within the education class. There is no need to cover this information prior to education program.*

1. Discuss how land speculation worked. What made it so popular among settlers on the Western frontier? How did Jackson get burned (and almost ruined) speculating? Use this as the introduction for program – and Andrew Jackson’s view of banking and speculation.
2. How did the banks’ issuing of paper money fuel speculation of all kinds, and help fuel its demise? What did Jackson learn from his involvement in the David Allison affair? Introduce the sectional bias within the United States regarding paper money and banks.
3. Introduce the practice of using specie. What are its benefits and drawbacks?
4. Discuss the 1st Bank of the United States (BUS), and the questions over Alexander Hamilton’s justification of its constitutionality. What was the BUS’ purpose and role, as intended by Hamilton? Discuss how Thomas Jefferson interpreted Article I, Section 8 to question Hamilton.
5. Examine why the 1st BUS’ charter was allowed to expire, and what brought about the 2<sup>nd</sup> BUS. Discuss the early struggles of the 2nd BUS – from corruption to its role in the Panic of 1819. Mention who was hit hardest by the Panic of 1819 (the South, and West). How did this fuel the perception of the BUS, and by extension, the Northeast, and their “aristocracy.”
6. Examine the role of *McCulloch v. Maryland* on the BUS, and the role of precedent in politics.
7. Introduce students to Nicholas Biddle, the soon-to-be President of the 2nd BUS, his qualifications and his character flaws.
8. List the qualities of the Bank of the United States – what was it good for, and how did it benefit the national economy? Contrast this with why Andrew Jackson was determined to destroy the BUS. Who has the more valid argument? Examine how Henry Clay and Daniel Webster, in concert with Nicholas Biddle, were the political forces at work in the push for recharter before the election of 1832.
9. Introduce the history of the presidential use of the veto. What is the purpose of the president’s right to veto a bill?
10. Discuss Jackson’s reasoning for vetoing the re-chartering of the BUS – how did this contrast with how the previous six presidents viewed the purpose of the veto?
11. Examine the Election of 1832. How did Jackson use the BUS issue to determine the election, and how was this revolutionary in American politics?
12. Discuss the “King Andrew I” political cartoon and its effect on the election. What were the Whigs – or National Republicans – trying to tell the public? How did the

Democrats answer? Emphasize the need to stay informed with what is happening in the political realm.

13. Examine how Jackson viewed his re-election in regard to his actions regarding the BUS. This was the first time in the nation's young history that the president had taken a political issue directly to the public.
14. How did Jackson's actions with the BUS impact the stability of the nation's economy in the years following? Is there a correlation between Jackson's destruction of the BUS and the Panic of 1837? How did his plan to save the public from corruption and speculation among banks contribute to history repeating itself?
15. Discuss Andrew Jackson's dealing with the BUS and what it meant for the power assigned to the Office of the President (revisiting the importance of precedent).
16. Examine the similarities between the government and the BUS in light of the collapse of the housing market in 2008. Further that by examining Martin Van Buren's refusal to interfere in business, and how it precipitated his departure from the presidency in 1840.

### **Suggested Post-Program Activities**

1. Have students draw a political cartoon identifying parallels between the Bank War and the recent economic depression in the United States ask students to write a description of what life would be like without debit/check/credit cards.
2. Have students write a memo from the future to President Martin Van Buren in 1837, detailing the events of 2008-present in this latest economic crisis. How did President Bush and Obama deal with the economic crisis, and what advice would they give?
3. Discuss the censure of Andrew Jackson by the Senate that followed in 1834 (linked below).

Hold a classroom discussion on the politics/fairness shown by the Senate.

## **Selected Bibliography**

Meacham, Jon. *American Lion: Andrew Jackson in the White House*. Random House, 2008.

Remini, Robert V. *Andrew Jackson: Volume II: The Course of American Freedom*. Johns Hopkins, 1981.

Remini, Robert V. *Andrew Jackson and the Bank War*. Norton, 1967.

Royall, William L. *Andrew Jackson and the Bank of the United States*. University of Michigan, 1880.

## **Web Links and Images**

“1819: America’s First Housing Bubble”

(<http://mises.org/daily/3395>)

Andrew Jackson’s veto of the re-charter of the 2nd Bank of the United States (text)

([http://avalon.law.yale.edu/19th\\_century/ajvetoo1.asp](http://avalon.law.yale.edu/19th_century/ajvetoo1.asp))

Article I, Section 8 of the Constitution

([http://www.usconstitution.net/xconst\\_A1Sec8.html#C18](http://www.usconstitution.net/xconst_A1Sec8.html#C18))

The Celebrated Bank War

([http://www.digitalhistory.uh.edu/database/article\\_display.cfm?HHID=640](http://www.digitalhistory.uh.edu/database/article_display.cfm?HHID=640))

Censure of Andrew Jackson and Jackson’s response

([http://www.archives.gov/exhibits/treasures\\_of\\_congress/Images/page\\_9/29a.jpg](http://www.archives.gov/exhibits/treasures_of_congress/Images/page_9/29a.jpg)) And

([http://avalon.law.yale.edu/19th\\_century/ajackoo6.asp](http://avalon.law.yale.edu/19th_century/ajackoo6.asp))

“The Events that Broke Wall Street” (slideshow)

([http://money.cnn.com/galleries/2008/news/o809/gallery.week\\_that\\_broke\\_wall\\_street/index.html](http://money.cnn.com/galleries/2008/news/o809/gallery.week_that_broke_wall_street/index.html))

“Housing woes take bigger toll on economy than expected: Paulson” (October 2007 article)

(<http://afp.google.com/article/ALeqM5hWSjWmGJ4YXTh3PM5kOC7csTT48g>)

“Jackson slaying the many-headed monster” (image)

([http://upload.wikimedia.org/wikipedia/commons/b/be/General\\_Jackson\\_Slaying\\_the\\_Many\\_Headed\\_Monster.jpg](http://upload.wikimedia.org/wikipedia/commons/b/be/General_Jackson_Slaying_the_Many_Headed_Monster.jpg))

Jackson's veto of the Bank of the United States – July 10, 1832 (text)  
(<http://millercenter.org/scripps/archive/speeches/detail/3636>)

“Jefferson's opinion on the constitutionality of a national bank” (text)  
([http://avalon.law.yale.edu/18th\\_century/bank-tj.asp](http://avalon.law.yale.edu/18th_century/bank-tj.asp))

“King Andrew I” (cartoon)  
([http://www.columbia.edu/itc/history/foner/jacksonian\\_america/week5-second\\_party/king\\_andrew.jpg](http://www.columbia.edu/itc/history/foner/jacksonian_america/week5-second_party/king_andrew.jpg))

Nicholas Biddle (image)  
(<http://images.virtualology.com/ac/1/i/imag0103.jpg>)

“The Panic of 1837”  
(<http://www.ohiohistorycentral.org/entry.php?rec=536>)

“Stocks crushed” (article)  
([http://money.cnn.com/2008/09/29/markets/markets\\_newyork/index.htm](http://money.cnn.com/2008/09/29/markets/markets_newyork/index.htm))

“The Times” (image)  
([http://en.wikipedia.org/wiki/File:The\\_times\\_panic\\_1837.jpg](http://en.wikipedia.org/wiki/File:The_times_panic_1837.jpg))

“Tradesman during the Panic of 1837” (image)  
([http://www.americaslibrary.gov/aa/buren/aa\\_buren\\_panic\\_3\\_e.html](http://www.americaslibrary.gov/aa/buren/aa_buren_panic_3_e.html))