

# States' Rights and the National Bank

## MAIN IDEA

Andrew Jackson confronted two important issues during his presidency—states' rights and a national bank.

## WHY IT MATTERS NOW

The conflict between states' rights and federal government control continues to flare up in such arenas as education, commerce, and law enforcement.

## Terms & Names

- Daniel Webster
- John C. Calhoun
- Tariff of Abominations
- Bank of the United States
- Whig Party
- Martin Van Buren
- panic of 1837
- William Henry Harrison
- John Tyler

## One American's Story

On January 26, 1830, Massachusetts senator **Daniel Webster** rose in the Senate and delivered one of the great speeches of American history.

### A PERSONAL VOICE DANIEL WEBSTER

“When my eyes shall be turned to behold for the last time the sun in heaven, may I not see him shining on the broken and dishonored fragments of a once glorious Union. . . . Let their last feeble and lingering glance rather behold the gorgeous ensign of the republic . . . bearing for its motto, no such miserable interrogatory as ‘What is all this worth?’ nor those other words of delusion and folly, ‘Liberty first and Union afterwards’; but everywhere, spread all over in characters of living light, . . . that other sentiment, dear to every true American heart—Liberty *and* Union, now and forever, one and inseparable!”

—speech delivered in the Senate on January 26 and 27, 1830

“Liberty first and Union afterwards” was favored by John C. Calhoun, one of Webster's greatest opponents in the struggle between states' rights and federal authority. The question of how much power the federal—as opposed to the state—government should have come to a head over the issue of tariffs.

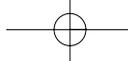
## A Tariff Raises the States' Rights Issue

When the War of 1812 ended, British manufacturers wanted to destroy their American competitors by flooding the U.S. market with inexpensive goods. In response, Congress in 1816 passed a tariff to protect the infant American industries. The tariff was increased in 1824 and again in 1828.

**THE NULLIFICATION THEORY** Jackson's vice-president, **John C. Calhoun** of South Carolina, called the 1828 tariff a **Tariff of Abominations**, a “disgusting and loathsome” tariff. As an agricultural region dependent on cotton, the South had to compete in the world market. The high tariff on manufactured goods reduced British exports to the United States and forced the South to buy the more



**Daniel Webster** was an ardent nationalist. He defended the federal government's power to make laws that applied to all states in the Union.



expensive Northern manufactured goods. From the South's point of view, the North was getting rich at the expense of the South. One observer remarked that when Southerners "see the flourishing villages of New England they cry, 'We pay for all this.'"

Calhoun was in an unusual and politically dangerous position. He had long been known as a nationalist spokesman, and he had supported the protective tariff of 1816. Calhoun was building a career as a national statesman, having served under both Adams and Jackson as vice-president. The situation in his home state, however, had made him change his views. South Carolina's economy had failed to recover fully from an economic depression. Cotton prices remained low because planters and their slaves were moving to more fertile lands in Alabama and in the lower Mississippi River valley. Some South Carolinians began to wonder if Calhoun really cared about the needs of his state. He soon showed them that he did.

Calhoun devised a nullification theory, which basically questioned the legality of applying some federal laws in sovereign states. Calhoun's argument was that the United States Constitution was based on a compact among the sovereign states. If the Constitution had been established by 13 sovereign states, he reasoned, then each had the right to nullify, or reject, a federal law that it considered unconstitutional. In 1828 Calhoun wrote down his theory in a document entitled "The South Carolina Exposition," but he did not sign his name to it. Nor did he say what he privately felt. Calhoun believed that if the federal government refused to permit a state to nullify a federal law, the state had the right to withdraw from the Union. **A**

#### MAIN IDEA

#### Summarizing

**A** What was Calhoun's nullification theory?

**HAYNE AND WEBSTER DEBATE STATES' RIGHTS** The tariff question (and the underlying states' rights issue) was discussed in one of the great debates in American history. In January 1830, visitors to the Senate listened to Senator

## KEY PLAYERS



**JOHN C. CALHOUN**  
1782–1850

John Caldwell Calhoun entered national politics in 1811 when he was elected to the House of Representatives. There he was labeled a War Hawk for his support of the War of 1812. As President Monroe's secretary of war starting in 1817, Calhoun improved the army's organization.

This ambitious and handsome man with dark, flashing eyes served as vice-president under two presidents—John Quincy Adams, elected in 1824, and Andrew Jackson, elected in 1828.

Calhoun had a hard and humorless side. He took a tough position on slavery, arguing that it was not only necessary but even good:

"There never has yet existed a wealthy and civilized society in which one portion of the community did not . . . live on the labor of the other."



**DANIEL WEBSTER**  
1782–1852

In New England he was known as the "godlike Daniel." New Hampshire native Daniel Webster actually began his career in favor of states' rights. After moving to Boston, Massachusetts, in 1816, however, his views changed. New England's textile manufacturers needed a strong national government to protect their interests. As a lawyer and a congressman, Webster represented Boston's business interests. He argued several landmark cases before the Supreme Court, including *Gibbons v. Ogden*.

Webster was best known for his skill as an orator, but he hungered after the presidency. He ran for the highest office twice, never winning. Late in his career he said:

"I have given my life to law and politics. Law is uncertain and politics is utterly vain."



Robert Hayne of South Carolina debate Senator Daniel Webster of Massachusetts. Hayne delivered a pointed condemnation of the tariff.

### **A PERSONAL VOICE** SENATOR ROBERT HAYNE

**“The measures of the federal government . . . will soon involve the whole South in irretrievable ruin. But even this evil, great as it is, is not the chief ground of our complaints. It is the principle involved in the contest—a principle, which substituting the discretion of Congress for the limitations of the constitution, brings the States and the people to the feet of the federal government, and leaves them nothing they can call their own.”**

—from a speech to Congress, January 21, 1830

On January 26 Webster replied that he could not conceive of a “middle course, between submission to the laws, when regularly pronounced constitutional, on the one hand, and open resistance, which is revolution, or rebellion, on the other.”

Once the debates ended, the people wanted to hear President Jackson’s position. On April 13, at a public dinner, he clarified his position in a toast: “Our Union: it must be preserved.” Calhoun replied with an equally pointed toast: “The Union, next to our liberty, the most dear; may we all remember that it can only be preserved by respecting the rights of the States and distributing equally the benefit and burden of the Union.” The two men would not work together again; in fact, Calhoun resigned the vice-presidency in 1832. Jackson would run for reelection with former secretary of state Martin Van Buren.

South Carolinians wore emblems made from palmetto leaves to show their support for nullification.



**SOUTH CAROLINA REBELS** The issue of states’ rights was finally put to a test in 1832 when Congress passed a tariff law that South Carolina legislators still found unacceptable. They responded by declaring the tariffs of 1828 and 1832 “unauthorized by the Constitution” and “null, void, and no law.” Then they threatened to secede, or withdraw, from the Union, if customs officials tried to collect duties.

Jackson was furious. Although himself a Southerner and a slaveholder, he believed that South Carolina’s action in declaring a federal law null and void flouted the will of the people as expressed in the U.S. Constitution. He declared South Carolina’s actions treasonous and threatened to hang Calhoun and march federal troops into South Carolina to enforce the tariff. To make good on his threats, Jackson next persuaded Congress to pass the Force Bill in 1833. This bill allowed the federal government to use the army and navy against South Carolina if state authorities resisted paying proper duties.

A bloody confrontation seemed inevitable until Henry Clay stepped in. In 1833 the Great Compromiser proposed a tariff bill that would gradually lower duties over a ten-year period. For now, the crisis between states’ rights and federal authority was controlled, but the issue would continue to cause conflict in the 1840s and 1850s and would be a major cause of the Civil War. **B**

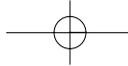
#### MAIN IDEA

#### Contrasting

**B** What were Jackson’s and Calhoun’s differing opinions on states’ rights versus federal authority?

## Jackson Attacks the National Bank

Although Andrew Jackson never did resort to sending troops into South Carolina, he did wage a very personal war on the **Bank of the United States** (BUS). In fact, during the same year he dealt with the South Carolina crisis, 1832, he vetoed the bill to recharter the Bank.



**JACKSON OPPOSES THE BANK** The Second Bank's 20-year charter was not due to expire until 1836, but Henry Clay and Daniel Webster wanted to introduce the renewal earlier to make it a campaign issue. They thought that Jackson might veto a new charter and, in so doing, lose some of his support. They underestimated, however, both the public's dislike of the BUS and Jackson's political skill.

Jackson and his allies made certain that the general public came to think of the BUS as a privileged institution. Jacksonians did have some powerful facts to support their opinions. Since all federal tax revenues were deposited in the BUS rather than state or private banks, the Second Bank had an unfair advantage over other banks. Furthermore, BUS stockholders, not average American taxpayers, earned the interest from these deposits. A privileged few were making money that should have benefited all the taxpayers. In addition, the bank's president, Nicholas Biddle, often extended loans to congressmen at much lower rates of interest than the bank gave to the average citizen. **C**

#### MAIN IDEA

#### Analyzing Motives

**C** What were some of Jackson's reasons for opposing the Second Bank of the United States?

**PET BANKS** In 1832, Jackson told his running mate, Martin Van Buren, that the BUS was a "monster" that corrupted "our statesmen" and wanted "to destroy our republican institution." "The bank, Mr. Van Buren, is trying to kill me, but *I will kill it.*" After Jackson's reelection in 1832, he tried to kill the BUS before its charter ran out in 1836. He appointed a secretary of the treasury who was willing to place all government funds in certain state banks. The banks were called "pet banks" because of their loyalty to the Democratic Party.

In an attempt to save the BUS, Nicholas Biddle decided to have the bank call in—or demand repayment of—loans. He also refused to make new loans. He hoped that these actions would cause a frustrated public to demand the passage of a new bank charter. Businessmen descended on Washington, D.C., to plead

## Analyzing Political Cartoons

### "KING ANDREW THE FIRST"

Andrew Jackson once justified his tendency to place personal prerogative above constitutional law or national policy by stating that "One man with courage makes a majority." His critics replied with accusations of tyranny. The *New York American* condemned Jackson as a "maniac," who would "trample the rights of our people under his feet." The Whig convention of 1834 declared, "your president has become your MONARCH."

Both of those sentiments are reflected in this political cartoon which portrays Jackson as a king. Ancient portraits of kings often depicted them grinding their conquered enemies beneath their heels. Notice that beneath Jackson's feet are the torn pages of the Constitution. Notice, too, that in one hand Jackson is holding a scepter, a symbol of kingly power, while in the other he is holding the veto, a symbol of presidential power.

#### SKILLBUILDER Analyzing Political Cartoons

1. What does this cartoon suggest about Jackson's attitude towards the Constitution?
2. How does this cartoon specifically comment on Jackson's use of presidential power?

 SEE SKILLBUILDER HANDBOOK, PAGE R24.





with Jackson for help. Jackson firmly told them they were talking to the wrong man. “Go to Nicholas Biddle,” he said.

Pressure from financial leaders finally forced Biddle to adopt a more generous loan policy. However, the entire chain of events had by this time cost Biddle much of his backing. In 1836, when its charter expired, the Second Bank of the United States became just another Philadelphia bank. Five years later, it went out of business.

**WHIG PARTY FORMS** Jackson’s tactics and policies had angered many people, including some members of his own Democratic Party. In 1834 the discontented—including Henry Clay, John Quincy Adams, and Daniel Webster—channeled their frustrations into action; they formed a new political party called the **Whig Party**. The Whigs backed the ideals of the American System, as promoted by Henry Clay. Besides a protective tariff, they wanted to use federal money to construct roads and canals to foster the exchange of goods between regions. The Whigs also backed federal control of the banking system and a nationally accepted currency. **D**

#### MAIN IDEA

#### Analyzing Causes

**D** Why was this a good time for the formation of the Whig Party?

## Van Buren Deals with Jackson’s Legacy

When Jackson announced that he would not run for a third term, the Democrats chose Vice-President **Martin Van Buren** as their candidate. The newly formed Whig Party, which in 1836 was not able to agree on a single candidate, ran three regional candidates against him. With Jackson’s support Van Buren won the election easily. Along with the presidency, however, Van Buren inherited the dire consequences of Jackson’s bank war and money policies.

**JACKSON’S LEGACY** Many of Jackson’s pet banks—where federal funds had been deposited—were wildcat banks. These banks printed bank notes wildly in excess of the gold and silver they had on deposit, and were doomed to fail when many people attempted to redeem their currency for gold or silver.

Since the notes printed by wildcat banks were nearly worthless, the federal government was left holding the bag when people used them to purchase land from the government. Jackson realized what was happening. He caused the Treasury Department to issue an order that made only gold and silver, called specie, acceptable payment for public land. The order went into effect on August 15, 1836, and sent people rushing to banks to trade paper currency for gold and silver. In turn, many banks, which had limited specie, suspended the redemption of bank notes.

By May 1837, New York banks stopped accepting all paper currency. Other banks soon did the same. In the **panic of 1837**, bank closings and the collapse of the credit system cost many people their savings, bankrupted hundreds of businesses, and put more than a third of the population out of work.

Van Buren tried to help by reducing federal spending, but that caused already declining prices to drop further. Then he tried to set up an independent treasury that would use only gold and silver coin. In 1840 Congress established this treasury, but the demand for gold and silver it created only worsened matters. **E**

#### MAIN IDEA

#### Analyzing Causes

**E** How did Jackson’s actions hurt the nation’s economy?

NOW & THEN

POLITICAL ADVERTISEMENTS

In 1840, the campaign slogan “Tippecanoe and Tyler, too” helped William Henry Harrison win the White House. Harrison’s party, the Whigs, printed their slogan on ribbons, metal badges, and even dinner plates.

Today, politicians find TV an efficient way to reach a large audience. During the 2000 election cycle, political parties, candidates, and issue advocacy groups spent 77 percent more on TV ads than they had in 1996.

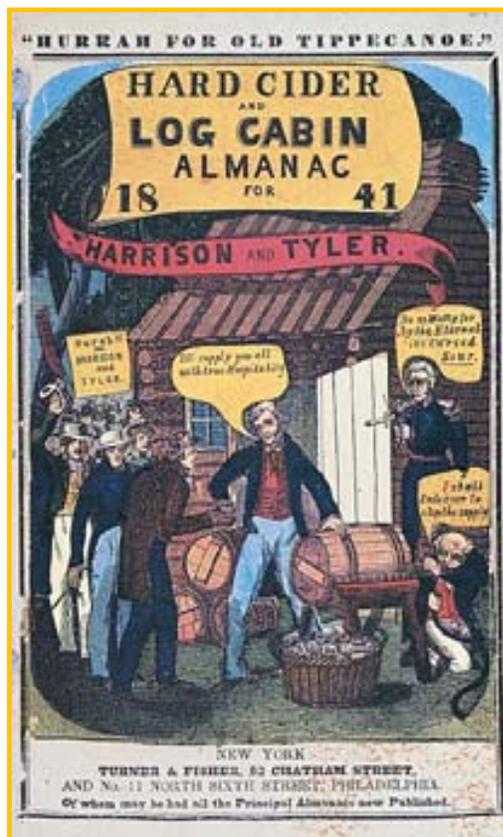
However, critics believe that television ads have a negative impact on the democratic process. Candidates outside the two-party system rarely can afford as many TV ads as the major-party candidates. In 1998, a presidential advisory committee recommended that TV stations voluntarily provide five minutes a day of candidate coverage to help balance this inequality; only seven percent of TV stations participated in 2000.



**HARRISON AND TYLER** That same year, the Democratic Party candidate Van Buren ran for reelection against Whig Party candidate **William Henry Harrison**—but this time the Whigs had an advantage. They portrayed Harrison, the old war hero, as a man of the people and Van Buren as a pampered, privileged aristocrat. Actually, Van Buren was more of a common man; he was the son of a tavern owner and never earned much money. Harrison, on the other hand, came from a wealthy family and lived in a 16-room mansion.

Harrison won and immediately took steps to enact the Whig program to revitalize the economy, which was still in a severe depression. However, just a month after his inauguration he died of pneumonia.

**John Tyler**, Harrison’s vice-president and successor, opposed many parts of the Whig program for economic recovery. The Whigs had put Tyler on the ballot to pick up Southern votes; they never thought he would play much of a role in government. During the next four years, however, they would see his inclusion on the ticket as a grave mistake—and would begin referring to President Tyler as “His Accidency.”



◀ An almanac cover celebrating the election of William Henry Harrison and John Tyler. His campaign symbols, hard cider (an alcoholic beverage) and a log cabin, were meant to show that Harrison was a man of the people.

**SECTION 4**

**ASSESSMENT**

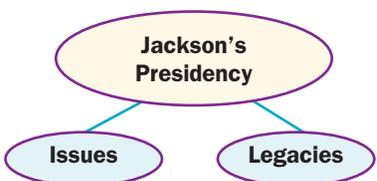
**1. TERMS & NAMES** For each term or name, write a sentence explaining its significance.

- Daniel Webster
- Bank of the United States
- Martin Van Buren
- William Henry Harrison
- John C. Calhoun
- Whig Party
- panic of 1837
- John Tyler
- Tariff of Abominations

**MAIN IDEA**

**2. TAKING NOTES**

In a chart like the one shown, list the key issues that Jackson confronted and the important legacies of his administration.



In what ways does one of these legacies continue today?

**THINKING CRITICALLY**

**3. FORMING GENERALIZATIONS**

In what ways do you think the tariff crises of 1828 and 1832 might be considered important milestones in American history before the Civil War? Use evidence from the text to support your response.

**Think About:**

- Calhoun’s nullification theory
- the Hayne-Webster debate
- why Jackson pushed Congress to pass the Force Bill

**4. ANALYZING ISSUES**

How do you think Jackson might have countered his critics’ accusation that he was acting like a king? Support your answer.

**5. COMPARING**

Compare the strategy William Henry Harrison used in the 1840 presidential campaign to strategies used in today’s political campaigns. In what ways are they alike? Give examples.