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CHAPTER 3

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## Andrew Jackson and the Rise of Liberal Capitalism

Could it really be urged that the framers of the constitution intended that our Government should become a government of brokers? If so, then the profits of this national brokers' shop must inure to the benefit of the whole and not to a few privileged monied capitalists to the utter rejection of the many.

—ANDREW JACKSON

The making of a democratic leader is not a simple process. Because Andrew Jackson came into prominence on the Tennessee frontier, he has often been set down as typical of the democratic frontiersman; but many patent facts about his life fit poorly with the stereotype. From the beginning of his career in Tennessee he considered himself to be and was accepted as an aristocrat, and his tastes, manners, and style of life were shaped accordingly. True, he could not spell, he lacked education and culture, but so did most of those who passed as aristocrats in the old Southwest during the 1790's and for long afterward; even many Virginians of the passing generation—George Washington among them—spelled no better. Since Virginians and Carolinians of the upper crust seldom migrated, the Southwestern aristocracy came mainly from middle- or lower-class migrants who had prospered and acquired a certain half-shod elegance. Jackson, the mid-Tennessee nabob, was typical, not of the Southwest's coonskin democrats, but of its peculiar blend of pioneer and aristocrat.

Jackson was born in 1767 on a little farm in the Carolinas some months after the death of his father. He enlisted in the Revolution at thirteen, was captured and mutilated by British troops at fourteen, and lost his entire family in the war when one brother was killed, another succumbed to smallpox in prison, and his mother was carried off by

"prison fever" while nursing captured American militiamen. From his family he inherited a farm-size plot of land in North Carolina, from the Revolution a savage and implacable patriotism. For six months Jackson was apprenticed to a saddler. Then, although his own schooling had been slight and irregular, he turned for a brief spell to school-teaching. When a relative in Ireland left him a legacy of over three hundred pounds, he moved to Charleston, where, still in his teens, he aped the manners of the seaboard gentry and developed a taste for gambling, horses, and cock-fighting. When he was not playing cards or casting dice for the rent with his landlord, Jackson studied law. At twenty, knowing little about jurisprudence but a great deal about making his own way, he was admitted to the bar of North Carolina. A year later, tradition says, he turned up in Jonesboro, Tennessee, owning two horses, a pack of foxhounds, and a Negro girl.

Before long Jackson made what he intended to be a brief visit to the growing settlement of Nashville. The one established lawyer in the vicinity was retained by a syndicate of debtors, leaving creditors legally helpless. Jackson went to work for the creditors, collected handsome fees, and earned the gratitude and friendship of local merchants and moneylenders. From a fellow Carolina law student he also accepted an appointment as public solicitor. He soon fell in with the machine of William Blount, a powerful territorial land speculator and political patron, and began to consolidate his position among the budding aristocrats, the owners of slaves and horses, the holders of offices and titles. With his salary and fees he began to buy land and Negroes.

Thus far Jackson's story was by no means unusual, for the one-generation aristocrat was a common product of the emerging South.<sup>1</sup> Because of the ease and rapidity with

<sup>1</sup> There is a superb account of these emergent aristocrats in W. J. Cash's *The Mind of the South*, pp. 14-17.

which the shrewd and enterprising farmer might become a leader of the community, and hence a gentleman, during the decades when the cotton economy was expanding into the uplands, the upper classes of the Southwest came to combine the qualities of the frontier roughnecks and the landed gentry. The sportsmanlike, lawless, individualistic, quick-tempered, brawling nature of the first was soon sublimated into the courtly, sentimental, unreflective, touchy spirit of the second. As slaveholding, horsemanship, patriarchal dignities, money, and the deference of the community deepened the ex-frontiersman's sense of pride, the habit of command was added and the transformation was complete. The difference between the frontiersman's readiness to fight and the planter's readiness to defend his "honor" is not so much a difference of temperament as of method, and there is no better exemplar of the fact than Jackson. It is not recorded that the master of the Hermitage, a justice in the state courts and a major general of the militia, ever engaged in a brawl—although one encounter with the Bentons has so been called—or had a wrestling match such as a commoner like Abraham Lincoln enjoyed on the Illinois frontier. Nor did it occur to Jackson to use his fists, although it is true that he threatened at least one social inferior with a caning. Insulted by anyone who technically qualified as a gentleman, he resorted to the code duello; his quarrels are classic in the history of that institution in the South. Charles Dickinson insulted Jackson over a horse race in 1806, and went to his grave for it; and Jackson carried from the encounter a bullet close to his heart. The same violent, self-assertive subjectivism of the duelist can be found in Old Hickory's conduct as a public man. "I have an opinion of my own on all subjects," he wrote in 1821, "and when that opinion is formed I persue it *publicly*, regardless of who goes with me." Historians have never been certain how much his policies were motivated by public considerations and how much by private animosities.

Yet in his calmer moods Jackson's manner ripened quickly into gentleness and gravity. Measured against the picture of the "cotton snob" painted by more than one sympathetic observer of the Old South, where, as F. L. Olmsted put it, "the farce of the vulgar rich" was played over and over again, Jackson was a man of gentility and integrity. In 1824 Daniel Webster could say of him: "General Jackson's manners are more presidential than those of any of the candidates." Mrs. Trollope, who admitted finding precious few gentlemen in America, saw him on his way to Washington in 1829 and reported that he "wore his hair carelessly but not ungracefully arranged, and in spite of his harsh, gaunt features looked like a gentleman and a soldier." With the common citizen he had a patient and gracious air.

The frontier, democratic in spirit and in forms of government, was nevertheless not given to leveling equalitarianism. The ideal of frontier society, as Frederick Jackson Turner has remarked, was the self-made man. And the self-made man generally received a measure of casual deference from the coonskin element, which itself was constantly generating new candidates for the local aristocracies. Keen class antagonisms were not typical of frontier politics, and class struggles did not flourish in a state like Tennessee until the frontier stage was about over.<sup>2</sup> The task of fighting the Indians gave all classes a common bond and produced popular heroes among the upper ranks. The cotton economy, as it spread, also brought its own insurance against bitter antagonisms, for the presence of a submerged class of

<sup>2</sup> Thomas Perkins Abernethy points out that in Tennessee during the 1790's "no strong and universal antagonism existed . . . between the rich and the poor. In fact, political office was rarely sought even on the frontier by any but the natural leaders of society, and they secured the suffrage of their neighbors by reason of their prestige, without resorting to electioneering methods."

slaves gave the humbler whites a sense of status and all whites a community of interest. Frontiersmen may have resented alien Eastern aristocrats—as Jackson did himself—but felt otherwise about those bred in their own community, as they thought, out of competitive skill rather than privilege. Even in those states and territories where suffrage was broadly exercised, men who owned and speculated in land and had money in the bank were often accepted as natural leaders, and political offices fell to them like ripe fruit. Such beneficiaries of popular confidence developed a stronger faith in the wisdom and justice of popular decisions than did the gentlemen of the older seaboard states, where class lines were no longer fluid and social struggles had venerable histories. A man like Jackson who had been on the conservative side of economic issues in Tennessee could become the leader of a national democratic movement without feeling guilty of any inconsistency. When we find a planter aristocrat of this breed expressing absolute confidence in popular judgment, it is unfair to dismiss him as a demagogue. He became a favorite of the people, and might easily come to believe that the people chose well.

Offices, chiefly appointive, came quickly and easily to Jackson in the territory and youthful state of Tennessee. He was a solicitor at twenty-two, United States Attorney at twenty-three, a Congressman at twenty-nine, a United States Senator at thirty, and justice of the Supreme Court of Tennessee at thirty-one—all this without particularly strong political ambitions, for he applied himself casually to all these offices except the judgeship and resigned them readily after brief tenure. He accepted them, it seems clear, more as symbols of status than as means of advancement. Jackson's persistent land speculations, business ventures, and military operations suggest that he aspired more urgently to have wealth and military glory than political power.

It was, in fact, his achievements as a fighter of Indians and Englishmen that brought Jackson his national popularity.

Jackson's victory in January 1815 over the British forces besieging New Orleans, the crowning triumph of his military career, made him a national hero almost overnight. Americans had already developed their passion for victorious generals in politics. The hero of New Orleans was instantly acclaimed as another Washington, and in 1817 the first campaign biography appeared. But Jackson soon experienced severe political criticism for the conduct of his post-war campaigns in Florida, and he feared the effect of political prominence on his domestic happiness; at first he was slow to rise to the bait of presidential ambition. "I am wearied with public life," he wrote President Monroe in 1821. "I have been accused of acts I never committed, of crimes I never thought of." When a New York newspaper editor commented on the ambition of his friends to put him in the White House, the general grew impatient. "No sir," he exclaimed. "I know what I am fit for, I can command a body of men in a rough way: but I am not fit to be President."

## II

The rise of Andrew Jackson marked a new turn in the development of American political institutions. During the period from 1812 to 1828 the two-party system disappeared and personal, local, and sectional conflicts replaced broad differences over public policy as the central fact in national politics. As the presidency declined from its heights under the leadership of Washington and Jefferson, the contest for the presidential seat resolved into a scramble of local and sectional princelings for the position of heir apparent. The Virginia dynasty's practice of elevating the forthcoming

President through the vice-presidency or cabinet seemed to have become a set pattern. Presidential nominations, made by party caucuses in Congress, were remote from the popular will, and since the elections of 1816 and 1820 were virtually uncontested, nomination by "King Caucus" was equivalent to being chosen President. Since the days of Jefferson there had been no major turnover in the staff of officeholders, whose members were becoming encrusted in their posts.

However, the people, the propertyless masses, were beginning, at first quietly and almost unobtrusively, to enter politics. Between 1812 and 1821 six western states entered the Union with constitutions providing for universal white manhood suffrage or a close approximation, and between 1810 and 1821 four of the older states substantially dropped property qualifications for voters.<sup>3</sup> As poor farmers and workers gained the ballot, there developed a type of politician that had existed only in embryo in the Jeffersonian period—the technician of mass leadership, the caterer to mass sentiment; it was a coterie of such men in all parts of the country that converged upon the prominent figure of Jackson between 1815 and 1824. Generally subordinated in the political corporations and remote from the choicest spoils, these leaders encouraged the common feeling that popular will should control the choice of public officers and the formation of public policy. They directed popular resentment of closed political corporations against the caucus system, which they branded as a flagrant usurpation of the

<sup>3</sup> In 1824, the first election on which we have statistics, there were only 355,000 voters, chiefly because the triumph of a particular candidate—e.g., Jackson in Tennessee and Pennsylvania, Adams in Massachusetts, Crawford in Virginia—was so taken for granted in most states that voters lost interest. By 1828, when interest was greatly heightened, 1,155,000 voted. Between 1828 and 1848 the vote trebled, although the population did not quite double.

rights of the people, and spread the conviction that politics and administration must be taken from the hands of a social elite or a body of bureaucratic specialists and opened to mass participation. Success through politics, it was implied, must become a legitimate aspiration of the many.<sup>4</sup> Jackson expressed the philosophy of this movement in his first annual message to Congress, December 1829, when he confidently asserted:

The duties of all public offices are, or at least admit of being made, so plain and simple that men of intelligence may readily qualify themselves for their performance, and I can not but believe that more is lost by the long continuance of men in office than is generally to be gained by their experience. . . . In a country where offices are created solely for the benefit of the people no one man has any more intrinsic right to official station than another.

Rotation in office, he concluded, constituted a "leading principle in the Republican creed."

The trend toward popular activity in politics was heightened by the panic of 1819, which set class against class for the first time since the Jeffersonian era. A result of rapid expansion, speculation, and wildcat banking, the panic and ensuing depression fell heavily upon all parts of the country, but especially upon the South and West, where men had thrown all their resources into reckless buying of land. The banks, which had grossly overextended them-

<sup>4</sup> Jackson wrote to an editor of the *Richmond Enquirer* in 1829: "The road to office and preferment, being accessible alike to the rich and poor, the farmer and the printer, honesty, probity, and capability constituting the sole and exclusive test will, I am persuaded, have the happiest tendency to preserve, unimpaired, freedom of action."

selves, were forced to press their debtors to the wall, and through the process of foreclosure the national bank particularly became a great absentee owner of Western and Southern property. "All the flourishing cities of the West," complained Thomas Hart Benton, "are mortgaged to this money power. They may be devoured by it at any moment. They are in the jaws of the monster!" The alien power was resented with particular intensity in the West, where, as the *New York American* put it, "a wild son of Tennessee who has been with Jackson could ill brook that his bit of land, perhaps his rifle, should be torn from him by a neighboring shopkeeper, that the proceeds may travel eastward, where the 'sceptre' of money has fixed itself." The panic brought a cruel awakening for thousands who had hoped to become rich. John C. Calhoun, talking with John Quincy Adams in the spring of 1820, observed that the last two years had produced "an immense revolution of fortunes in every part of the Union, enormous multitudes in deep distress, and a general mass of disaffection to the Government not concentrated in any particular direction, but ready to seize upon any event and looking out anywhere for a leader."

Calhoun's "general mass of disaffection" was not sufficiently concentrated to prevent the re-election, unopposed, of President Monroe in 1820 in the absence of a national opposition party; but it soon transformed politics in many states. Debtors rushed into politics to defend themselves, and secured moratoriums and relief laws from the legislatures of several Western states. State legislatures, under pressure from local banking interests, waged tax wars against the Bank of the United States. A popular demand arose for laws to prevent imprisonment for debt, for a national bankruptcy law, and for new tariff and public-land policies. For the first time many Americans thought of politics as having an intimate relation to their welfare. Against this background Jackson's star rose. But, curiously, the ben-

eficiary of this movement not only failed to encourage it, but even disapproved. The story of his evolution as a national democratic leader is a strange paradox.

North Carolina, the scene of Jackson's childhood, had been a Jeffersonian stronghold, and Jackson was nurtured on Jeffersonian ideas. In 1796 and 1800 the young Tennessean voted for the sage of Monticello. Except for his nationalism, Jackson's politics chiefly resembled agrarian Republicanism of the old school, which was opposed to banks, public debts, paper money, high tariffs, and federal internal improvements. When the Burr trial and Jefferson's pacificism disillusioned him with Jefferson, Jackson did not become a convert to Federalism but rather adhered to the Randolph-Macon school of intransigent Republicans.

Jackson's personal affairs shed much light on his ambiguous political evolution from 1796 to 1828. An event of 1796 that had a disastrous effect on his fortunes may have sown in him the seeds of that keen dislike of the Eastern money power and "paper system" which flowered during his presidency. Jackson had gone to Philadelphia to sell several thousand acres of land to a rich merchant and speculator, David Allison; he accepted notes from Allison, which he endorsed and promptly used to pay for supplies he planned to use in opening a general-merchandise store in Nashville. Allison failed, and defaulted on his notes; Jackson became liable. In order to pay the notes as they fell due, he was forced to retrench, give up the estate on which he lived, move to a smaller one built of logs, and sell many of his slaves. Subsequently his store enterprise turned out badly and he was obliged to sell out to his partners. Jackson seems never to have whined about his misfortune, but he lived for nineteen years in its shadow, remaining in debt from 1796 to 1815, when at last his military pay and allowances brought him into the clear. In the fall of 1815 he had a cash balance of over twenty-two thousand dollars at the

Nashville bank, was again heavily committed in land speculations, and was building the fine new estate that has become famous at the Hermitage. Just at this time, when he was so vulnerable, the panic of 1819 struck.

The general distress of Tennessee debtors led, as in many other places, to a movement for relief. Felix Grundy, elected to the state Senate on a "relief" platform, brought forth a proposal to establish a state loan office to help debtors out of the state treasury.<sup>5</sup> Creditors who refused to accept notes of the loan bank in payment of debts would have their collections suspended for two years. Jackson's own obligations forced him to press his debtors hard, and he instituted a single lawsuit against one hundred and twenty-nine of them at once. One of the few men in middle Tennessee to stand against Grundy's relief program, he sent a protest to the state legislature, which was rejected on the ground that its language was disrespectful. Having learned from the Allison episode to feel for the luckless entrepreneur, Jackson was now learning to see things from the standpoint of the local moneyed class. The emergence of class conflict in Tennessee found him squarely on the side of the haves. In 1821, when General William Carroll ran for the governorship of the state on a democratic economic program, Jackson supported Carroll's opponent, Colonel Edward Ward, a wealthy planter who had joined Jackson in fighting Grundy's scheme. Carroll was elected, and proceeded to put through a program of tax revision and constitutional and humanitarian reform, which has many elements of what historians call "Jacksonian" democracy. At the moment when Jackson was pitting himself against Carroll in Ten-

<sup>5</sup> Grundy's history makes it clear that he represented what may be called entrepreneurial rather than lower-class radicalism. In 1818 he was a leader in a movement to bring a branch of the second United States Bank to Nashville.

nessee, his friends were bringing him forward as a presidential candidate. None of this prevented Grundy and Carroll from later joining the Jackson bandwagon.

Had Jackson's record on popular economic reform been a matter of primary importance, he might never have been President. But by 1824, when he first accepted a presidential nomination, prosperity had returned, hostility to banks and creditors had abated, and breaking up established political machines seemed more important to the parvenu politician and the common citizen. As chief "issues" of the campaign the caucus system shared honors with the defense of New Orleans.<sup>6</sup> An outsider to the Congressional machines, a man of humble birth whose popularity was based on military achievement and whose attitude toward economic questions was unknown and of little interest to the average voter, Jackson had a considerable edge with the new electorate.

The consequences of the campaign of 1824 settled all doubt in Jackson's mind about the presidency. Far stronger in the popular vote than any of his three rivals, John Quincy Adams, Clay, and Crawford, he still fell short of the necessary majority in the electoral college, and the election was thrown into the House of Representatives. There the position of Clay became decisive, and Clay threw his support to Adams. Subsequently, when President Adams named Clay his Secretary of State, a bitter cry went up from the Jackson following. Jackson himself was easily persuaded that Clay and Adams had been guilty of a "corrupt bargain" and determined to retake from Adams what he felt was rightfully his. The campaign of 1828 began almost immediately with Adams's administration. For four years the

<sup>6</sup> Actually only one of the four candidates. William H. Crawford, was nominated by the customary Congressional caucus; the others were nominated by state legislatures.

President, a man of monumental rectitude but a career politician of the dying order par excellence, was hounded by the corrupt-bargain charge and subjected by the Jackson professionals to a skillful campaign of vilification, which culminated in the election of 1828. In Jackson's second presidential campaign the bank was hardly mentioned. The tariff was played for what it was worth where men cared especially about it; but a series of demagogic charges about Adams's alleged monarchist, aristocratic, and bureaucratic prejudices served the Jackson managers for issues. Jackson got 647,000 votes, Adams 508,000.

The election of 1828 was not an uprising of the West against the East nor a triumph of the frontier: outside of New England and its colonized areas in the West, Federalist Delaware, New Jersey, and Maryland, Jackson swept the country. Nor was his election a mandate for economic reform; no financial changes, no crusades against the national bank, were promised. The main themes of Jacksonian democracy thus far were militant nationalism and equal access to office. Jackson's election was more a result than a cause of the rise of democracy, and the "revolution of 1828" more an overturn of personnel than of ideas or programs. Up to the time of his inauguration Jackson had contributed neither a thought nor a deed to the democratic movement, and he was elected without a platform. So far as he can be said to have had a popular mandate, it was to be different from what the people imagined Adams had been and to give expression to their unformulated wishes and aspirations. This mandate Jackson was prepared to obey. Democrat and aristocrat, failure and success, debtor and creditor, he had had a varied and uneven history, which made it possible for him to see public questions from more than one perspective. He was a simple, emotional, and unreflective man with a strong sense of loyalty to personal friends and political supporters; he swung to the democratic camp when the democratic camp swung to him.

## III

For those who have lived through the era of Franklin D. Roosevelt it is natural to see in Jacksonian democracy an earlier version of the New Deal, for the two periods have many superficial points in common. The Jacksonian movement and the New Deal were both struggles of large sections of the community against a business elite and its allies. There is a suggestive analogy between Nicholas Biddle's political associates and the "economic royalists" of the Liberty League, and, on the other side, between the two dynamic landed aristocrats who led the popular parties. Roosevelt himself did not fail to see the resemblance and exploit it.

But the two movements differed in a critical respect: the New Deal was frankly based upon the premise that economic expansion had come to an end and economic opportunities were disappearing; it attempted to cope with the situation by establishing governmental ascendancy over the affairs of business. The Jacksonian movement grew out of expanding opportunities and a common desire to enlarge these opportunities still further by removing restrictions and privileges that had their origin in acts of government; thus, with some qualifications, it was essentially a movement of laissez-faire, an attempt to divorce government and business. It is commonly recognized in American historical folklore that the Jackson movement was a phase in the expansion of democracy, but it is too little appreciated that it was also a phase in the expansion of liberated capitalism. While in the New Deal the democratic reformers were driven to challenge many assumptions of traditional American capitalism, in the Jacksonian period the democratic upsurge was closely linked to the ambitions of the small capitalist.

To understand Jacksonian democracy it is necessary to re-create the social complexion of the United States in the

1830's. Although industrialism had begun to take root, this was still a nation of farms and small towns, which in 1830 found only one of every fifteen citizens living in cities of over 8,000. Outside the South, a sweeping majority of the people were independent property-owners. Factories had been growing in some areas, but industry was not yet concentrated in the factory system; much production was carried out in little units in which the employer was like a master craftsman supervising his apprentices. The development of transportation made it possible to extend trade over large areas, which resulted in a delay in collections and increased the dependence of business upon banks for credit facilities. The merchant capitalist found it easier to get the necessary credits than humbler masters and minor entrepreneurs, but the hope of growing more prosperous remained intensely alive in the breast of the small manufacturer and the skilled craftsman.

The flowering of manufacturing in the East, the rapid settlement of the West, gave to the spirit of enterprise a large measure of fulfillment. The typical American was an expectant capitalist, a hardworking, ambitious person for whom enterprise was a kind of religion, and everywhere he found conditions that encouraged him to extend himself. Francis J. Grund, an immigrant who described American social conditions in 1836, reported:

Business is the very soul of an American: he pursues it, not as a means of procuring for himself and his family the necessary comforts of life, but as the fountain of all human felicity. . . . It is as if all America were but one gigantic workshop, over the entrance of which there is the blazing inscription, "No admission here, except on business."

More than one type of American, caught up in this surge of ambition, had reason to be dissatisfied with the



United States Bank. Some farmers were more interested in the speculative values of their lands than in their agricultural yield. Operators of wildcat banks in the South and West and speculators who depended upon wildcat loans shared the farmers' dislike of Biddle's bank for restraining credit inflation. In the East some of the heads of strong, sound state banks were jealous of the privileged position of the national bank—particularly the bankers of New York City, who resented the financial supremacy that the bank brought to Philadelphia.<sup>7</sup> In Eastern cities the bank was also widely disliked by workers, craftsmen, shopkeepers, and small business people. Labor was hard hit by the rising cost of living, and in many cases the workmen's agitation was directed not so much against their immediate employers as against the credit and currency system. Small business and working men felt that banks restricted competition and prevented new men from entering upon the avenues of enterprise.<sup>8</sup>

The prevalent method of granting corporation charters in the states was a source of enormous resentment. The states did not have general laws governing incorporation.<sup>9</sup>

<sup>7</sup> State-bank men were prominent in Jackson's councils. Roger Brooke Taney had been a lawyer for and stockholder in the Union Bank of Maryland. Two key members of the kitchen cabinet, Amos Kendall and Francis Preston Blair, were recruits from the famous relief war in Kentucky, and the former had been president of the Commonwealth Bank of Kentucky.

<sup>8</sup> Workingmen had a special grievance against banks. Employers often paid them in the notes of distant or suspected banks, which circulated below par value. They were thus defrauded of a portion of their pay. Although the United States Bank was not responsible for such practices, it had to share in the general odium that attached to banks. "I was not long in discovering," remembered the Whig politician Thurlow Weed, "that it was easy to enlist the laboring classes against a 'monster bank' or 'monied aristocracy.' . . . The bank issue 'hung like a millstone' about our necks."

<sup>9</sup> There were exceptions. New York in 1811 and Connecticut in 1817 adopted laws permitting general incorporation for certain types of manufacturing enterprises.

Since banks and other profit-making businesses that wished to incorporate had to apply to state legislatures for individual acts of incorporation, the way was left open for favoritism and corruption. Very often the corporation charters granted by the legislatures were, or were construed to be, monopolies. Men whose capital or influence was too small to gain charters from the lawmakers were barred from such profitable and strategic lines of corporate enterprise as banks, bridges, railroads, turnpikes, and ferries. The practice was looked upon as an artificial closure of opportunity: laborers often blamed it for the high price of necessities.<sup>10</sup> The practice of granting economic privileges was also considered a threat to popular government. Jackson, explaining in one of his presidential messages why "the planter, the farmer, the mechanic, and the laborer" were "in constant danger of losing their fair interest in the Government," had a standard answer: "The mischief springs from the power which the moneyed interest derives from a paper currency, which they are able to control, from the multitude of corporations with exclusive privileges which they have succeeded in obtaining in the different States."

Among all the exclusive privileged monopolies in the country the Bank of the United States was the largest, the best-known, and the most powerful. It became a symbol for all the others, and the burden of many grievances for which it was not really responsible fell upon it. As a national institution it was doubly vulnerable: it was blamed by West-

<sup>10</sup> "We cannot pass the bounds of the city," complained one of the left-wing Jacksonian leaders in New York, "without paying tribute to monopoly; our bread, our meat, our vegetables, our fuel, all, all pay tribute to monopolists." William Leggett of the *New York Post* declared: "Not a road can be opened, not a bridge can be built, not a canal can be dug, but a charter of exclusive privileges must be granted for the purpose. . . . The bargaining and trucking away chartered privileges is the whole business of our lawmakers."

ern inflationists for deflationary policies and by Eastern hard-money men for inflation. One certain accomplishment of Jackson's war on the bank was to discharge the aggressions of citizens who felt injured by economic privilege.

Jackson himself was by no means unfamiliar with the entrepreneurial impulse that gave Jacksonian democracy so much of its freshness and vitality. An enterpriser of middling success, he could spontaneously see things from the standpoint of the typical American who was eager for advancement in the democratic game of competition—the master mechanic who aspired to open his own shop, the planter or farmer who speculated in land, the lawyer who hoped to be a judge, the local politician who wanted to go to Congress, the grocer who would be a merchant. He had entered the scramble himself in a variety of lines, as a professional man, a merchant, a land speculator, a planter, an office-holder, and a military chieftain. He understood the old Jeffersonian's bias against overgrown government machinery, the Westerner's resentment of the entrenched East, the new politician's dislike of the old bureaucracy, and the aspiring citizen's hatred of privilege. Years before his presidency, he recalled, when a few Tennesseans proposed in 1817 to bring a branch of the bank to Nashville, he had opposed it on the ground that the bank "would drain the state of its specie to the amount of its profits for the support and prosperity of other places, and the Lords, Dukes, and Ladies of foreign countries who held the greater part of its stock—no individual but one in our state owning any of its stock." In 1827, when a branch of the bank was finally created at Nashville, and its agent, General Thomas Cadwalader, coyly hinted to Jackson that its patronage could be turned over to the Jackson party, he was rebuffed.

Looking at the bank from the White House, Jackson saw an instrument of great privilege and power ruled by a man of uncommon force and intelligence. As a fiscal agency it was comparable in magnitude to the government itself.

It issued about one fourth of the country's bank paper; because of its power over the discounts of innumerable smaller banks, especially in the West and South, it was the only central instrument in the United States that could affect the volume of credit. A private agency performing a major public function, it was yet substantially free of government control.<sup>11</sup> As Hezekiah Niles put it, the bank had "more power than we would grant to any set of men unless responsible to the people." Nicholas Biddle, boasting of the forbearance with which he ran the bank, once stated in a Congressional investigation that there were "very few banks which might not have been destroyed by an exertion of the powers of the Bank." "As to mere power," he wrote to Thomas Cooper in 1837, "I have been for years in the daily exercise of more personal authority than any President habitually enjoys." Understandably the bank's critics regarded it as a potential menace to democratic institutions.

As an economic instrument, there was a great deal to be said for the bank. Under Biddle it had done a creditable job in stabilizing the currency and holding in check inflationary pressure from the wildcatters. Before Jackson's election Biddle had also been concerned to keep the bank out of partisan politics and, as he wrote Webster, "bring it down to its true business character as a Counting House." But the bank inspired too many animosities to stay out of political life. After 1829 it had large loans outstanding to a great number of prominent politicians and influential newspaper editors, and Biddle was well aware how great its power would be if it should be employed directly in corruption. "I can remove all the constitutional scruples in the District of

<sup>11</sup> Five of its twenty-five directors were appointed by the federal government. Nicholas Biddle, who actually ran the bank without interference, was one of the government directors; before the bank controversy began, his appointment had been renewed by Jackson himself.

Columbia," he arrogantly informed a correspondent in 1833. "Half a dozen Presidencies—a dozen Cashierships—fifty Clerkships—a hundred Directorships—to worthy friends who have no character and no money."

Since the bank's charter was to expire in 1836, and since a second term for Jackson was probable, it seemed necessary that a renewal of the charter be secured under Jackson. Biddle attempted at first to be conciliatory, made earnest efforts to answer Jackson's grievances against the bank, appointed Jacksonian politicians to several branch directorships, and sent the President a not ungenerous proposal for assistance in discharging the government's indebtedness in return for recharter. Yet in the fall or winter of 1829-30, when Biddle and Jackson had an amicable interview, the general frankly said: "I do not dislike your Bank any more than all banks. But ever since I read the history of the South Sea bubble I have been afraid of banks." By December 1830, when Jackson questioned the bank's expediency and constitutionality, it was clear that he would not consent to renew its life. Biddle, reluctantly, uncertainly, and under prodding from Whig politicians, decided in the summer of 1832 to ask Congress for recharter before the presidential election. "The bank," said Jackson to Van Buren, "is trying to kill me, *but I will kill it!*" To the frontier duelist the issue had instantly become personal.

Jackson lost no time in returning the recharter bill to Congress with his<sup>12</sup> famous veto message, described by Biddle as "a manifesto of anarchy, such as Marat and Robespierre might have issued to the mob." The body of the message was an argument against the bank's constitutionality. The social indictment of the bank was inclusive: it was a monopoly, a grant of exclusive privilege; the whole

<sup>12</sup> The message was composed with the assistance of Amos Kendall, Andrew J. Donelson, Roger B. Taney, and Levi Woodbury.

American people were excluded from competition in the sale of the privilege, and the government thus received less than it was worth; a fourth of the bank's stock was held by foreigners, the rest by "a few hundred of our citizens, chiefly of the richest class"; it was a menace to the country's liberty and independence. At the end the President launched into a forthright statement of the social philosophy of the Jacksonian movement:

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.

Certainly this is not the philosophy of a radical leveling movement that proposes to uproot property or to reconstruct society along drastically different lines. It proceeds upon no Utopian premises—full equality is impossible, "distinctions will always exist," and reward should rightly

go to "superior industry, economy, and virtue." What is demanded is only the classic bourgeois ideal, equality before the law, the restriction of government to equal protection of its citizens. This is the philosophy of a rising middle class; its aim is not to throttle but to liberate business, to open every possible pathway for the creative enterprise of the people. Although the Jacksonian leaders were more aggressive than the Jeffersonians in their crusades against monopoly and "the paper system," it is evident that the core of their philosophy was the same: both aimed to take the grip of government-granted privileges off the natural economic order.<sup>13</sup> It was no coincidence that Jacksonians like William Leggett and Thomas Hart Benton still venerated John Taylor, a thinker of what Jackson affectionately called "the old republican school."

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<sup>13</sup> This was the position not only of the regular Jacksonians but also of the more "radical" Locofoco school. For example, William Leggett, who was considered to be a hound of anarchy by New York conservatives, believed implicitly in free trade and was extremely solicitous of the rights of property when divorced from special privilege. He looked upon a general law of incorporation as "the very measure to enable poor men to compete with rich." "My creed," said Isaac Smith, a prominent Locofoco candidate, "is to leave commercial men to manage their own affairs." And Martin Van Buren: "I have ever advocated . . . limiting the interference of the Government in the business concerns of the People to cases of actual necessity, and [have been] an enemy to monopoly in any form." "The people, the democracy," asserted Ely Moore, the New York labor leader, "contend for no measure that does not hold out to individual enterprise proper motives for exertion." William Gouge, the most popular economic writer of the period, declared that his hard-money policy would mold a society in which "the operation of the natural and just causes of wealth and poverty will no longer be inverted, but . . . each cause will operate in its natural and just order, and produce its natural and just effect--wealth becoming the reward of industry, frugality, skill, prudence, and enterprise, and poverty the punishment of few except the indolent and prodigal."

## IV

Pursuing the bank war to its conclusion, Jackson found defeat in victory. Re-elected overwhelmingly on the bank issue in 1832, he soon removed all United States funds from the bank. Biddle, in the course of a fight to get the federal deposits back, brought about a short-lived but severe depression through restriction of credit, which ended only when the business community itself rebelled. No sooner did this artificial depression end than an inflationary movement began. The federal deposits that Jackson had taken from Biddle were made available to several dozen state banks; these promptly used their new resources to start a credit boom, which broke disastrously in 1837. This had been no part of Jackson's original intention, nor that of his hard-money followers. "I did not join in putting down the Bank of the United States," complained Thomas Hart Benton, "to put up a wilderness of local banks." By destroying Biddle's bank Jackson had taken away the only effective restraint on the wildcatters, and by distributing the deposits had enlarged the capital in the hands of inflationists. He was opposed to both privilege and inflation, but in warring on one he had succeeded only in releasing the other. In killing the bank he had strangled a potential threat to democratic government, but at an unnecessarily high cost. He had caused Biddle to create one depression and the pet banks to aggravate a second, and he had left the nation committed to a currency and credit system even more inadequate than the one he had inherited.

Biddle, from 1823, when he took control of the bank, to 1833, when removal of the deposits provoked him to outrageous retaliation, had followed a policy of gradual, controlled credit expansion, which was well adapted to the needs of the growing American economy. Had Jackson not yielded to archaic hard-money theories on one hand and the

pressure of interested inflationary groups on the other,<sup>14</sup> it might have been possible—and it would have been far wiser—for him to have made a deal with Biddle, trading recharter of the bank for more adequate government control of the bank's affairs. It would have been possible to safeguard democratic institutions without such financial havoc but the Jacksonians were caught between their hostility to the bank and their unwillingness to supplant it with adequate federal control of credit. The popular hatred of privilege and the dominant laissez-faire ideology made an unhappy combination.

The bank war flared up, died, and was forgotten, its permanent results negative rather than positive. But the struggle against corporate privileges which it symbolized was waged on a much wider front. In the states this struggle bore fruit in a series of general incorporation acts, beginning with Connecticut's in 1837 and spreading to the other states in the two decades before the Civil War. By opening the process of incorporation to all comers who could meet state requirements, legislators progressively sundered the concept of the corporate form of business from its association with monopoly privilege and for many decades made it an element in the growth of free enterprise—a contribution to the development of American business that can hardly be

<sup>14</sup> There was a division of purpose among those who supported the bank war. The hard-money theorists wanted to reduce all banks to the functions of discount and deposit and deny them the right to issue currency notes; they believed that overissue of bank notes was an essential cause of booms and depressions. The inflationary groups, including many state banks, objected to the Bank of the United States because it restrained note issues. Caught between these two forces, Jackson pursued an inconsistent policy. Deposit of federal funds with state banks pleased the inflationists. The Specie Circular and the Independent Treasury policy adopted under Jackson's successor, Van Buren, was more consonant with the views of the hard-money faction.

overestimated. The same was done for banking. In 1838 New York, the center of the Locofoco agitation against bank monopolies, passed a free banking law that permitted banking associations to operate under general rules without applying for specific acts of incorporation. A precedent for similar laws in other states, it has been described by one authority, Bray Hammond, as "the most important event in American banking history."

While the state legislatures were writing Jacksonian ideals into the law of corporations, a Jacksonian Supreme Court under Chief Justice Taney was reading them into the clauses of the Constitution. Taney, appointed by Jackson in 1836, sat on the Court until his death in 1864, and during his long tenure the Court propagated the Jacksonian view of business without privilege. Professor Benjamin F. Wright, in his study of *The Contract Clause of the Constitution*, has pointed out that as a result of the Court's work under Taney the contract clause "was a more secure and broader base for the defense of property rights in 1864 than it had been in 1835." Taney's most startling case, as symbolic of the fight against privilege in the juridical sphere as the bank war had been in politics, was the Charles River Bridge case. The majority decision, prepared by Taney, which represented a long forward step in detaching from the corporation the stigma of monopoly, stands as a classic statement of the Jacksonian faith.

The Charles River Bridge had been erected in the 1780's by Harvard College and prominent Bostonians under a Massachusetts charter. As the population of Boston and Cambridge grew, business flourished, traffic mounted, and the par value of the bridge's stock shot upwards. A share bought in 1805 at \$444 was worth \$2,080 in 1814. Since a new bridge was badly needed, the state legislature in 1828 chartered another, the Warren Bridge, to be built very close to the original, and to be free after sufficient tolls were collected to pay for its construction. Anxious to prevent a de-

velopment that would destroy the value of their stock, the proprietors of the older bridge attempted to restrain the new builders from erecting the Warren Bridge. When Taney began sitting as Chief Justice in 1837, the issue was still pending before the Supreme Court. The case clearly involved a conflict between vested rights on one side and new entrepreneurs and the rest of the community on the other. Four distinguished Massachusetts lawyers, including Daniel Webster, represented the promoters of the Charles River Bridge. They argued that the legislative grant to the original bridge company was a contract, and that implicit in such a ferry or bridge franchise was a promise on the part of the state not to break the contract by granting another competing franchise that would lower the value of the original.

The Court decided for the new bridge, five to two. Since the two dissenting justices, Story and Thompson, were holdovers from the pre-Jackson period and the five majority judges were all Jackson appointees, the decision may accurately be called a Jacksonian document. Story's dissent, which expressed horror at "speculative niceties or novelties" and invoked the interests of "every stockholder in every public enterprise of this sort throughout the country," was reasoned in the language of entrenched capital, of monopoly investors who abhorred risk. Taney's majority decision was a plea for the public interest, for technological progress and fresh enterprise.<sup>15</sup>

The object of all government, Taney asserted, is to promote the happiness and prosperity of the community, and it could never be assumed that a government intended to curtail its own powers in this respect. "And in a country

<sup>15</sup> Taney's moderate and balanced view of state policy toward corporations is most clearly brought out by his deft decision in *Bank of Augusta v. Earle* (1839). For this and his continuing friendliness to the non-monopoly corporation, see Carl Brent Swisher's *Roger B. Taney*. Chapter xviii.

like ours, free, active, and enterprising, continually advancing in numbers and wealth," new channels of communication and travel are continually found necessary; an abandonment of the state's power to facilitate new developments should not be construed from contracts that do not contain an explicit statement of such intent.

What would happen, Taney asked, if the idea of an implied monopoly in charters should be sustained by the Court? What would become of the numerous railroads established on the same line of travel with old turnpike companies? He thought he knew: if these old corporations were given an "undefined property in a line of travelling," they would awaken from their sleep and call upon the Court to put down new improvements to protect their vested interests. The "millions of property" that had been invested in railroads and canals upon lines of travel once occupied by turnpike corporations would be endangered. Until obsolete claims were settled, the community would be deprived of the benefits of invention enjoyed by every other part of the civilized world. The rights of property, Taney conceded, should be "sacredly guarded," but "we must not forget that the community also have rights, and that the happiness and well being of every citizen depends upon their faithful preservation."

To the Whig press and conservative lawyers like Kent and Story this opinion appeared as another "manifesto of anarchy," comparable to Jackson's bank veto message. In fact, as Charles Warren observes in his history of the Court, it gave encouragement to "all business men who contemplated investments of capital in new corporate enterprise and who were relieved against claims of monopoly concealed in ambiguous clauses of old charters."

In the Congressional session of 1823-4, at the beginning of the Jackson era, Daniel Webster had observed: "Society is full of excitement: competition comes in place of monopoly; and intelligence and industry ask only for fair

play and an open field." No friend of Jacksonian democracy expressed more accurately than this opponent the historic significance of the Jackson movement. With Old Hickory's election a fluid economic and social system broke the bonds of a fixed and stratified political order. Originally a fight against political privilege, the Jacksonian movement had broadened into a fight against economic privilege, rallying to its support a host of "rural capitalists and village entrepreneurs." When Jackson left office he was the hero of the lower and middling elements of American society who believed in expanding opportunity through equal rights, and by the time of his death in 1845 the "excitement" Webster had noticed had left a deep and lasting mark upon the nation. "This," exulted Calvin Colton, "is a country of self-made men, than which there can be no better in any state of society."

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# THE AMERICAN POLITICAL TRADITION

And the Men Who Made It

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Richard Hofstadter

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*with a foreword by*  
Christopher Lasch



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