CHAPTER XI
JACKSON SLAYS THE BANK OCTOPUS
1832-1837


Jackson’s battle with the Bank of the United States is the greatest single contest in our political annals. The conflict over slavery was longer and of greater importance, but that was a series of wars with intervening truces; our tariff struggles have been separate periodic conflicts strung along a thousand-mile front. The bank battle was a drive on Verdun—and its destruction.

Against Jackson and his lieutenants were arrayed Clay, Webster and Calhoun and the bank itself, the most powerful institution in America save the government, and, supporting it, most of the money power and the large business interests of the country—the organized wealth of that day.

Even before the framers of the Constitution sat in council there had been among our people a dread of monopolies, especially of bank monopoly with accompanying paper money. “This is a hard money country and we are a hard money people,” had been a current phrase since the evils of the Continental currency had been felt. The expression of utter worthlessness was coined into the phrase—“Not worth a Continental.” It has been seen how unwillingly and only when driven to it by sheer necessity Washington and Madison had signed the bills establishing banks. As soon as the necessity lessened, the opposition to the bank revived.

When Jackson was inaugurated, the second Bank of the United States owned assets of over $100,000,000; its deposits were over $13,500,000, its discounts more than $40,000,000, and its notes, circulating at par all over the United States, amounted to over $27,000,000. ‘It was giving the country a fairly stable and
uniform currency. It had twenty-five branches in various states and its stock was 125 in the market. Nicholas Biddle, its president, was a gentleman of high standing in every way and was accounted a great financier.

Jackson's first message reminded Congress that the bank's charter would soon expire and stated that both the constitutionality and the expediency of the law creating it was well questioned by a large portion of the people, and that it had failed to establish a uniform and sound currency. His criticism was of the bank per se, not of its present management, which so admirably bore the name of the Treasury Department. In his third message he contended against the idea of rechartering it.

The refusals of the New Orleans branch and the curtness of the refusal to honor his draft on the government in 1821 when on his way with his army to Florida, may have prejudiced Jackson, but his fight on the bank was due to deep antagonistic principles he was imbued with. There were plenty of complaints of the bank and its branches for its favoritism, oppression, interference and other faults. One of the chief complaints was Senator Woodbury of New Hampshire.

President Biddle had some literary talent and quite a flair for controversy; when he took pen in hand he strutted on paper. He was a proud man, at the head of a proud institution. He wrote in a grand way to the Secretary of the Treasury that the political conduct, as well as opinions, of the bank's directors was beyond the government's remonstrance. As one of the chief obstructions always held against the bank and especially argued against it right now was its political influence and its power to make or break a government, this was not a diplomatic stand to take. With the government owning $7,000,000 of stock and having millions on deposit and appointing five of the directors of the bank, this declaration of independence sounded rather high to the average citizen.

The Bank of England had lately been under fire in Parliament and some of its methods and the high and mighty language used by that institution, even to Pitt, when his government was in straits, had attracted attention here as well as in England. That Jackson would lie down under language like the bank's no one who knew him could believe.

Of course there were charges that Jackson had wanted to use
for the Presidency. He thought it was the winning issue and that it would be folly to waive it. However much the wish may have been father to the thought, the opinion was honest and enthusiastic.

Against the advice of the conservative friends of the bank he assumed the aggressive, got the bill for a recharter through Congress and forced Jackson to veto it in the middle of the Presidential campaign. Clay thus made the bank question the paramount issue in the 1832 campaign between Jackson and himself for the Presidency.

The bank had been over many of Jackson’s friends in Congress, turned a majority of sixty-five into a minority; would not the same issue, Clay asked, win with the people? In Washington, in most of the circles Clay moved in, Jackson had lost popularity by reason of his antagonism to the bank; had he not lost ground equally with the people? The bank was powerful in Pennsylvania, a Jackson stronghold; win Pennsylvania’s pivotal vote and the Presidency!

A flail assault on Jackson, in which Clay was heartily joined by Webster and Calhoun, was the rejection of Van Buren’s appointment as Minister to England.

The memorial for a new charter was presented in January, 1832. Jackson and Clay had been nominated and the Presidential campaign in full swing for months. There was jockeying with the issue in both houses of Congress during the campaign. A demand for an investigation by Clayton in the House, supported by recital of seven specific violations of its charter and fifteen abuses of power, was after long delay grudgingly granted, but confined to charter violations.

Three reports were made, a majority report, a minority report and a John Quincy Adams report. The majority was adverse. It charged that the bank had subsidized the press, making large loans to editors on poor security on days that good bankable business paper was rejected because of alleged lack of funds. It showed evidence of the bank’s speculating in stocks and exporting gold. It expressed doubt of the bank’s solvency.

But the thing which stuck in the public throat was the proof that the United States navy needing $10,000 to pay off the fleet in South American waters, the government was charged a profit to the bank, under the claim that the Spanish silver dollars furnished were mere bullion, although Spanish dollars were by our law made legal tender and were current coin in this country. The minority and the Adams report were favorable.

JACKSON SLAYS THE BANK OCTOPUS

The rechartering bill passed the Senate 28 to 20, the House 106 to 94, was presented to Jackson July 4th and vetoed July 10, 1832. The veto message, like the three committee reports, had a strong political flavor. It recited the evils of monopolies; if the people were to grant a monopoly they should get a fair return. A new bank would give much more than the present one offered for a charter. The constitutionality of a bank was argued at length—bitter medicine for Clay, as most of Jackson’s argument was a plain rehash of Clay’s great speech against a bank in 1811. Lincoln later justified his attitude toward the Dred Scott decision by Jackson’s position on the decision of the Supreme Court affirming the constitutionality of the bank’s charter.

One expression in the veto message came in for virulent criticism. Alluding to the Supreme Court decision as to the constitutionality of the bank charter, Jackson said:

“If the opinion covered the whole ground of this act, it should not control the coordinate authorities of this government. The Congress, the Executive and the Court must each for itself be guided by its own opinion of the constitution. Each public officer who takes an oath to support the constitution swears that he will support it as he understands it, not as it is understood by others.”

This, which distinctly applied only to Congress, to the President and to the Court, was tortured into an assertion that any deputy marshal or any custom-house officer could interpret the constitution according to his individual ideas. Of course this was pure distortion; Jackson did not mean to allow to subordinate officials an authority he was just then denying to the sovereign State of South Carolina.

A nicer question is whether a President is justified in vetoing a bill as unconstitutional which is palpably so to his mind yet where the Supreme Court has declared the principle involved constitutional. Shall his conscience or the court decision guide him? The court later may reverse its decision. Jackson and Presidents of like character would veto such a bill and let Congress and Court act according to their convictions. This is only preserving the independence of the three departments.

In the particular matter before Jackson, who had been a lawyer and a judge, treated the constitutionality of the existing charter of the bank as res judicata between the government and the corporation, but as to a new charter he refused to be
bound, as the court might be, by the rule of stare decisis, when his convictions were absolute the other way.

All officers are bound to the constitutionality of a law so declared by the courts; but a bill coming up to a President for approval is not a law until he approves it. In signing or vetoing it he is functioning, not as an executive obeying a law, but as part of the legislative branch of the government, considering a proposed law.

No effort was made to pass the bill over the veto but much campaign material was made in Congress. The bank advocates drew fearful pictures of the distress that would ensue. It was a hobgoblin campaign—the bank monster that would pounce on the people, the anti-bank dragons that would destroy all business and prosperity. As the nation had prospered with the bank in existence for sixteen years, and the bank had four years more to run and two years in addition to wind up its affairs, a process its predecessor had gone through without ruination of the country, the people refused to be unduly alarmed at either scarecrow.

Clay attacked the veto power as irreconcilable with representative government, borrowed from the English government in its tyrannical days; Louis XVI of France, he pointed out, had used it so often as to be called in derision Monsieur Veto. Webster said that the veto denied first principles, contradicted every prejudice and every passion, arrayed the poor against the rich. If its principles were accepted the government would not long survive.

Senator Hugh L. White replied that of all Andrew Jackson's services to his country this veto was the greatest, the most courageous and unsatisfactory.

With this the issue went to the country—Andrew Jackson vs. The Bank of the United States. The verdict was a large popular majority and an electoral vote of more than four to one for the prosecution. This ended the first phase of the battle.

So long as the nullification issue was unsettled Calhoun, presiding over the Senate, kept hands off. His political principles made him anti-bank, but he was even more anti-Jackson, and he could with much consistency oppose any executive usurpation of power.

Jackson was sixty-six years old and in ill health when he began his second term. He looked on his re-election as the people's approval of what he had done and proposed to do, and as the death sentence of the bank in due and legal form.

JACKSON SLAYS THE BANK OCTOPUS

The four great figures in the arena were Jackson, the Preserver of the Union; Webster, the Defender of the Constitution; Clay, the Great Pacifist, and Calhoun. Benton, the administration leader in the Senate, was of little less prominence, and a most doughty champion, no swordsman but a mighty wielder of the battle-axe, and there were many able men of lesser note in both branches of Congress.

Jackson toured the East in the spring and was given great ovations. Some criticized these tumultuous welcomes as too noisy and democratic, and clergymen, professional men and prominent citizens complained that they could with difficulty reach the President. Some newspaper correspondents, notably Jack Downing, a forerunner of Artemas Ward and Will Rogers, gave a humorous cast to their daily papers. The conqueror of Indians, British, Spaniards and the Bank of the United States, was thunderously received by the masses and was mightily pleased therewith.

In his message of December, 1832, Jackson renewed his attack on the bank by recommending the sale of its stock held by the government and an investigation into the bank's solvency, but Congress promptly voted down both propositions. Jackson was not alone in his belief of the bank's insolvency although a great many people thought the idea preposterous. Never has it been ascertained who was right when at length its affairs were wound up in 1842 no one felt curious or disinclined to know the disastrous wreck. Its ruin was generally attributed to the expenses incurred in fighting for its life, and bad management after becoming a private institution.

In 1831 the bank had advised the Secretary of the Treasury not to pay off some millions of the public debt held abroad as the money was needed by the country's business. Many thought no such need existed, and that this was an artifice to keep the money on deposit with the bank.

A second time this debt payment was postponed at the bank's request, the bank agreeing to pay the interest, thus keeping possession of the funds instead of paying off the national debt a consumption devoutly desired by the people. This increased the doubt of the bank's solvency, and, though having all the evidence in its hands, it not only did not prove its solvency but resisted and hampered every investigation.

Congress taking no action except a hasty investigation by the House ways and means committee, which recommended that the deposits might be left with safety in the bank, Polk dis-
senting, which report was adopted by a vote 109 to 46, Jackson began his final drive on the bank. This move, referred to as the “Removal of Deposits,” was really drawing out funds on deposit regularly as needed for expenses of the government, but making no new deposits of government receipts. The receipts were deposited in certain state banks which had agreed to act as government depositaries. Many banks were so in dread of the power of the great bank that they declined this profitable business, but enough were secured.

Jackson was informed by Blair that his constitutional and his unconstitutional advisers were opposed to the removal, especially without an act of Congress, but Jackson waved all objections aside. Hundreds of letters every day, resolutions of chambers of commerce, of various and sundry bodies of citizens, of mass meetings, and tremendous delegations sent to remonstrate with him had no effect. “I'll risk not have the people's money to frustrate the people's will,” was in effect his answer to everything and everybody.

The bank instead of contracting its loans began feebly to extend them. The bank lobby about Congress increased in size and importance.

In September, 1833, Jackson read to the cabinet his reasons for the removal of deposits and assumed sole responsibility. The paper was published in the newspapers of that day. The board of directors of the bank met and adopted resolutions concerning “a certain paper purporting to be signed by one Andrew Jackson” and read to “what is called a cabinet.” Later, in the Senate, Clay put a resolution that the President lay a copy of such paper before the Senate; this Jackson declined, on constitutional grounds, to do.

McLane, transferred from the Treasury to the State Department, was strenuously opposed to removal; Livingston advised against it. Cass and Woodbury were doubtful; Taney, Attorney-General, and Barry of the Post Office alone of the cabinet were with the President. Duane, the new Treasury head, prominent as a Pennsylvania opponent of the bank, wavered, and as he alone could act in the premise, his cooperation was vital. He promised to carry out the President's wishes or resign, then refused to do either and was dismissed, Taney taking his post.

The ceasing to deposit in the Bank of the United States was ordered to begin October 1st. McLane and Cass thought of resigning but reconsidered, and Taney carried out the President's policy. When the new Secretary took over the Treasury the United States had on deposit with the bank nearly $19,000,000, all payable on demand. The bank was at the mercy of the President, but the withdrawals were made only in the ordinary course of business. As laid in March, 1834, there was still on deposit over $2,000,000. The bank weathered the storm, its other depositors and the business public not crediting the charge of insolvency, and many believing in its final triumph and recharter. The mass of the people read Blair's Globe and the Democratic press and applauded Jackson.

The methods of Jackson in this matter have been much praised and very much censured. That so large an institution so intimately connected with the business of the country should be tenderly handled is true, but it was not contemplated to remove the government funds from the channels of trade, only to put them in many state banks instead of one national bank. Besides, the bank precipitated the summary action taken by the administration, and its conduct and policy rendered tender treatment impossible. Contemptuous, abusive, and reckless, it was flooding the country with propaganda, much of it in defiance of the government. What was worse, the five government directors were excluded from all participation in the transactions of the bank and even denied information, although the charter expressly provided to the contrary. The charter provision of a board of seven to pass on loans was disobeyed and a committee of ten appointed by the president, from which the government directors were rigidly excluded, passed on all loans. The President was authorized to spend unlimited sums in his sole discretion to operate on public opinion. High-handed proceedings marked the conduct of both parties to the conflict, but the administration's conduct and utterances were dignified and courteous compared to the course and fulminations of the bank.

When Congress met, the President's message announced the removal of deposits and Taney's report gave full facts and reasons. Jackson sent in the names of five annual government directors of the bank, four of whom were incumbents. The nominations were acted upon separately. The four were rejected 24 to 20, Calhoun voting with the bank. These directors were prominent men who had been approved by the Senate the year before and was only objection to their reappointment was their having reported to Jackson their treatment by the bank. He sent their names back with the statement that he would appoint only men who would report to the government, and that the question seemed to be whether the President...
and the Senate should appoint the government directors, or the
bank and the Senate name them. John Tyler was the chairman
of the committee to which this message was referred, and it
reported adversely to the nominations as "improper." Tyler was
on principle opposed to the recharter of the bank, but Virginia
had instructed her representatives to oppose removal of deposits.
Clay had thought that he could win Congress over; the pre-
ceding Congress had begun with a large administration majority
and yet passed the bank's measures; the administration men in
the new Congress were considerably fewer.

Clay would break no interference with his absolute leadership.
Webster, hamstrung by the universal impression that he was
the hired attorney of the bank in private capacity and deeply
indebted to it too, was forced to submit to some mortifying
trials; and his eloquence and logic had no more moral weight
than if they had proceeded from the bank itself. He was
allowed, however, to report the resolutions condemning Jack-
son's actions. As the charter of the bank provided that govern-
ment funds should be deposited in the bank unless the Secretary
of the Treasury should otherwise order or direct, to charge
Jackson and Taney with a breach of the bank's charter rights
seems without foundation.

The bank now began a vigorous curtailing of its loans, caus-
ing much financial distress, asserting that the action of the
government compelled it to such a course. The government
replied that as it had previously recklessly increased its loans
for political effect, it was now recklessly curtailing them with
the same object. The bank advocates in Congress drew lurid
pictures of the situation with prophecies of worse to follow.

Webster proposed to fight for a six-year extension of the
charter, but Clay would not consent. Wright of New York,
who on his side was the ablest speaker on financial matters as
Webster was on the other, made a speech which William Jen-
nings Bryan must have sometime read:

"The glorious American Revolution was but a resistance by
our forefathers to money power. Have we, their immedi-
ate descendants, so soon lost their noble spirit? Are we to fold
our arms and obey the dictates of a moneymopower?"

It was late in March, 1838, that the famous resolutions of
condemnation of the President by a long debate and much
amendment were adopted, 29 to 20. "That the President, in the
late executive proceedings in relation to the public revenue, has

JACKSON SLAYS THE BANK OCTOPUS

assumed upon himself authority and power not conferred by
the constitution and laws, but in derogation of both."

It will be noted that no specific acts are named or described
and no particular clause of the constitution or law cited. The
main though unmentioned charge was Jackson's summary dis-
mission of Duane for refusing to remove the deposits. In spite
of the recent experience of Senatorial condemnation elevating
Van Buren to the Vice-Presidency and Isaac Hill to the Senate,
Jackson's enemies were elated at this censure of him and con-
dent of great effect from it. It had the opposite effect; the
people rejected it and it weakened the Senate in public estima-
tion.

The President sent in a protest:—Here was impeachment of the
President by the Senate when the Constitution imposed upon
the House of Representatives the sole power of impeachment.
Here was a conviction without evidence or opportunity of de-
fense, amounting to the mere fulmination of a mass-meeting.
Jackson pointed out that the forty Senators from Maine and
New Jersey and one from Ohio had voted for the resolution
whilst the legislatures of those states had solemnly approved
the proceedings it condemned. He requested that the protest
be recorded on the Senate journal.

Instead, it was vituperatively assailed as a breach of privilege;
Prelinger said that he, and Ewing accused the President of bad taste in flinging Ohio's
instructions in his face. Memorials for and against the Presi-
dent flowed in from every part of the country. Senator Brown
of North Carolina said that if his Satanic majesty had at any
time left Kentucky and taken refuge in Buncombe County, he
had not remained there, for one could see his hand in a memorial
just read which praised at one time for the same thing Messrs.
Clay, Webster, Calhoun, McDuffie and Binney; to this Clay
replied that nothing but a deep and solemn sense of the danger
which was impending over the country could have brought

It was late in March, 1838, that the famous resolutions of
condemnation of the President by a long debate and much
amendment were adopted, 29 to 20. "That the President, in the
late executive proceedings in relation to the public revenue, has

the whole together men who entertained such a diversity of views, Webster
made the elaborate and constitutional defense of the Senate and an
elaborate attack on Jackson's position. Clay and Calhoun each
made characteristic speeches, Clay's declamatory, Calhoun's syl-
logistic, but both were funeral orations over the death of the
Constitution or Jacksonism, only one of which could survive.
The word Whig came to be found in the mouths of opponents of
Jackson, they espousing to be Whigs and calling their opponents
Tories. "It is a glorious old name," said Forsyth, "they will
be sure to disgrace it. Which are the true Whigs?" he sarcastically asked—"the nullifiers of last year or the descendants of the Hartford conventionists of the last generation?" This was a shot at the coalition of the Federalist element and the South Carolinians lately at each others' throats. Nearly every Senator spoke on one side or the other. Benton closed the debate in a long defense, and by a vote of 27 to 16 the protest was declared a breach of privilege not to be entered on the journal and the right of the President to send a protest to the Senate against any of its proceedings emphatically denied. On the last day of the session Benton introduced his expunging resolutions, which were opposed by the great triumvirate and negatived 20 to 11. These resolutions were "to expunge from the Senate journal" the censure passed on Jackson in March.

In the House the debate on the Senate resolution directing the deposits to be restored was led by Adams, Choate and McDuffie for the affirmative, opposed by Polk, Canning and Clement C. Clay. In its stead the House adopted a resolution that the bank ought not to be rechartered by a vote of 132 to 82, another that the deposits ought not to be restored, 113 to 105, and a bill regulating deposits in local banks 112 to 90. These votes show many opponents of recharter voting against the policy of removal of deposits. Polk's nomination for the Presidency in 1844 was largely the result of his activities at this session. He led the fight for the administration.

After withholding Taney's nomination to the Treasury until June, Jackson sent in the name of B. F. Butler of New York as Attorney-General; the former was immediately rejected 28 to 18, the latter confirmed. Taney resigned and a clerk remained acting Secretary of the Treasury until Woodbury was transferred, Dickerson taking the Navy portfolio.

The House deposit bill ended all hopes of rechartering the bank, but Whigs kept up agitation for election in the 1834 elections, and the panic machinery was in full operation all over the country, sending in petitions, remonstrances, memorials to Congress and the President.

To the House committee investigating its affairs, Biddle sent a resolution of the board "requiring" the committee to state specifically what was wanted and for what purpose—this when the government had created the bank, owned $7,000,000 of its stock, kept millions on deposit, and had reserved in the charter the right to committees of either branch of Congress to inspect the books and examine into its proceedings. The bank rendered any real examination impossible and so Polk, the chairman of the committee, reported. He recommended that Biddle and his supporting directors be arrested for contempt of the House, but nothing was done.

John Tyler, at the opening of the next session, presented the report of a friendly Senate committee, called the "white-washing" committee, the first appearance of this, now standard term, in Congressional literature. Its title describes its report.

The bank began a more conservative course, and the state banks, with government deposits, better able to meet demands, the financial needs of the country were met. In fact money became too easy and inflation set in which produced a great panic in Van Buren's administration.

Benton's triumph came at last in January, 1837. His expunging motion made at the time the resolution of censure was passed and dramatically renewed each session was called up when he was sure of its passage. The Alabama, North Carolina and Virginia legislatures had instructed their Senators to vote for the expunging resolution. Mangum of North Carolina and Leigh of Virginia refused to obey; John Tyler resigned rather than obey. The floor and galleries were filled.

It was proposed only to draw a line around the obnoxious resolution as it stood recorded on the journal of the Senate and write "Expunged by order of the Senate," with the date. It was intended to censure the Senate of 1834, to make it act precisely as severely as it had censured Jackson. The identical resolution the House was to be restrained, stamped "Expunged." Only a clerical act was to be performed by a clerk, yet each side acted as if the heart of the constitution was involved.

Calhoun was tragic. "They tell us that the record is not to be expunged but only to be endorsed 'Expunged.' I do not know how to argue against such contemptible sophistry. There is an argument in it, too, in favor of such engraving. Night is suitable to the deed we meditate. It is an act which will toll on the political history of this country forever. An act like this could never have been consummated by a Roman Senate until the times of Caligula and Nero."

Clay was dramatic. "The matter of expunction is contrary to all the noblest traditions for base subserviency, derogatory from the just powers of the Senate, and repugnant to the constitution. The deed is to be done—that foul deed which, like the blood-stained hands of the guilty Macbeth, all ocean's waters will never wash out."
CHAPTER XII

JACKSON THE PROGRESSIVE DEMOCRAT

1829-1837


Jackson's lack of scholarship has been exaggerated. He had no early schooling, but when he became a lawyer and judge he studied law, when he became a soldier he studied military science and when he was raised to high civil office he studied political science. His statecraft shows study as well as bold and original thinking.

There is strongly persuasive evidence that Jackson was a "Benthamite," a student of Jeremy Bentham, the most advanced juridical philosopher of the age, who was anathema to the old-school politician and statesman, but a prophet to the Progressives of his time. No extrinsic evidence of this is known to exist, but the intrinsic evidence is convincing. The "single executive" as opposed to the distribution of executive responsibility among a cabinet or council, was an innovation advocated by Bentham and fixed into the United States government by Jackson. Bentham's discussion of banks seems to have influenced Jackson.

Jackson named his estate "The Hermitage," a most incongruous name for the home of a man who was everything a hermit would not be, and for a place filled with nephews and nieces, the scene of the wild pranks of the half-civilized adopted Indian boy, and an open house for friends and pilgrims from every part of the Union. But if the name was chosen because Bentham's English home was called "The Hermitage," Jackson's choice of a name was fit and appropriate, and explainable.

If he was not in fact a student of Bentham, Jackson's ideas coincided with Bentham's in many respects, which is equal evi-