

# How Andrew Jackson Destroyed the United States

by Michael Kirsch

*The myth is ended.*

The Jackson Administration was the greatest crime in the history of the United States, not merely because it was the first time a wholly foreign-owned President sat in the White House, destroying the policies of the United States, adopted by the people since 1789, but because it left an array of prejudices and axioms which have continually wrought the destruction of our nation.

In this report, the policy shift which the Jackson Administration (1829-37) brought about is demonstrated, and the lies which have since been told are demolished by the voices of those who have been silenced for nearly two centuries, including John Quincy Adams, other key statesmen of the time, and the people themselves.

The purpose of this report is to understand the nature of the false axioms destroying the United States today. But it is also to demonstrate that no objective reason exists for the waste of our nation's potential. If enough citizens understood how to wield the true nature and history of the United States Constitution, its stated and implied powers, and laws based upon it, then the nation's industrial and scientific resources could immediately be put into motion.

First we will look at the creation of Jackson as President, a character sketch of his controllers, and then begin the dramatic unfolding of his Presidency and its destruction of the United States Government, punctuated by the reaction of the public. Then, we review the final destruction of the American credit system and its replacement during the Van Buren Administration and beyond.

After viewing these pages, and the true process they document, the

reader who continues to hold onto his prejudices does so at his great peril. The nation's existence depends on learning these lessons, and discovering the true power of a United States under the American credit system, rather than one imposed by foreign laws and the laws of Empire—it depends on a return to principle and law, rather than precedent and popular opinion.

## PROLOGUE

### The Forecast of John Quincy Adams

These are the consequences which must flow from the reproduction by the President, as a fundamental principle of Government, of the old and long exploded doctrine, that the wealthy landholders of all countries constitute the best part of their population.

*John Quincy Adams, Feb. 27, 1833,  
Committee on Manufactures*

On Dec. 4, 1832, after his famous veto of the Bank of the United States, and upon being re-elected to a second term, President Andrew Jackson was handed a speech to deliver as his fourth annual address to Congress.

The speech was unprecedented and unfit for a President of the United States.

The public mask of Jackson's first administration fell away: The requests of the radical states-rights groups, the wealthy landowners, and slaveholders of the Southern states would be granted, while the interests of manufacturing, internal improvements, and national independence, were thrown aside.

The new policy for the nation would be one of "reducing the general government to [a] simple machine," and "withdrawing from the States all other influence," than maintaining peace, currency, contracts, and "discharging unfelt" its other functions. The speech gave the most alarming clarification that this new "simple machine of government" was for "the best part of [the] population," "the basis of society," and the "true friends of liberty," meaning the independent farmers, wealthy landowners, and slaveholders.

The speech said that "the public lands shall cease . . .



*Andrew Jackson, the seventh President of the United States (1829-37), destroyer of the Bank of the United States, and enemy of the American Republic and its Constitution.*

to be a source of revenue," but sold at prices "barely sufficient to reimburse the United States," thus no longer being used as a tool for internal improvements and the general welfare. The land was pledged instead for the spread of slavery, as it would eventually be "surrendered to the states respectively in which it lies," namely, the slave states of North and South Carolina, Virginia, and Georgia.

Congress was told to stop promoting internal improvements, unless a majority of slaveowners, who amounted to 4% of the free population, voted to ratify an amendment that bestowed on Congress additional power. The speech claimed that the states were not benefitting equally—echoing the radical "states-rights" cry that federal road, canal, and rail projects could give the government the power to emancipate slaves. To end all support for existing projects underway, it called for measures to "dispose of all stocks now held by it in corporations."

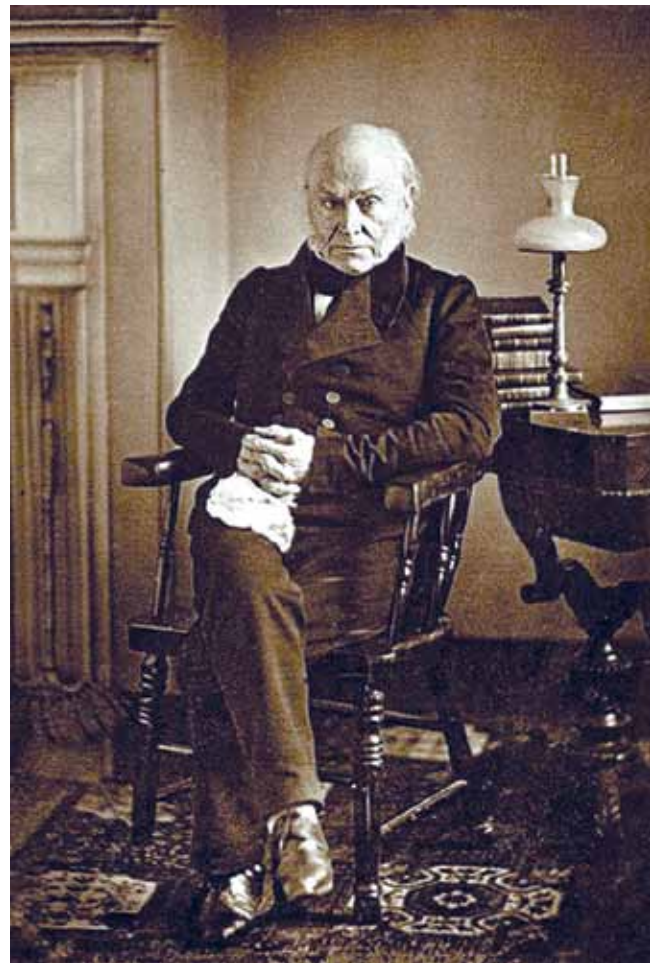
The long-established duty of the federal government, since the first act of Congress in 1789, to encourage and protect manufacturing was no longer deemed fair to the Southern states, which objected to paying impost taxes. The economy was to be run according to foreign rules and foreign laws: that for the “interests of the different states . . . [the] policy of protection must be ultimately limited to those articles of domestic manufacture which are indispensable to our safety in time of war,” meaning virtually nothing except unwrought iron.

The Bank of the United States, and its integral relation to expansion of roads and canals, manufactures, and credit for the poor but industrious classes, was one of four elements of government protection and regulation of the economy which was to be abandoned, for the sake of “reducing the general government to [a] simple machine.”

The speech concluded: “Limited to a general superintending power to maintain peace . . . to prescribe laws on a few subjects of general interest . . . this government will find its strength and its glory in the faithful discharge of these plain and simple duties. Relieved by its protecting shield from the fear of war . . . the free enterprise of our citizens, aided by the state sovereignties, will work out improvements and ameliorations which cannot fail to demonstrate that . . . the people can govern themselves . . . by a machinery in government so simple and economical as scarcely to be felt.”

Former President John Quincy Adams, speaking on behalf of the minority of the Committee on Manufactures, made an extensive reply, drawing out the various implications of the December address:<sup>1</sup>

Connected with the other effective recommendations to abandon all further purposes of national internal improvement, and all future revenues from the public lands, with the hand of ruin raised against credit and currency, in the denunciations of the bank of the United States, and, at the root of all, the proclamation of the principle that the wealthy landholders, or, in other words, the slaveholding planters of the South, constitute the best part of the national population, they can perceive nothing other than a complete system of future government for this union directly tending to its



*John Quincy Adams, who served honorably as Secretary of State, U.S. President, and member of Congress, warned against a Jackson Presidency; he led the fight against slavery, and fought to defend the Republic from the Jacksonian traitors.*

dissolution—a system totally adverse to that which has prevailed from the establishment of the Constitution, till the day of the delivery of the message—a system altogether sectional in its character, wasteful of the property of the nation, destructive to its commerce, withering to its future improvement, blasting to the manufactures and agriculture of two thirds of the states, and looking in its ultimate results to sacrifice the labor of the free to pamper with bloated profits the owner of the slave.

John Quincy Adams took on the abandonment of manufacturing, which, since the end of the Second War of Independence with the British in 1815, had been prospering and strengthening the power of the nation at

1. John Quincy Adams, “Protection: Domestic Manufactures,” Feb. 27, 1833, 22nd Congress, 2nd Session, Committee on Manufactures.

unheard-of rates:

It is the adoption for the future of a system of policy directly opposite to that with which the administration of Washington laid the foundations of the social existence of this great community—our national and federal union. Those foundations were, that all the great interests of the nation were alike entitled to defense and protection by the national arm, and from the national purse. And to the interest of manufactures was the first pledge of encouragement and protection.... That pledge is now ... to be withdrawn. The government is to be reduced to a simple machine, and its operations of superintending beneficence are to be *unfelt*. The great body of the manufacturers, including the numerous classes of mechanics, handicraftsmen, and artificers, and with them great multitudes of cultivators of the soil, though not that best part of the population, the independent freeholders, all the hard-working men, in short, the laboring part of the exclusively free population of the country, are to be turned out of the paternal mansion, cast off as worthless children of the common parent, and surrendered to the mercy of foreign laws, enacted for the express purpose of feeding foreign mouths with the bread denied by our simplified machine of government to them.

Adams forecast the final effect of decomposing the elements binding the Union together, and the result implied in the new principle set forth by the administration:

The planter of the south, the new settler of the west, the husbandman of the north and center, the merchant of the Atlantic shore, the navigator of the ocean, and the artisan of the workshop and the loom, have each, in his several spheres of action, a separate and distinct interest, but a common right, a common stake, a common pledge in that great social compact, the constitution of the United States. All are equally entitled to its protection, and to that of its laws. To bind,



Adams, defending manufacture and internal improvements, stated: "The planter of the south, the new settler of the west, the husbandman of the north and center, the merchant of the Atlantic shore, the navigator of the ocean, and the artisan of the workshop and the loom, have each, in his several spheres of action, a separate and distinct interest, but a common right, a common stake, a common pledge in that great social compact, the constitution of the United States..." Shown, "A Long Island Farmer Husking Corn," by William Sidney Mount (1833-34).

to interweave, to rivet them in adhesion inseparably together, is the duty of the American patriot and statesman: to bring one of those great interests in hostile collision with all or any of the others, is to loosen the bonds of the union, and to kindle the fires of strife.

A sound, uniform and accredited currency; an inexhaustible and invaluable fund of common property in the public lands; an organized and effective application of the national energies and resources, to great undertakings of internal improvement; and a firm, efficient protection of commerce and navigation against the arm of for-

eign violence, and of manufactures and agriculture against the indirect aggressions of foreign Legislation and competition:—these ... are the cements, which can alone render this union prosperous and lasting. To decompose and unsettle the currency, to cast away the treasure of the public lands, to abandon all enterprises of internal improvement, and systematically to deny all protection to the domestic manufactures, is to separate the great interests of the country, and to set them in opposition to each other. It is to untie the ligaments of the union.

... However in one portion of the union, the independent farmers or planters, cultivating the soil by their slaves, may be considered, by one of themselves, as the basis of society, and the best part of the population, the assumption of such a principle, as a foundation of a system of national policy for the future government of these United States, is an occurrence of the most dangerous and alarming tendency; *as threatening, at no remote period, not only the prosperity, but the peace of the country, and as directly leading to the most fatal of catastrophes—the dissolution of the union by a complicated, civil and servile war* (emphasis added).

## By Design

Jackson's first speech of his second term was not a tangle of policies from his personal prejudices, with accidental side effects; it was a deliberate abandonment of a set of federal powers chosen at the formation of the Union as fundamental to its existence, and increasingly expressed by laws adopted by the people, up until that time.

While utilizing strict controls over its own economy, the British Empire insisted on, and militarily enforced, "free trade" on other nations, in order to assure its global dominance. At the conclusion of the first Revolutionary War and the signing of the Treaty of Paris, British Prime Minister Lord Shelburne proposed to recoup the losses that the British Empire had suffered in North America, by enforcing its policy of free trade to ensure that the newly established nation would remain a supplier of raw materials.<sup>2</sup> The 1789 U.S. Constitu-

tion was created to ensure the power to break from this colonial model, and was successfully implemented by Washington and Hamilton.

The United States came out of the War of 1812 with a new patriotism, determined to break its dependence on British trade and manufactures, and to increase the unity, area, and power of the territory by federal infrastructural improvements, as well as with a renewed support for a National Bank to regulate the currency and facilitate trade. The tariffs which Alexander Hamilton called for in his 1791 *Report on Manufactures* were implemented after the war, in 1816, and then increased rapidly during the second Monroe Administration (1821-25). As Secretary of State (1817-25), John Quincy Adams crafted the Monroe Doctrine, stating that the United States would treat any further attempts to impose European colonialism on the Americas as a foreign act of aggression.

With the election of John Quincy Adams to the Presidency in 1824, the growing independence and influence of the United States became an existential threat to the interests of the British Empire. President Adams gave his unrestrained support to internal improvements and protection for industrial and westward development. The Adams Administration worked closely, beginning 1823, with the new president of the Bank of the United States, Nicholas Biddle, to make the financial system a tool for these policies.<sup>3</sup> Under its intended operation—during Alexander Hamilton's direction in 1791-1801—the Bank was the means to implement the powers of Congress. The legislated act created a system of future payments on credit, making possible the long- and short-term investments associated with roads, canals, rails, and new manufactures. The system of future payments was the linchpin for economic stability and growth, creating a regulated national currency that promoted productive value rather than individual mon-

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more capital, with more enterprise than any trading nation on Earth, it ought to be our constant cry: 'Let every market be open.'"

3. Nicholas Biddle's appointment as President of the Bank in 1823 was a culmination of his early devotion to the cause of improvements, education, and scientific agriculture, working with Benjamin Franklin ally Mathew Carey, John Quincy Adams, as well as under President James Monroe earlier. Biddle and Carey's Society for the Promotion of Internal Improvements pushed the state of Pennsylvania to initiate its system of canals, as well as to pioneer the promotion of railroads in 1825. Michael Kirsch, "The Credit System vs. Speculation: Nicholas Biddle and the 2nd Bank of the United States," *EIR*, July 20, 2012; Anton Chaitkin, "The American Industrial Revolution That Andrew Jackson Sought To Destroy," *EIR*, June 22, 2012.

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2. Shelburne, also the head of the ruling committee of the British East India Company, stated before the House of Lords in January 1783, "All we ought to covet on Earth is free trade.... With more industry, with

etary profit.<sup>4</sup>

In addition to the direct credit provided by the Bank, under Presidents Monroe and Adams, the Secretary of Treasury subscribed to the stocks of various canal, harbor, and turnpike companies associated with internal improvements.<sup>5</sup> The Secretary would subscribe to the road and canal stocks based on revenues from the sale of public lands, and the dividends which would accrue on the government's stock in the Bank of the United States, a system allowing the government to use the future profit of the economy to guide investment.

This long-term strategy for increasing the power of the nation was replaced with one of selling off all investments in corporations for internal improvements, dropping protection for manufacturers, and ending the use of revenue from public lands. The fixation on paying off the national debt was an attempt to justify abandoning the promotion of manufactures through duties, and stopping allocations for federal internal improvements. All of this played on the prejudices of local interests, giving the people back their tax money for immediate gain, sacrificing the future to the present.

The destruction of the nation's credit bank had noth-

ing to do with helping the poor, or with machinations of the bank's directors, as the Jackson Administration claimed, but was instead aimed at eliminating growth in all areas of national economy and facilitating an aristocracy of wealth, disabling those who depended on borrowed capital from the Bank to participate in the nation's growth, in favor of wealthy landowners and New York-Boston speculators.

All of these policy shifts were inseparable from the spread of slavery and promotion of British trade interests, just as the horrific removal of the Native Americans from the Southern states facilitated the same.

The intended destruction of the nation's financial system was completed through the Van Buren Administration, which made explicit all of the implied policy changes of the Jackson Administration. Van Buren would openly profess that the British East India Company's policy of *laissez faire*, against which the American Revolution had been fought, was our own. He would demand budget cuts as the only means of reducing debt, and say that all of the Presidents before

Jackson, from Washington through John Quincy Adams, had been running a system of government handouts and violations of the rights of property.

These administrations, from 1829-1841, accomplished all the tasks desired by the British Empire. And, having removed all the crucial powers of government from operation, they established new precedents and traditions, leaving the majority of citizens as a mass of confused and corrupted partisans on both sides to fight over lost causes and issues. Threats to return to the former system were beaten down by force. Slavery spread, speculative banking consolidated capital, and the nation sailed toward the Civil War forecast by Adams.

We will now walk, step by step, through the true story of Andrew Jackson, not as the mythical hero, but as an instrument of those who orchestrated the destruction of the government of the United States, and its chief expression, the American credit system.



*President John Quincy Adams (1825-29) worked closely with Nicholas Biddle, the new president of the Bank of the United States, to make the Bank a powerful tool for economic development and westward expansion. Portrait of Biddle by William Inman (ca. 1830s).*

4. When the country was founded, it established a system of exchange depending not on hereditary or saved-up capital of gold and silver, but one based on mutual confidence, on *credit*, which formed the basis of trade for industry, both internal and external. The Bank of the United States concept evolved from the earlier system of the Massachusetts Bay Colony and Franklin's system of credit in Pennsylvania. Crafted in collaboration with Robert Morris, Gouverneur Morris, James Wilson, and Benjamin Franklin, Alexander Hamilton's "System of Public Credit," as expressed in his Bank of the United States, further developed the power of a sovereign currency. Nancy Spannaus, "A Matter of Principle: Alexander Hamilton's Economics Created Our Constitution," *EIR*, Dec. 10, 2010; Kirsch, *ibid*.

5. Including, but not limited to, the Cumberland Road into Ohio and its continuation west to St. Louis, the Chesapeake and Ohio Canal, the Delaware and Chesapeake Canal, and the Portland to Louisville Canal around the falls of the Ohio, connecting the Great Lakes to the Ohio River system in Ohio and Indiana, and enlarging and rebuilding the Dismal Swamp Canal in North Carolina and Virginia.

## PART ONE

# Why Jackson Became President

In 1804, Alexander Hamilton exposed Aaron Burr's treason plot to split New England from the Union, ruining his campaign for Governor of New York. Burr plotted to kill Hamilton, as attorney Martin Van Buren prepared the legal bail of William Van Ness, Burr's associate and intermediary in the duel with Hamilton, anticipating his arrest for the murder. Van Buren was incorporated into the Burr political machine, and regularly visited Burr, his political boss and mentor, at his home. When the New York coroner's jury ruled homicide in the killing of Hamilton, Burr and his aides, John Swartwout and William Van Ness, fled New York to avoid prosecution.

In his endeavors, both before and after the Hamilton murder, Burr was connected with the highest level of British army and espionage leaders, including British intelligence officer Charles Williamson to whom Burr communicated an offer of his services, passed on to British Ambassador Anthony Merry, who wrote to the Foreign Office:

I have just received an offer from Mr. Burr, the actual Vice-President of the United States ... to lend his assistance to his Majesty's government in any manner in which they may think fit to employ him, *particularly in endeavoring to effect a separation of the western part of the United States from that which lies between the Atlantic and the mountains, in its whole extent.* His proposition on this and other subjects will be fully detailed to your Lordship by Colonel Williamson.... If ... his Majesty's minister should think proper to listen to his offer ... his present situation in this country, where he is now cast off as much by the democratic as by the Federal party, and where he still preserves connections with some people of influence, added to his great ambition and spirit of revenge against the present Administration, may possibly induce him to *exert the talents and activity which he possesses with fidelity to his employers* (emphasis added).<sup>6</sup>

Another of Burr's aides was Edward Livingston, a former New York mayor, with whom he planned to seize Louisiana, and, with the British, to conquer Mexico.

In 1805 and 1806, Burr spent many weeks at Jackson's home in Nashville, Tenn., and began recruiting mercenaries. Jackson personally arranged 40 boats for the endeavor and recruited 75 men. The plan was exposed, and Burr was arrested in 1807, and put on trial for treason against the United States. Jackson himself was subpoenaed as a material witness and as an undicted co-conspirator.

Congressman John Randolph of Roanoke, Va., was an ally of Burr and Jackson, and served as chairman of the grand jury shaping the charge against Burr. After the trial, Burr went into exile in England with his aide Samuel Swartwout, where he lived with British secret intelligence strategist Jeremy Bentham, the two becoming best friends.<sup>7</sup> Burr also strategized with the head of Britain's spy rings in America, Lord Castlereagh.

The despised Burr returned to the U.S. in disguise a month before the war with Britain began in 1812. After their return, Samuel Swartwout became Jackson's political aide and advisor, and Edward Livingston served as Jackson's aide de camp in Louisiana, along with aide Thomas Hart Benton. Now, back in America, serving as an agent of the British Empire under Jeremy Bentham, Burr partnered with Van Buren on legal cases and on co-writing legislation. Together they revived Burr's old New York State political machine, with Van Buren as the new political boss.<sup>8</sup>

## Electing a President

The project to make Jackson President was first proposed by Burr on Nov. 20, 1815, in a letter to his own son-in-law Joseph Alston, the ex-governor of South Carolina. Burr wrote to Alston that the United States had been misruled by its Presidents, from George Washington of Virginia to Thomas Jefferson and James Madison of Virginia, and would again be duped if James Monroe, another Virginian, were nominated for President. Burr proposed Jackson for the position, adding that his own role in the project must be concealed:

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*States* (New York: Knickerbocker Press, 1897).

7. *The Private Journal of Aaron Burr*, Vol. I (New York: 1838).

8. Anton Chaitkin, "Andrew Jackson as a Treason Project," *EIR*, Dec. 21, 2007, and op. cit., footnote 3; Seba Smith, *The Life of Andrew Jackson, By Major Jack Downing* [pseud.] (Philadelphia: 1834).

6. Edward Payson Powell, *Nullification and Secession in the United*



*When Alexander Hamilton exposed Aaron Burr's treason plot to split New England from the Union, Burr challenged Hamilton to a duel, and murdered him, July 11, 1804, as portrayed in this drawing.*

If, then, there be a man in the United States of firmness and decision, and having standing enough to afford even a hope of success, it is your duty to hold him up to public view: that man is Andrew Jackson. Nothing is wanting but a respectable nomination, made before the proclamation of the Virginia caucus, and Jackson's success is inevitable. If this project should accord with your views, I could wish to see you prominent in the execution of it. It must be known to be your work.

The attempt to stop Monroe's nomination failed, and the nation, now unified for the common aim of independence from the British, launched a vast program of internal improvements and industrial projects, both North and South.<sup>9</sup> The party system declined. Monroe avoided partisanship, recalling Washington's Farewell Address, and the former party name Democratic-Republican came to represent the national program under the Monroe Presidency.

By 1821, now-Senator Van Buren was in control of a large political apparatus in New York, the Albany Regency, which controlled a legion of newspapers and politicians through slander and reward. Beginning in 1822, Van Buren led a campaign to actively create a national political machine out of an alliance of his New York banking apparatus with Southern slaveholders

and Virginia's radical "states-rights" movement, the latter led by the pro-British John Randolph.

Randolph was a close collaborator of Aaron Burr, and had family ties to the director and future chairman of the British East India Company, through his stepfather Henry St. George Tucker. Among Randolph's first cousins were British admirals who fought against the United States in the War of 1812. He represented the British Tory families of Virginia that never gave way to George Washington, and was the leader of the Richmond Junto, the state's anti-national power structure. In 1823, this union of interests attempted to destroy the nationalist unification of North and South, attacking Monroe for weakening sympathy for Southern slaveowners.<sup>10</sup>

In 1824, there was effectively only one party, as the Federalist Party was moribund. Van Buren's political machine was not able to secure the election of a Presidential candidate, nor was Jackson yet entirely a controlled entity of Burr, Van Buren, Randolph, and company. Van Buren continued building an apparatus to defy the strong and consolidated national outlook of the Madison-Monroe presidencies, using his political machine to create the only anti-nationalist candidate in the election, William Crawford, who was against federal support for internal improvements and manufactures.

What brought about the consolidation of the project to elect a President capable of defying and reversing the new power of the U.S. government, was the violent reaction by the British Empire against the election of John Quincy Adams, whose unapologetic use of the Constitution and creation of new laws to strengthen the power of the nation, unleashed the scientific potential of the citizens and resources of the territory as never before, accelerating the break with British trade.

The British Empire's interests drew on every available asset to unify the alliance of New York finance and Southern slavery into a new party, the Democratic Party, and used various means to consolidate different factions under its banner behind Andrew Jackson, winning for him the 1828 election.

While the controlling elements of this new party

9. Chaitkin, op. cit., footnote 3.

10. Ibid.

were Van Buren's New York bankers and Randolph's Southern slave plantation aristocracy, the majority of Democratic Party members and voters in the 1828 election were not aware of this fact. They voted for Jackson because of his legacy as a military hero in a war against the British; because he was "anti-Federalist"; because he campaigned as a pro-free-trade candidate to Southern slaveowners, and as a pro-nationalist candidate to Northern workers; and because he promised government jobs to all who would support him. In addition, the people were riled up with alarmist, populist slogans against President Adams as "monarchical," and a spendthrift.

## The Kitchen Cabinet

Within the Jackson Presidency, there was a circle of speechwriters, advisors, and controllers, which gained increasing power over the official Cabinet members with each day, eventually pushing out the first Cabinet. In 1831, this controlling influence was dubbed by Nicholas Biddle the "Kitchen Cabinet." While other advisors were crucial—such as John Randolph, who was in correspondence with Van Buren and Jackson—the two most influential figures in the Administration were Martin Van Buren and Amos Kendall.<sup>11</sup>

Although he served officially as Secretary of State, and in other official positions, Van Buren's control was carried out on a level of subterfuge equal to that of his mentor Burr, in Burr's dealings with British intelligence networks. Van Buren operated behind the scenes, like the Venetian Iago of Shakespeare's *Othello*. Representative Tristram Burges of Rhode Island would later point to his controlling role over Jackson's Kitchen Cabinet in March 30, 1831:

11. John Randolph and others collaborated with the Kitchen Cabinet, steering Jackson toward his attack on the Bank. Jackson replied to a letter by Randolph on Dec. 22, 1831, writing "Never fear the triumph of the U.S. Bank while I am here."



Jackson's "Kitchen Cabinet," as it was dubbed by Biddle, and lampooned in this 1833 cartoon, consisted of a gang of his controllers, who eventually pushed out the legitimate Cabinet.

His cabinet was so selected and arranged, that the whole power and influence of the President, has been brought under the councils, and into the control of the secretary of state [Van Buren]. This man has exerted his managing capacities in such intrigues, as to have either brought every other man in the cabinet, into his schemes, or have excluded them from the confidence of the President.<sup>12</sup>

Amos Kendall was Jackson's main speechwriter, and had worked in Kentucky for years with a newspaper owner named Francis Blair, to build and control a political party, by developing the art of seducing drunken mobs to demand populist measures that would end up destroying the interest of themselves and the public.<sup>13</sup> Kendall ran Jackson's Kentucky campaign

12. Tristram Burges, "Speech of Mr. Burges," *Niles' Weekly Register*, Vol. 40, pp. 119-126.

13. This was the "Relief Party," which passed through the legislature, under Kendall's control, a measure to declare the debts of people to private parties null and void. The Court of Appeals in Kentucky declared this to be a monstrous act against the state constitution. In response, Kendall's motley party, like the mobs of the French revolution, passed a law "abolishing" the Court of Appeals, setting up its "own" court under party rule, which allowed the measure to go through. Also, while in Kentucky, Kendall became a tutor for the family of Sen. Henry Clay, allowing Kendall to spy on and profile the number one opponent in the

before moving to Washington, and becoming Jackson's main writer, whose speeches echoed Kendall's long practice in manipulating mobs.

Despite the prominence he would assume, Kendall was not a member of the Cabinet, but officially "4th auditor of the Treasury," with an obscurity that allowed him to remain unaccountable to the public. The visiting English writer Harriet Martineau wrote in 1836:

I was fortunate enough once to catch a glimpse of the invisible Amos Kendall, one of the most remarkable men in America. He is supposed to be the moving spring of the whole administration, the thinker, planner, doer; but it is all in the dark. Documents are issued of an excellence which prevents their being attributed to persons who take the responsibility of them; a correspondence is kept up all over the country for which no one seems to be answerable; work is done, of goblin extent and with goblin speed, which makes men look about them with a superstitious wonder; and the invisible Amos Kendall has the credit of it all.

The personal correspondences and papers of both Van Buren and Kendall were mysteriously burned.

Also essential was Edward Livingston, a central figure in Aaron Burr's treason schemes in New York and Louisiana, and, second to Burr, the most prominent American agent of British intelligence strategist Jeremy Bentham; Reuben M. Whitney, a merchant who lived in Canada throughout the War of 1812, smuggling gold into Canada to be used to buy weaponry to use against Americans in the war, and who later spied on Nicholas Biddle as a bank director; and Roger Taney, a Tory against the second war with Great Britain in 1812, from an aristocratic slaveholding family of Maryland.

These are the men who directed and controlled the messages and actions of Andrew Jackson. This was the group of largely unofficial advisors managing Jackson's mind, his passions, and his psychology. Jackson himself and his own changing private views were of little importance to understanding the actions and effects of the Administration.

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Senate of the future administration, and also the family of John Randolph, an experience he would utilize for his subversive ends.

## PART TWO

# The Destruction of the Government

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## 1. How It Began

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The inaugural festival became a scene of broken windows from the overwhelming mass of partisan office-seekers attending. The Post Office in particular was stacked with these office-seekers from the new party; between March 1829 and March 1830, 491 postmasters, 230 other officers, and thousands with their subordinates were removed from their positions and replaced with members of Jackson's party. The deputy postmaster reported the political character of newspapers around the country, sending the headlines to the Administration.<sup>14</sup> This use of the party system as a mechanism of political control was unprecedented in the United States, and once a call went out from Jackson, party members were expected to rally around the new party slogan, receiving reward or punishment on that basis. Thomas McKenney, Superintendent of Indian Affairs, was fired by Jackson in 1830, for advocating the view that "the Indian [is], in his intellectual and moral structure, our equal." Understanding the matter of party control personally, he wrote:

It was only necessary ... for some party tool, or some office-seeker, to whisper a charge against an innocent and unsuspecting incumbent in an office of *the Government*, when out he went, no matter how serviceable he was, or what his experience, or how ruinous it should prove to himself and family; and if he dared to inquire into the cause, or lift up a voice of complaint, the press, having been subsidized for the purpose, was ready to blacken him all over, and hold him up as worthy, not only of just such treatment, but of the hate and execration of society, whilst it lauded every new appointment, and cursed it in

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14. Burges, op. cit., footnote 12. The Post Office would be a famous case of political corruption, a means for paying the friends of Jackson three to four times the required cost by overbooking contracts and giving them to partisans as favors. It ended up insolvent and under Congressional scrutiny. Jackson appointed Burr's aide Samuel Swartwout as the Collector of Customs in New York, where he would famously rob the government funds, eventually \$1.2 million, before fleeing the country.



*In a harbinger of things to come, the Inauguration of President Andrew Jackson in 1829 erupted in a riot, as a mass of partisan office-seekers jammed into the White House. Jackson is seen in this depiction, on the right, as the crowd tramples an American flag.*

turn, as it was found necessary to make the change, in carrying out the views of “*the party*.” “Ever and anon,” as one after another of those victims to party violence, was thrust from office, the press shouted, “*the work goes bravely on!*”<sup>15</sup>

In July 1829, the Kitchen Cabinet initiated its action against the Bank with public attacks on directors of the Bank branches, starting when Portsmouth, N.H. Sen. Levi Woodbury, and campaign strategist Isaac Hill—future members of the Kitchen Cabinet—wrote to Secretary of Treasury Samuel Ingham, calling for the Bank director to be replaced. “The friends of General Jackson have had too much reason to complain about Portsmouth,” Hill wrote, claiming the director was refusing loans on a partisan basis.

Bank President Biddle went to New Hampshire to give the director a hearing, calling for all evidence to be presented, but among the complaints, not one witness repeated the charge that loans had been granted or refused for political reasons. The Administration made similar claims about partisan lending in Louisiana and

Kentucky. Biddle replied to a letter from Secretary of Treasury Ingham that the Bank “would not sacrifice [its directors] either to appease any clamor, or propitiate any authority.” Biddle continued, “The director’s responsibility for the management of it is to Congress, and . . . no Executive officer of the Government, from the President of the United States downwards, has the slightest authority to interfere. . . . The bank owes allegiance to no party, and will submit to none.”

McKenney later wrote about the New Hampshire accusations, “From the moment Mr. Biddle, in the name of the bank, declared that it ‘would not submit,’ from that moment the whole country, through the officers and expect-

ants of the new administration, and the press, was put in motion, and the welkin was made to ring with the shouts of ‘the party,’ urging it upon all true friends, to aid in producing the downfall of the bank.”<sup>16</sup>

His December address to Congress in 1829 put Jackson officially on record against the Bank. In this speech, he first raised the question of the re-charter, declaring his administration against it, because the Bank “had failed” to create “a uniform and sound currency.” The latter charge was an outrage to the common sense of the people, as it was well known by all that ever since 1823, banknotes were redeemable at par with gold and silver at every location of the country, and had become a more uniform and sound currency than at any former time in the nation’s history.

Both houses of Congress rebuked the President for the claim, conducting formal reviews of the history of the currency since 1811, and how it had been restored in the aftermath of the chaos of 1812-1815, by the Bank.<sup>17</sup> In addition to its other functions of national development, with respect to the regulation of the currency, the Bank’s lending and depository function was used to soften the blow to the economy from internal and international trade stresses, by calling in or extending loans

15. Thomas Loraine McKenney, “Essays On The Spirit of Jacksonism” January 1835, published by Jesper Harding. The dedication read, “I inscribe these essays to the honest and just men of the Republic, by whatever Party name designated.”

16. Ibid.

17. Kirsch, op. cit., footnote 3.

and debts; it prevented speculation by keeping the state bank circulation in check; it created a uniform currency and uniform exchange rate internally; and it provided a lower interest rate than any private bank or broker would offer.

However, Jackson's controllers were not attempting to win a logical argument against the Bank, but to make it a party issue. Most Democrats were favorable to the Bank and its policies; however, they were unaware of who was directing Jackson's messages. Thus, numerous members of the Administration and Democratic Party officials attempted to sway Jackson or respond and answer his baseless claims. The issue grew throughout 1830, and Biddle replied by publishing essays to educate the public on its functions.

Meanwhile, the intention of the Jackson Administration was making itself clear in other areas of policy. In May 1830, Van Buren and Kendall directed Jackson to veto the Maysville Road and other federal internal improvement bills, which had wide support in both houses; Van Buren's first political project with Aaron Burr was to try to stop the construction of the Erie Canal in New York in 1816.

The Jackson Administration had made clear to the State of Georgia that it would reject the policy upheld since Washington toward the Native Americans, and that it would not uphold the federal treaty with the Cherokees, honoring them and their land as an autonomous nation. Consequently, Georgia claimed the land of the Cherokees as part of the state and arrested the missionaries who aided in forming a modern language and constitution for the nation. In June 1830, the Cherokees sent a delegation to Washington, and the Supreme Court ruled the next year that Georgia had no right to invade Cherokee land, as it was sovereign territory under the federal treaty. Despite that ruling, Jackson ordered the Army to expel the Cherokees from their terri-



*Overruling the Supreme Court, Jackson ordered the Army to expel the Cherokees from their territory, in the most open contempt for the separation of powers in the nation's history up to that time. He was roundly denounced by John Quincy Adams for this. Shown: "Trail of Tears," by Robert Lindneux (1942).*

tory. His failure to enforce the Supreme Court's ruling was the most open contempt for the separation of powers in the nation's history up to that time, and an action for which Jackson should have been impeached.<sup>18</sup>

John Quincy Adams' insight into the process unfolding is captured in three diary entries at that time:

June 22, 1830: The whole strength of the present Administration rests upon his personal popularity, founded upon his military services. He has surrendered the Indians to the States within the bounds of which they are located. This will strengthen and confirm his popularity in those States, especially as he has burdened the Union with the expense of removing and indemnifying the Indians. He has taken practical ground against internal improvements and domestic in-

18. Jackson's failure to uphold the treaty and his leaving the Cherokees submission to the despotic power of the state of Georgia led to the deaths of one fourth of the Cherokees in the forced removal. Jackson's action opened the way for subsequent removals of Native Americans throughout the South, and the Jackson Administration itself directly negotiated 70 removals, equaling 100 million acres of Native American land east of the Mississippi, making way for the spread of slavery in Tennessee, Florida, Georgia, Alabama, and Mississippi. Ronald Satz, *American Indian Policy in the Jacksonian Era* (Norman: University of Oklahoma Press, 1974).

dustry, which will strengthen him in all the Southern States. He has, as might have been expected, thrown his whole weight into the slaveholding scale; and that interest is so compact, so cemented, and so fervent in action, that there is every prospect it will overpower the discordant and loosely patched policy of the free. The cause of internal improvement will sink, and that of domestic industry will fall with or after it. There is at present a great probability that this system will be supported by a majority of the people.

June 30, 1830: I suppose that the sacrifice of the Indians and of the interest of internal improvement and domestic industry will strengthen, rather than weaken, the popularity of the present Administration. I have cherished the principle and the system of internal improvement, under a conviction that it was for this nation the only path to increasing comforts and well-being, to honor, to glory, and finally to the general improvement of the condition of mankind. This system has had its fluctuations from the time of the establishment of the present Constitution of the United States. During the Administration of Mr. Monroe it was constantly acquiring strength in Congress and in the public opinion.... The combination in Congress became ... so strong that it ... produced the Act of Congress of April, 1824. The slaveholders of the South have since discovered that it will operate against their interests.

January 13, 1831: The system of internal improvement, and the promotion of domestic industry, which from the close of the last war with Great Britain had been pursued until the present Administration came into power, will be abandoned; and, as they offer in its stead the remission of taxes, they will in all probability be supported by the people. The control of the General Government over the separate States will also be abandoned, and the powers of the Judiciary Department prostrated. The people will also sustain this. The entire discharge of the national debt will dissolve one of the strongest ties which hold the Union together; and the doom of the National bank at the expiration of its charter is already sealed. Of the two systems, that of the present Administration sacrifices the future and remote benefit to the present, and therefore ad-



*Sen. Thomas Hart Benton, the Kitchen Cabinet's top ally in Congress, led the attack on the National Bank with a stemwinder of a speech that piled lie upon lie, claiming that the stockholders in the Bank were "aristocrats." Painting by Ferdinand Boyle (1861).*

dresses itself more to the feelings and prejudices of the people.

## Preparing the Cabinet

The party press machine was consolidated in December and January, when Kitchen Cabinet member Francis Blair established the *Globe* newspaper in Washington, from which he could better coordinate the other party newspapers. Blair was a close associate of Amos Kendall, working with him in Kentucky since 1819 on the "relief party," before coming to Washington with him in 1828.

In February 1831, Kitchen Cabinet ally Sen. Thomas Hart Benton kicked off the full-fledged attack on the Bank in a speech on the Senate floor, under the guise of the question of re-charter.<sup>19</sup> The speech was devoid of evidence to be demonstrated or investigated, and Benton expected no one in the Senate to believe any-

19. Benton was a former aide to Jackson in Louisiana, along with Edward Livingston. In Congress, he was a front man for the anti-Washington Astor Fur company, and later became a close ally of the Jackson's handlers after the 1824 election. Benton served John Randolph as a close friend in his 1826 duel with Henry Clay.

thing he said. The speech was delivered for those as ignorant of banking and the National bank, as he came across himself. The intention was to have the speech published by the party press machine.

Benton spoke not of how the Bank functioned or how it came about, but uttered sweeping phrases and slogans, such as “this mass of power, thus concentrated, thus ramified, and thus directed, must necessarily become, under a prolonged existence, the absolute monopolist of American money. . . .”; it is “an institution too great and powerful to be tolerated in a government of free and equal laws,” because “its tendencies were dangerous and pernicious to the government and the people.” Nowhere did he supply any evidence for the alleged abuses of the Bank and its branches, or mention the restraints existing to prevent such violations. Nor did he explain how wiping out the Bank would help the people.

Though most Congressmen could not fathom the true intention behind Benton’s claims, his speech was understood to be mere rhetoric. It was unclear why someone holding state bank capital was supposedly a good “democrat,” but being a stockholder of the National bank made one an “aristocrat.” Nor was it clear how the Bank could be a “monopoly of American money” when it had a capital of \$28 million, against state bank capital of \$128 million, and its branch banks competed with the circulation of 500 other state banks. Also, at the time Benton made the claim, 7 million shares of its stock were held by the U.S. government, 8 million by widows and orphans charities, 8 million by company owners and businessman, with 7 million held by foreigners (who had no voting power). Only 3 million shares were held by the very rich.

The stockholders of the Bank were increasingly representative of the population itself, and thus the Bank’s capital was the people’s capital, and its profits were profits they had earned: Those farmers and manufacturers had built themselves up over a generation, through the very access to credit provided by the Bank. At the time, the business class understood that the Bank of the United States and other credit banks of the period were merely other names for the farms, the commerce, the factories, and the infrastructure of the country, since the banks had no funds not already lent out to those purposes; they were the representatives of the people’s property.<sup>20</sup>

Soon after Benton’s speech was circulated, an attempt was made to give the attack academic authority, with various authors stating that “in theory” the Bank wasn’t needed to regulate the state bank currencies into a uniform currency, and that a better currency could be accomplished by “free competition,” by the “self-restraining principle,” and by “the method appointed by nature.” In other words, that the United States should follow the policies of the British East India Company, abandoning all regulation.<sup>21</sup> These economic theories were pushed at a time when the economy was growing faster than ever in the history of the country, by following the exact policies these theories attacked, under the regulation of the state bank currencies checked by the management of the National Bank currency begun by Biddle in 1823, which had kept the growth of credit in line with the growth of productive power.

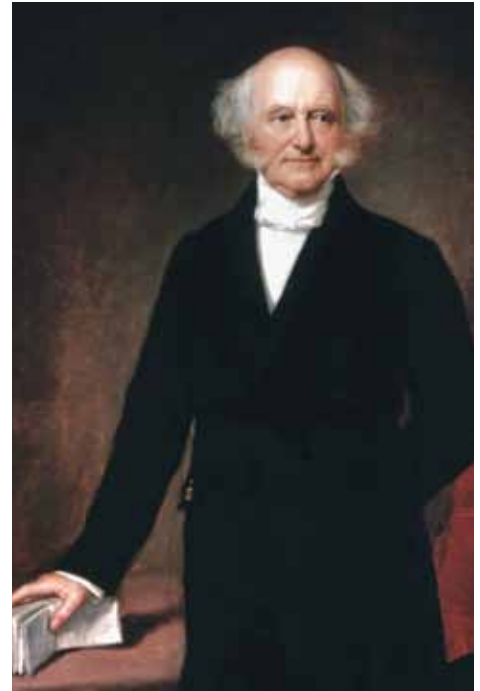
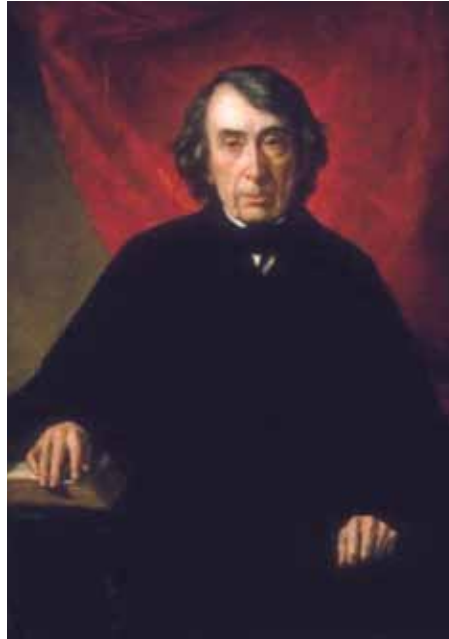
Meanwhile, the party press machine continued to beat the drum against the Bank, and Blair’s press revived old slanders that the Lexington directors loaned money for party purposes. By this time, over 150 party-controlled newspapers had been arranged to wheel and fire on command. A leader of Jackson’s own party from Louisville, Warden Pope, came forward refuting the claims, and assured Jackson that there was no basis for the slanders against the Kentucky branch Bank. In June 1831, James Madison, who had created the Bank as President, wrote a letter which would be widely published, explaining his support for the Bank of the United States since 1811, blasting any attempt to compare Jackson’s attacks with his own earlier opposition to the Bank in 1791.

That Summer, Van Buren used a contrived feud between Calhoun and Jackson to orchestrate a purge of the Cabinet officials who were not controllable by the Kitchen Cabinet.

Kitchen Cabinet advisors Edward Livingston, Roger Taney, and Levi Woodbury became official Cabinet members. As referenced, Livingston was a long-time Burr associate and a collaborator in his secession plots, an agent of Jeremy Bentham maintaining the sophisticated and proper public face for the Administration on various occasions. Levi Woodbury from New Hampshire (who initiated the attack against the Bank in 1829) and Roger Taney were both submissive assenters to Van Buren and Kendall. Taney was of the fox-hunt-

20. Tristram Burges, “Memoir of Tristram Burges” (Providence: Henry L. Bowen, 1835), pp. 318-404; Kirsch, *op. cit.*, footnote 3.

21. Thomas Payne Govan, “Nicholas Biddle: Nationalist and Public Banker” (Chicago: University of Chicago Press, 1959), pp. 140-141.



National Archives

*Amos Kendall, Roger Taney, and Martin Van Buren (future U.S. President) were leading members of the Kitchen Cabinet. For his indispensable role in the crushing of the Bank, Taney was rewarded with an appointment as Chief Justice of the Supreme Court, from which post he issued the atrocious Dred Scott decision. Kendall photo by Matthew Brady (ca. 1860); portraits of Van Buren and Taney by George Healy.*

ing, slave-plantation aristocracy of Maryland, who opposed war with Britain in 1812 as a “Federalist,” but became a “Democrat” after the 1824 election, and part of the 1828 election team. For his later action against the Constitution and Bank, which other Treasury secretaries refused, he was awarded the appointment as Chief Justice of the Supreme Court by Jackson in 1836. Taney later rendered the infamous *Dred Scott* decision, that black people could never be citizens of the United States, that slavery was perpetual, and that Congress had no right to interfere.

## 2. Whitney’s Testimony

The Bank was not re-chartered and was eventually destroyed by Jackson. However, in the years that led to that result, the Kitchen Cabinet had no intention to find or prove the Bank guilty of any abuse of its charter. There was, in fact, *never a trial* against the Bank.

In January 1832, the Bank of the United States made a formal request to Congress for re-charter. In response, the Kitchen Cabinet put together a list of false accusa-

tions, along with abuses by the Bank in 1819.<sup>22</sup>

Sen. Thomas Hart Benton delivered the list of charges to a freshman Representative, Augustin Clayton from Georgia, and urged him to call for an investigation. The investigation began in March with the catalogue of charges chiefly supplied by a man named Reuben M. Whitney.

Whitney was an American merchant who became a resident in Montreal, Canada from 1808 to 1816—

22. After the five-year period without national regulation of the currency through the Bank, and an explosion of state banks and speculation, it was not a magic fix to restore a regulated national currency. While Madison chartered the Second Bank of the United States in 1816, the speculation and overextended lending committed under William Jones, Bank director from 1817-1819, brought on a bubble and a crash. The new director, Langdon Cheves, then overcorrected in saving the Bank’s credit, forcing through austerity and a credit crisis. Nicholas Biddle returned the Bank to the Hamiltonian purpose of nation building, as Bank president in 1823. It flourished under the John Quincy Adams Administration, creating a national currency for short-term business loans and credit for industrial development and canals. For a detailed account of these administrations, and the subsequent policy of nation building, see, Kirsch, op. cit., footnote 3. Nearly all the attacks by the Kitchen Cabinet on the Bank were based on ignoring the accomplishments of the Bank under Biddle, as though it had never changed since 1819, as though the Bank in all its operations since 1823 did not exist.

during the entirety of the U.S. war against the British—by taking an oath to the British government to obey British laws, never having requested permission from the U.S. government to remain in Canada. At this time, Canada was the center of the British spy system, coordinated by Foreign Secretary Lord Castlereagh in London. Whitney would later boast how he smuggled specie from the banks into Canada during the war, specie used to fund munitions used against Americans. Nicholas Biddle characterized it by saying, “The bayonets that were at Detroit and the [Battle of the River] Raisin, were forwarded by the funds thus furnished by Whitney.”

After returning to the United States and becoming a rich merchant in the import of foreign goods, Whitney rose in the ranks of Philadelphia commerce and got himself on the board of the Bank in 1822-1824. After leaving the Bank, his business failed due to “ruinous speculations” in foreign merchandise in 1825; another venture failed from speculation, and he went bankrupt in January 1832, after the board of the Bank refused to meet his request for special favors.<sup>23</sup>

Clayton’s committee investigation began in March 1832. Among other things, his report:

- Accused the Bank of influencing the elections, by loaning money to newspapers who were against Jackson. In the Congressional finding, the charge backfired, as the records that were all brought forward showed that newspapers supporting Jackson had received a vast majority of all newspaper loans.

- Accused the Bank of influencing the elections in its printing of pamphlets to defend its function, which was begun in the wake of the attacks from the President of the United States.<sup>24</sup> Adams commented in his minority report of the committee, “Would it not argue a consciousness of weakness in the appeals to public opinion against the Bank, if, to sustain the charges against it, there should be an attempt to suppress all the means of self-defense?”

- Accused the Bank of insolvency and for losing an amount of specie, which turned out to be related to pay-

ments of government debt. Adams replied, “This construction, by which payment of debts is converted into loss of specie, may serve as a consolation for the disappointment arising from the inability to convict the Bank of any other serious loss since 1819.”

But the most damning accusation and attempted character assassination was that of embezzlement, made against Biddle himself. Whitney testified to the committee, accusing Biddle of illegal practices in lending money to a relative’s firm in 1823, and saying that the relative was borrowing from the Bank at zero interest, with permission from Biddle. Whitney said he told the teller that the entries of the relative’s borrowing were not on the books, and that the teller then added them to the books. He added that he confronted Biddle about this, and Biddle turned red and admitted the entries should be added. The attempted character assassination of Biddle was stated under oath.

When the entries on the books themselves concerning the notes in the teller’s drawer were brought forward, contradicting his testimony, Whitney retracted his slander, saying, “I either directed them to be made, or *found them made*.” Further, when questioned about his supposed interview with Biddle, it turned out that on the day on which Whitney had supposedly rebuked Biddle and received a confession, along with a blushing promise of amendment, Biddle was absent from Philadelphia! Other witnesses corroborated Biddle’s testimony.

Although Whitney committed at least two counts of perjury, the Administration refused to recommend proceedings against him. Instead, for Whitney’s false testimony against the government’s loyal financial institution, the President of the United States rewarded him with an unofficial Cabinet position as economic advisor.

Judge Clayton’s majority report was sent to the House of Representatives in April. Two minority reports were issued, one by John Quincy Adams in May. Adams critiqued the majority report in detail, and exposed the attempt to blame Biddle for the boom-bust tenures of Bank Presidents William Jones and Langdon Cheves from 1817-1822.

If they enlarge their discounts and accommodations, they supply temptations to over trading, and bring the Bank to the verge of ruin. If they contract their issues, they produce unheard of distress in the trading community. Do they trade

23. John M. McFaul and Frank Otto Gatell, “The Outcast Insider: Reuben M. Whitney and the Bank War,” *The Pennsylvania Magazine of History and Biography*, Vol. 91, No. 2 (April, 1967), pp. 115-144.

24. Adams remarked in 1834 that the slanders circulated by Jackson and the Kitchen Cabinet effected a reduction in the value of the 70,000 shares owned by the public from \$130 to \$105 a share, costing the public \$1.7 million—an amount equaling over 7.5% of the annual operating expenditure of the John Quincy Adams Administration.

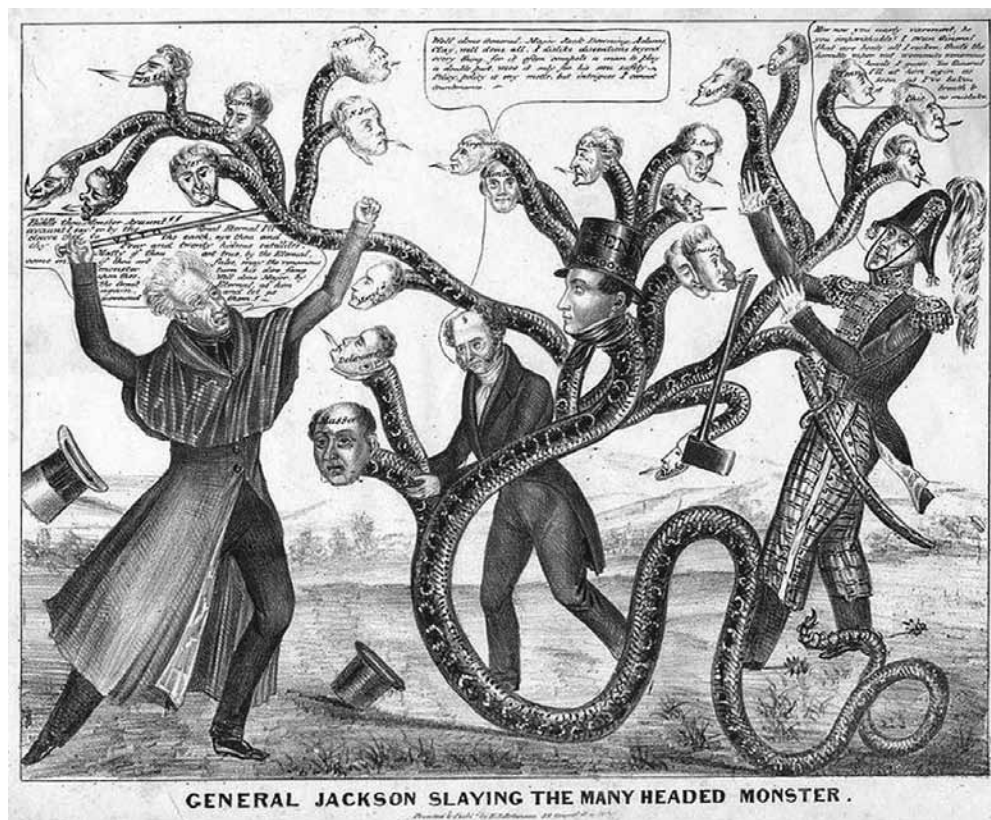
in foreign silver and domestic gold coins? They are accessory to the pernicious exportation of the precious metals. Do they substitute bills of exchange for silver dollars in the exportation to China? Who does not see that they must send to London the coin which formerly went round the Cape of Good Hope?

...Thus, when the Administration of Mr. Cheves can be exhibited in favorable contrast with that of the present President, it is presented with high and earnest commendation: but when a charge of usury can be brought to bear upon the Bank, upon the credit of a confession implied in a demurrer, the occasion to stigmatize the Bank cannot be passed over, though ten long years have slumbered over the sin, and though Langdon Cheves himself must be branded as the usurer.

Clayton's majority report of the committee, issued on April 30, was rejected by the House. The minority reports were so effective, and so entirely did they vindicate the Bank from the charges and implications contained in Clayton's report, that a bill passed both Houses of Congress to re-charter the Bank on June 11, 1832, 28 to 20 in the Senate, and 107 to 86 in the House.

## The Globe

All of the charges against the Bank would have evaporated under normal political conditions. But these were not normal conditions, which too many Congressmen had yet failed to see. Like Benton's speeches, the Congressional investigations desired by the Kitchen Cabinet were neither intended to bring about any legal



*The Jacksonian party press machine, led by the Globe, flooded the nation with anti-Bank poison. This cartoon shows Jackson "slaying the many-headed monster"—the Second Bank of the United States. Jackson appears twice; on the right, dressed as a military "hero." Each head on the monster represents a state branch; Biddle's head, in the center, is the largest.*

or lawful process, nor to be answered by reason. The purpose of Whitney's testimony and other accusations was the circulation, printing, and reprinting of lies: The Bank had ripped off the government, selectively loaned to newspapers favorable to the Bank, influenced the elections, performed embezzlement, was corrupt and usurious.

By arousing fears and jealousies such that the people would follow the actions of the party, whether they were in violation of law or not, the logical refutations of the claims presented during the Congressional inquiry would have minimal impact on the minds of the people and Jacksonian partisans.

In the wake of this June 11 ruling by Congress, the Administration cried that the Bank had bribed the Congress, with Blair's *Globe* taking the lead in spreading this story.

It was sent over the whole country, with notes and annotations. Stage loads of the *Globe*, filled with every description of poison that could be ex-

tracted from that report, and other sources, accompanied it. Every where the charges were reiterated, Whitney's and all, blasted as he was, until the people were everywhere literally drugged with them. In vain did the press strive to scatter the proper light among the people. A cloud of darkness had been raised, and the power and patronage of the Government, headed by Presidential authority, and guided by it, gave support to those who were engaged in increasing its darkness. It was of no avail that Congress passed its judgment of condemnation upon the proceedings of the party, and upon Judge Clayton's Report, in a re-charter of the Bank. This, as I have said, was charged to Bank influence, and to bribery. Wherever, and whenever truth, in regard to these calumnies, showed itself, it was hacked and cut to pieces, and trampled in the dust.

... And thus were the foundations of the Bank undermined, and thus its presiding officer, and his associates, were covered all over with party political venom, its principal and most disgusting stream issuing from the lips of President Jackson himself.<sup>25</sup>

Later, in 1834, alarmed at the usurpations of the President and his disregard of Congress and of law, Augustin Clayton himself reviewed the part he had acted, and as McKenney describes it, "with his own hand severed the head from his own report, and [threw] its lifeless trunk into the arms of the party." Speaking in the House of Representatives in May 1834, Clayton stated:

Mr. Speaker, this is the first fair opportunity that has presented itself to make satisfaction for wrongs which I believe, I myself, have committed. ... In my opposition to the Bank, on a former occasion, I have carefully reviewed my remarks, and find reflections which are unworthy of me, and the cause they were designed to support. They were calculated to wound the feelings of many high and honorable men, in, and out, of the Bank, and if such has been the effect, I can offer no higher reparation than the public expression of my regret.<sup>26</sup>

Though the very leader of the whole investigation had now recanted the origin of the slanders, admitting them to be entirely a fraud against the Bank of the United States, those slanders were circulated throughout that entire period and afterward.

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### 3. The Declaration of the Executive

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Jackson vetoed the bill to re-charter the Bank on July 10, 1832; the statement was written by Amos Kendall and Roger Taney.

The veto statement was a declaration of independence of the Executive from the other branches of government. It was filled with rhetorical statements against the Bank as a monopoly of money and destructive to the poor, in contrast to everyone's experience from the previous nine years. The Supreme Court was denounced as a betrayer of the "humble members of society," and its decisions were held to not be binding on the other branches of government, such as the 1819 ruling of the constitutionality of the Bank. It claimed that the Executive, Congress, and the Supreme Court must each for itself be guided by its own opinion of the Constitution.

Jackson's veto was received by the population not as a single event, but as the breaking point for those who had become increasingly alarmed by the actions of his Administration, provoking an array of anti-Jackson meetings, organized in great number by former Jackson supporters.

One political meeting in Louisville, Ky., on July 23, declared that the President's "preposterous and monstrous claim, that to the President belongs the right to construe the constitution, laws and treaties of the government, without direction or restraint from the judiciary, is appalling to every friend of liberty, and ... betrays a disposition to obliterate the fair features of our constitution, and threatens us with the wildest anarchy, or a dark and dreary despotism." They also took aim at the general policy shift: "That in his ... endeavors to crush the United States Bank, to abolish the tariff, and to check the spirit and spread of internal improvement, the President has waged an unrelenting hostility against the first, best interests of the country."<sup>27</sup>

Another meeting in Philadelphia took place on Aug. 6, where thousands of Irishmen, many who had voted

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25. McKenney, op. cit., footnote 15.

26. Mr. Clayton of Georgia, *Niles' Weekly Register*, Vol. 46, pp. 251-252.

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27. *Niles' Weekly Register*, Vol. 42, p. 407.

for Jackson, published a series of resolutions, decrying Jackson's opposition to internal improvements, the Bank, and protectionist measures. The Aug. 1 invitation to the meeting read:

Irishmen! you have sworn to support the constitution of the United States: you cannot, therefore, support Andrew Jackson, who has repeatedly violated that constitution, by treating with contempt the decisions of the Supreme Court, and despotically appointing favorites to office in defiance of the voice of the Senate! As honest men and as true patriots, you are now called upon to assist in saving your country from the usurpation of the present reckless chief magistrate, and the corrupt and servile flatterers by whom he is surrounded.

Some of their resolutions are excerpted here:

- And whereas this meeting, instructed by experience, have witnessed with regret and indignation the daring and repeated attempts of the present administration of the general government and its officers ... to control the free expression of opinion, and ... by the seduction of rewards given to political friends, and the terror of punishments inflicted on political opponents, or, as a member from New York unblushingly avowed, on the floor of the Senate of the United States by "distributing the spoils," to establish a system of corruption, of fraud and force, such as has every where characterized a despotism.

- Nor would we omit to notice the extraordinary and revolting means employed, by martial music, tumultuously scouring our streets in carriages decorated by military banners, to stir up and attract the young, the idle and unthinking, and to disgust, confound and overawe the citizens who are capable of appreciating the right peaceably to assemble.

- Nor would we forget the declaration lately put forth by a sycophant, very near to the President [Blair], whose press is the especial object of Executive support, and the especial subject of the fourth auditor's letter [Amos Kendall] ... that the President was "born to command," a declaration too closely resembling the ascription of Divine Right by birth to kings ... which we

have often heard trumpeted forth by the satellites of power in our afflicted native land.

- That in the last paragraph but one of the late veto message of the President, we discern an intimation of a design on the part of the Executive, to give all its aid to destroy the system of protection to national industry, and to annihilate the value of free white labor. ... [T]he President if re-elected, will co-operate with [the nullifiers] in all their schemes of destruction to American manufactures and internal improvements.

- ... That the President's interpretation of ... the Constitution, is altogether new in this republic, and is without precedent anywhere, except in the construction given by Court of Appeals of Kentucky, to his coronation oath, to countenance him in a determination madly to persist, against all right and reason, to keep six millions of Irishmen in a state of disenfranchisement and subjection, because they did not agree with him in their religious opinions."<sup>28</sup>

### Aaron Burr's Second Term

In December 1832, after being re-elected, Jackson was handed the speech to deliver which removed any remaining veil kept up for his constituency. It was made clear that the Bank was to be destroyed because it facilitated manufacturing, internal improvements, and the development of the West. The "friends of liberty" to Jackson were the Southern slaveowners and wealthy landowners around the country, not the manufacturers or farmers who depended on borrowed capital from the Bank of the United States.

The message promoted the most radical states-rights doctrines of John Randolph, which had been designed for British interests, to which so many of his controllers and associates were committed. The slave interests would be extended, the manufacturers and the free farmers of the nation would be abandoned, and any government involvement in infrastructure dropped. His reduction of the tariff the following year (it had been increasing since 1816) would begin a decline to virtually nothing by the end of the decade. Jackson's vaunted "great triumph" in using all surpluses to pay off the entire national debt—only possible by the deft arrangements of Biddle—was exposed as a ploy to abandon the former system of laws and principles in operation.

28. Ibid., pp. 424-426.

Adams wrote in his Diary on Dec. 4 and 5, that Jackson's message "recommends a total change in the policy of the Union with reference to the Bank, manufactures, internal improvement, and the public lands." He continued:

It goes to dissolve the Union into its original elements, and is in substance a complete surrender to the nullifiers of South Carolina.... He has cast away all the neutrality which he had heretofore maintained upon the conflicting interests and opinions of the different sections of the country, and surrenders the whole Union to the nullifiers of the South and the land-robbers of the West. I confess this is neither more nor less than I expected, and no more than I predicted nearly two years since.

### The Globe's Next Headline

With the mask removed, the post-election attack on the Bank accelerated. The Kitchen Cabinet told Jackson to charge it with insolvency and call for an investigation into the safety of the deposits, all to create enough commotion to give political cover for his violation of the Constitution the following year, which was already being planned.

The excuse used to even raise the question of the government deposits, which had been safe ever since 1819, was the fact that the Bank requested to delay the scheduled government debt payment of 3% bonds, on July 1, 1832, due to the threat of cholera, and requests from within the merchant community for an extension on custom duty payments. Secretary of Treasury McLane had acceded to the arrangement with the Bank as advantageous to all involved.<sup>29</sup>

29. Biddle had taken a trip to Washington in March 1832 to speak with Treasury Secretary Louis McLane about the threat of cholera spreading to the United States, and requests from merchants to postpone debt payments. He recommended a postponement of the payment of the government debt to prevent panic in business, which was already roiled by a cholera epidemic; the situation could only be made worse if the Bank



*John Randolph promoted radical pro-slavery states-rights doctrines on behalf of British interests. Painting by John Wesley Jarvis (1811).*

In his December address to Congress, Jackson attacked these debt negotiations earlier in the year as a "failure of the Bank to perform its duties," and stated that he was now going to "judge whether the public deposits in that institution may be regarded as entirely safe." But when Jackson appointed Henry Toland, a personal, political friend, to investigate the condition of the Bank for the safety of government deposits, Toland reported back that the deposits were safe.

The Kitchen Cabinet told Jackson the Toland report was Bank propaganda, and on Dec. 16, Jackson proceeded to write to James K. Polk, a slavish follower of his in Congress, "The hydra of corruption is only scotched, not dead. Call upon the Secretary of Treasury who must

agree with me that an investigation by Congress is absolutely necessary.... An investigation kills it and its supporters dead. Let this be had." Whitney also wrote to Polk on the importance of pushing the inquiry and advised him on the directions to take.

In January 1833, the Congressional Committee on Ways and Means investigated the condition of the Bank to determine whether it was "safe" to continue making government deposits there. The committee was led by Gulian Verplanck, a strong Jackson and Van Buren supporter. However, he broke party ranks and

was calling in debts owed to it by merchants. He also relayed a request from the New York custom clerk for extensions of loans in February to prevent failure. Another extension would be necessary in June and July, just as large government debt payments were coming due on July 1; otherwise, the Bank would be forced to curtail loans from April through June, just when importing merchants would need credit. Jackson told Cabinet member William Lewis, "I tell you, sir, she's broke, Mr. Biddle is a proud man, and he never would have come to Washington... if the Bank had the money. Never sir. The Bank's broke, and Mr. Biddle knows it." Lewis tried to explain, but Jackson refused to hear it. Months later cholera did invade New York and Philadelphia, and as Biddle warned, it was "deranging all business and prostrating all industry," claiming the lives of over 1% of the population of New York City, and spreading panic, with nearly half the city's population of 250,000 fleeing to the countryside. The state banks panicked and promptly suspended all payments of debts. Only the Bank of the United States was in a position to begin resuming loans and to end the panic of the state banks in a timely fashion.

reported the facts of the matter, and the majority of the committee members agreed.

Verplanck's report concluded that the postponement of the 3% stock did not present any subject for inquiry, and after reviewing the condition of the Bank, he stated that the deposits were safe. "There can be no doubt of the entire soundness of the whole Bank capital, after meeting all demands upon it, either by its bill holders or of the government."

Polk issued a minority report which scrutinized the anomalies of one Western branch which had an outstanding debt, and the 3% government bond negotiations.<sup>30</sup> He claimed that all the branches were in debt, that the whole Bank was insolvent, and on the verge of breaking up. "There is not time left for the further action of Congress, with a view to a more perfect information at the present session," wrote Polk. "Whether existing facts are sufficient to justify the Executive in taking any step against the bank . . . is a matter for the decision of the proper officers, acting upon their own views and responsibility. An opinion by Congress can make it neither more nor less their duty to act" (emphasis added).

The Committee on Ways and Means submitted Verplanck's report to the House on March 1, together with a resolution reporting that the deposits were safe. "The Government deposits may, in the opinion of the House, be safely continued in the Bank of the United States." The resolution was approved by a vote of 109 to 46, a majority of 71%.

In March 1832, the Kitchen Cabinet initiated the first investigation of the Bank, and the consequent reports of April and May led to Congress's June vote to re-charter the Bank of the United States. Jackson vetoed



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*Gulian Verplanck, chair of the Ways and Means Committee, and a strong Jackson-Van Buren supporter, broke party ranks, and asserted that the Government's deposits were safe in the National Bank.*

it in July. A private inquiry initiated by the Administration in November, and a second Congressional inquiry beginning in January 1833, ended with Congress's vote in March on the safety and soundness of the Bank. Over the course of 12 months, it was repeatedly demonstrated that the claims of the Kitchen Cabinet against the Bank were entirely unfounded.

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#### 4. Antiochus Epimanes and the Removal of the Deposits

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*[These] are circumstances of a prominent kind, and therefore more particularly noticed by the historians of his time than the impious, dastardly, cruel, silly, and whimsical achievements which make up the sum total of his private life and reputation.*

—Edgar Allan Poe,  
"Epimanes," March 1833

The investigation had served its purpose to drum up accusations, and to deliver the message to Jackson through Polk to "bring down" the Bank as soon as possible. The continued charges and slanders filled the press: that the Bank was a monster, a monopoly, opposed to Jackson, and interfering in the elections. "Every appeal that human ingenuity could invent, was made to inflame the public mind against the Bank," McKenney wrote.

It was a monopoly—it had foreigners among its stockholders—it was opposed to Andrew Jackson, who for that reason and for no other, denounced it as "a monster"—And was it a monster? "The party" told the people so under every form of speech-making, and by its press. Some poor ignorant souls fancied it was a living thing, with horns and a forked tail, and club feet, and having fire issuing from its mouth. "Down with

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30. The special case of the Nashville branch came about because the branch was playing a double role of both dealing in bills of exchange and loaning, since the Administration had denied requests for a normal state bank in the state. With two bad years of crops, the Bank continued to loan to the farmers and merchants, in order that they not fail, and was thus overextended.

the monster,” was kept going the rounds of the country. Engravings were got up, representing President Jackson and Mr. Biddle, as engaged in personal combat. All this, like the fire fanned, or blown upon by strong winds, ignited every combustible material, until the purpose was formed, and the plan devised, to throw President Jackson in the foreground of this commotion, where, having taken his stand, he was to decide on his own responsibility—against the decision of Congress—against the report of Mr. Toland, and against the unqualified report of the committee of the House of Representatives, that for the reasons stated, (though proved to be false,) he would remove the public deposits.<sup>31</sup>

Kendall assured Jackson, that despite Toland’s report, and the vast majority vote in the House in favor of Verplanck’s report, “nothing had occurred to lessen the fears as to the safety of the deposits.” Jackson was made to believe that the results of the Congressional inquiry were an attack on his Administration by a wicked coalition of Clay and Calhoun, which allegedly controlled the Bank. Kendall told him that a new scheme “to govern the American people by fraud and corruption” had been formulated by Clay, Calhoun, and Biddle, through a combination of “the bank, the public lands, an overflowing treasury, and internal improvements,” and only a removal of the deposits could thwart their effort; that it was his duty “to cripple the Bank and deprive the conspirators of the aid which they expect from its money and power.”<sup>32</sup>

Through Jackson, Kendall delivered a formal paper to the Cabinet on March 29, 1833, which stated that the public deposits must be removed, and all relations with the Bank severed.<sup>33</sup> McLane told Jackson that the de-

posits were safe. He was violently opposed to the action being proposed.

McLane gave Jackson his final protest against removing the deposits on May 20, 1833, saying the Bank had been a most useful and faithful auxiliary, just as his predecessor, Secretary Ingham, had reported to Jackson in 1829, and that no system of state banks could replace this currency. McLane stated that the deposits had been placed in the Bank not for its profit but to enable it to accomplish the purposes for which it had been created, and that their removal would “produce serious disorders in the currency and the business of the country. What would become of the public deposits and what of those benefits which the government and the people now enjoy . . . amidst the general destruction of credit, distress, bankruptcies, and suspensions of specie payments? . . . I have no doubt that the ill consequences to be expected outweigh all the good to be hoped for.”

This was the Treasury Secretary appointed by Jackson, loyal to Jackson, telling Jackson he refused to do what was in violation of all reason and cause.

Ten days later, Jackson officially replaced McLane with a new Treasury Secretary. William Duane was expected to take orders, and was informed that very evening by Whitney that Kendall was preparing an Executive order to transfer the deposits from the Bank of the United States to a group of state banks, and that order would be accompanied by a Presidential statement relieving the Secretary, now Duane, of any official responsibility.

When Duane refused the role, Jackson tried to persuade him personally, saying that unless the Bank was “broken down,” it would break down the Administration. He repeated the message he received from Kendall, that “if the last Congress had remained a week longer in session, the Bank would have secured two-thirds of Congress to override the veto, and it would happen again in the next Congress.”

Duane wrote of Jackson’s open contempt of the Constitution: “My suggestions as to a Congressional

31. McKenney, *op. cit.*, footnote 15.

32. “Amos Kendall To Andrew Jackson,” *Correspondence Of Andrew Jackson*, edited by John Spencer Bassett, Ph.D., Late Professor at Smith College, Vol. V, 1833-1838, (Carnegie Institution of Washington, 1902) pp. 41-44; Govan *op. cit.*, footnote 21.

33. After this statement, Kendall and Whitney worked to inflame Jackson’s rage, engaging him in a back and forth with government directors. They told Jackson that secret information existed to damn the Bank, and to make a request to the government directors to deliver him the information (a request outside Jackson’s jurisdiction). Whitney wrote up a false list of accusations for the government directors to sign, which they refused to do. They later submitted a report to Jackson about their exclusion from certain meetings in the Bank. This letter and continued lies of about partisan lending, fed to Jackson by Kendall and Whitney, helped

inflame Jackson toward action. Sen. John Calhoun later spoke on the Senate floor on January 12, 1834, attacking these claims of partisan lending and saying, “Can he be ignorant that the avowed and open policy of the government is to reward political friends, and punish political enemies? And that acting on this principle and driven from office hundreds of honest and competent officers, for opinion’s sake, only, and filled their places with devoted partisans? Can he be ignorant that the real offense of the bank is not that it has intermeddled in politics, but because it would not intermeddle on the side of power?”

inquiry, as in December 1832, or a recourse to the judiciary, the President repelled, saying it would be idle to rely upon either; referring, as to the judiciary, to the decisions already made as indications of what would be the effect of an appeal to them in future.”

Kendall told Duane it was incumbent on him to remove the deposits to “complete the work of destroying the Bank which the veto had begun.” Duane was unwilling to risk a financial crisis in a vain attempt to cripple or break the Bank, and told Jackson that that crisis would be one for the people, not the Bank, and that the deposits were safe.

On Aug. 23, 1833, Duane wrote, “It is true that there is an irresponsible cabal that has more power than the people are aware of. . . . There is an undercurrent, a sly, whispering, slanderous system pursued.” In his longer account five years later, he reflected on that period:

I had heard rumors of the existence of an influence at Washington, unknown to the Constitution and to the country; and the conviction that they were well founded now became irresistible. . . . Four of the six members of the last cabi-

net and four of the six members of the present cabinet opposed a removal of the deposits, and yet their exertions were nullified by individuals, whose intercourse with the President was clandestine. . . . Fictitious and selfish views alone guided those who had influence with the Executive, and the true welfare and honor of the country constituted no part of their objects.

Kendall wrote to Jackson on Aug. 25, that the question was “an immediate removal or no removal.” Duane refused to resign, knowing that as long as he remained, the deposits could not be removed. Therefore, Jackson was forced to fire him. After he was fired on Sept. 23, Francis Blair’s *Globe* lied that “Mr. Duane was dismissed for faithlessness to his solemn written pledges and for the exhibition of bad feeling, which made him totally unfit for the station to which he had been elevated. He was not dismissed merely for refusing to remove the deposits.”

## Executive Will

Toland, Verplanck’s Committee, the House of Representatives, McLane, and Duane had all delivered the message to Jackson not to proceed with removing the deposits, but Jackson’s role in the Administration was merely nominal.

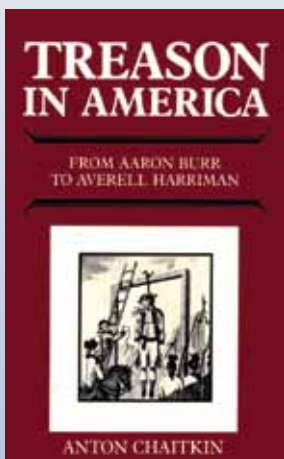
Once the third Treasury Secretary was fired, Roger B. Taney was brought in as a recess appointment; he designated Amos Kendall as the agent for removal, and with assistance of Kitchen Cabinet member Levi Woodbury, prepared the written order, issued on Oct. 1, 1833. It stated that all government deposits were now to be placed in the selected state banks, and *pledged that the funds already deposited would only be withdrawn gradually as needed for the expenditures of the Treasury*. This pledge was nothing more than an agreement to follow the law, which forbade the Secretary to issue drafts to transfer existing deposits from the Bank to other banks. Three days later, Taney violated that pledge and the law, and began writing drafts to transfer existing deposits.<sup>34</sup>

The Constitution mandates that the Executive branch, through the Treasury Department, collects the

# Treason in America

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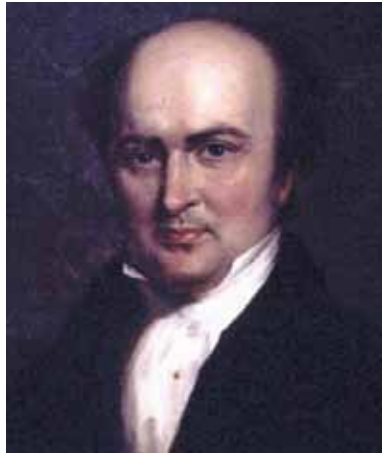
34. Taney was never confirmed. Jackson didn’t send his nomination to the Senate until June 23, 1834, meaning that the unconfirmed Taney held his office illegally for seven months. The Senate rejected his nomination by a vote 28 to 18, the first Cabinet rejection up to that time.

revenue and makes sure that funds are appropriated and deposited; Congress is constitutionally in charge of raising the funds and determining how they are appropriated and deposited. Congress carried out its power over the nation's finances by means of legislation in 1791 and 1816 to incorporate a Bank of the United States as the tool of the government.

Beyond the destruction of a vast amount of credit for farmers and manufacturers, and the forced deceleration of general economic progress which his action created, Jackson's removal of the deposits from the Bank of the United States perpetrated six major violations of law.

First, according to Sections 15 and 16 of the 1816 Act to re-establish the Bank of the United States, the deposits of public money "shall be made" in the Bank, as an action, unless the Secretary orders otherwise.<sup>35</sup> This refers to money *before* it is deposited; once deposited, the money is to remain until appropriation. The authority of the Secretary and Treasury then ceases. The Bank therefore has a clear right and duty to hold and transfer the deposits, according to the schedule of Congress. Taney's branch drafts, ordering a removal of the deposits before appropriation, were therefore outside his jurisdiction and made in violation of law, breaking the chartered agreement between Congress and the Bank.

Secondly, the Bank was bound by law to perform the



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*Levi Woodbury was a member of the Kitchen Cabinet, who, as a Senator in 1829, initiated the attack against the Bank.*

service outlined in Section 15, to transfer government funds free of charge, unless there had been a valid reason for halting the flow of *new* deposits into the Bank according to Section 16. Under those conditions, he would then deposit the money in the Treasury. Taney introduced contracts which he was not authorized to make, and indeed, contracts which he was expressly forbidden by law to issue under the Treasury Act of 1820.<sup>36</sup>

Not only were the contracts illegal, they were unlawful with respect to the security of the public money, as John Quincy Adams stated in his speech on the removal of the deposits. The contracts, Adams wrote, were made with:

...a motley of State banks bound by no law of the United States to perform this service; beyond the superintendence and control of Congress; dependent upon twenty different States for their charters; of small capitals; of limited circulation; seated in the midst of rival banks, and in which the United States have no interest other than the deposits confided to them. This was the substitute provided by the Secretary of the Treasury for annulling the law by which the Bank of the United States was bound to perform, and did perform, this immensely important service! Contracts with State banks not even as contracts sanctioned by law!

Thirdly, and most damning of all, fabricating contracts was a direct assumption of Legislative power by Jackson, and open contempt of Congress, on par with his contempt of the Judiciary two years earlier in its ruling of *The Cherokee Nation vs. Georgia*. In Taney's statement to Congress on his reasons for removing the deposits, he assumed Congress's power in a single sentence, taking the whole revenue out of the hands of Congress, and placing it at the will of the Executive. He derided Congress, saying, "The propriety of removing the deposits being thus evident, [it was] consequently my duty

35. Section 15: "And be it further enacted, That during the continuance of this act, and whenever required by the Secretary of the Treasury, the said corporation shall give the necessary facilities for transferring the public funds from place to place, within the United States, or the territories thereof, and for distributing the same in payment of the public creditors, without charging commissions or claiming allowance on account of difference of exchange, and shall also do and perform the several and respective duties of the commissioners of loans for the several states, or of any one or more of them, whenever required by law."

Section 16: "And be it further enacted, That the deposits of the money of the United States, in places in which the said bank and branches thereof may be established, shall be made in said bank or branches thereof, unless the Secretary of the Treasury shall at any time otherwise order and direct; in which case the Secretary of the Treasury shall immediately lay before Congress, if in session, and if not, immediately after the commencement of the next session, the reasons of such order or direction." U.S. Congress, Act to Incorporate the subscribers to the Bank of the United States" April 10, 1816.

36. Treasury Department Act of May 21, 1820, Section 21: "No contract shall be made ... by the Secretary of the Treasury ... except under a law authorizing the same."

to select the places to which they were to be removed.”

Suddenly, Congress’s role was usurped in deciding where and how money should be appropriated, and deciding legal contracts. The President now had full control over imposts, duties, excise taxes, all government revenues, because it is the Executive’s job to carry out the collection of the revenue. If the Executive is the interceptor of that revenue, and the President decides it is his legislative job to make contracts with public revenue on behalf of the government, then the purse of the entire country is in the hands of the President. Under the Constitution, the President is required to work with Congress to repeal or change laws. To do otherwise is an impeachable breach of the separation of powers.

Fourth, Taney’s act was a violation of the Section 8 of the Act of Congress, which stated that “no person appointed to office, shall be concerned in the purchase or disposal of any public securities of any State, or the U.S., or take or apply to his own use any emolument or gain for negotiating or transacting any business.” However, Taney was a shareholder of the Union Bank of Baltimore, which he chose as a depository of public money, increasing his personal dividend from the bank.

This would be the hallmark of this system, and the later “Subtreasury” version implemented under Van Buren. John Quincy Adams proposed introducing a resolution to mark the new precedent set by Taney: “Resolved, That the thanks of this House be given to Roger B. Taney, Secretary of the Treasury, for his pure and disinterested patriotism in transferring the use of the public funds from the Bank of the United States, where they were profitable to the people, to the Union Bank of Baltimore, where they were profitable to himself.”

Fifth, in addition to usurping legislative power, Jackson claimed judicial power as well. If the corporation had done wrong to the Executive and failed in its duties, the attorney general was the officer to prosecute it before the courts, and it was entitled to a trial by jury. Through Jackson, the Kitchen Cabinet said “there would not have been time for the Supreme Court to bring the trial to an issue before the expiration of the charter of the Bank.”

John Quincy Adams wrote on the assumption of judicial power in his speech on the removal of the deposits from the National bank:

The President and the Secretary of the Treasury, by these declarations, constitute themselves the accusers of the Bank. Shall they sit in judgment

upon those whom they accuse? Shall they be the executioners of those upon whom they sit in judgment? The removal of the deposits from the Bank, for the misconduct of the Bank, necessarily imports all this. The Secretary of the Treasury, under the direction of the President, constitutes himself at once the accuser, the judge, jury, and executioner of the Bank. He draws up the charge, he pronounces sentence of guilt, he adjudges the forfeiture of the right, and he executes the judgment. All this he does by the removal of the deposits; all this he does, without hearing the parties accused, without even giving them notice of the charges against them.

Sixth, Jackson and Taney’s reasons for removing the deposits, which Taney was required to lay before the Congress, were not sufficient, but rather an attempt to justify the exercise of pure Executive will.

All of these acts together amounted to treason, a nullification of the purpose and function of the Constitution and the nation.

## **Toward the Simple Machine**

What was the purpose of such treason? What was the reason for the first investigation, the veto, and the removal of the deposits?

John Quincy Adams summarized Jackson’s intention in a speech on April 4, 1834:

The legislative and judicial authorities were alike despised and degraded. The Executive will was substituted in the place of both. These reasons had already been urged, without success, upon one Secretary of the Treasury, Louis McLane; he had been promoted out of office, and they were now pressed upon the judgment and pliability of another. He, too, was found refractory, and displaced. A third, more accommodating, was found in the person of Taney. To him the reasons of the President were all sufficient. There is an air of conscious shamefacedness in the suppression of that which was so glaringly notorious; and something of an appearance of trifling, if not of mockery, in presenting a long array of reasons, omitting that which was at the foundation of them all.

In the annual message of the President of the United States to Congress, at the commence-

ment of their last session, a complete system of administration for the future Government of this Union was set forth at full length, the single principle of which was declared to be to reduce the Government of the Union to a simple machine; and its ultimate object to sacrifice all other interests to those of the “best part of the population.” The simple machine was the means, the exclusive benefit of the best part of the population was the end of this system of Government. As illustrations of the great design, the message went much into detail upon four principal objects of national concernment, and the policy resulting from the whole system was, the determination to give away all the public lands to the best part of the population; to withdraw all protection from domestic industry; to renounce forever all undertaking of internal improvements; and to annihilate the Bank of the United States.

The destruction of the Bank is but one of the four elements of this stupendous system.... The destruction of the Bank was necessary, both to the simplification of the machine, and to the accomplishment of the end.... The Bank presented an obstacle to the absolute and unlimited control and disposal of the whole revenue of the country. So long as the public funds were deposited in the Bank of the United States and its branches, they could not be used for the purposes of political partisans, or for gambling in the public stocks. So long as the Bank could sustain the credit of the commercial community, it would be impossible to break all the traders upon borrowed capital, certainly not the best part of the population, probably, in the estimation of our Lycurgus, the worst.

The reason then, paramount to all others, for the removal, by the Secretary of the Treasury, of the public deposits from the Bank of the United States, was the will of the President of the United States. It was a part of his system for simplifying the machine of Government. It was a part of his system for breaking all traders upon borrowed capital. It was a

part of his system of ultimately reverting to a hard money currency, and prostrating every other interest in the community before the holders of lands and the holders of slaves.<sup>37</sup>

## 5. The Memorials of King Pest

As the depository of government revenues, the Bank’s policy was to lend the government funds to the public until they were needed for appropriation. Removing the revenues from the Bank meant all those who depended on the credit of those government funds

37. John Quincy Adams, “Speech on the Removal of the Public Deposits” (Washington, D.C.: Gales and Seaton, 1834).



“King Pest” is a story by Edgar Allan Poe, which caricatures Andrew Jackson. Shown here is an illustration, showing “King Pest” at the head of the table; from an 1923 edition of Poe’s works.

would be forced to pay off their debts immediately, and call in their debts to others. Biddle planned to extend its credit to those in need throughout the period of transition to alleviate the financial difficulties. However, due to the illegal branch drafts that Taney began requesting, as well as politically orchestrated runs on the Bank, Biddle had to abandon his plans; but the Bank maintained its usual operations.

The depository banks, which had been chosen by Taney and the Kitchen Cabinet, tried to give the appearance that they could perform the same operations as the Bank. But soon they were forced to curtail their lending, once the government needed the money that had been deposited for scheduled expenditures and appropriations. In the crisis that ensued, the Bank was finally forced to call in assets to maintain the solvency of its branches.

By the time Congress returned in December 1833, a financial crisis was raging. For months the Kitchen Cabinet denied the reports of a mounting crisis as Bank propaganda. When it became undeniable, they told Jackson to blame the Bank for having caused the crisis. After having lied that the deposits were moved because the Bank was bankrupt, months later they would tell Jackson and the people that the Bank was too strong and was hoarding gold and silver.<sup>38</sup>

The citizenry, having obtained no response from Jackson for their requests for assistance in what became a growing economic crisis, by Spring, was sending a flood of letters to the U.S. Senate from around the country.

#### **Young Men's Meeting, Troy, N.Y., April 14, 1834<sup>39</sup>**

"Resolved, that in the opinion of this meeting it is a policy too venturesome and dangerous in the President of the U.S. . . . to depart from the landmarks of a safe experience set by the sages of the revolution, and to attempt to uproot institutions established and sanctioned by them. The first charter of the U.S. Bank received the signature of George Washington; the second of James Madison; and we have yet to learn that Andrew Jackson is a wiser patriot, or a safer expounder of the constitution, than they.

"...That we regard the hostility manifested by the

present Chief Magistrate against the U.S. Bank, and those who goad him on and sustain him, as wanton and ruinous, waged to gratify political aspirants, and which, if finally successful in prostrating that institution, the currency, set afloat on a sea of experiment, without any regulating and controlling power, must be wrecked amid the contentions and unrestrained issues of rival institutions and interests."

#### **People of Lenoir County, N.C., April 22, 1834**

"We believe that the unauthorized, illegal, and unwarrantable removal of the public deposits from the Bank of the United States, where they were placed by Congress, and where they were admitted by all to be safe, to irresponsible State banks of doubtful solvency, lies at the bottom of all our embarrassments and distresses.

"...We consider a far more solemn and important matter, that our liberties are in imminent peril by the union of the purse and the sword in the same hands, and that if President Jackson be not rebuked by the representatives of the people for his lawless assumptions, and high handed encroachments on the Legislative Department of our constitution, we shall soon be under the dominion of one man. The will of Andrew Jackson will have usurped the place of the Constitution and the laws."

#### **People of Mifflin County, Pa., April 23, 1834**

"Resolved.... That the unwise and unlawful removal of the public deposits from the Bank of the United States, and the war of extermination which the President has declared against that institution, and the mutual distrust and alarm necessarily attending those acts, are in the opinion of this meeting, the sole and only causes of the present pecuniary distress in the country.

"...That the present disorganized state of the currency, the unparalleled scarcity of money, the loss of public credit and private confidence, has the inevitable tendency to oppress the poor, and to foster the rich.

"...That we view, with no ordinary feelings of disapprobation, the doctrine of the President of the United States, that 'all who trade on borrowed capital ought to break,' as anti-republican and unchristian in its sentiment, and in its effect calculated to paralyze native industry and enterprise, and to place the poor but industrious and enterprising trader and merchant at the mercy of their more wealthy competitors."

38. Govan, op. cit., footnote 21, pp. 236-246.

39. All memorials are from *Public Documents Printed By Order of the Senate*, 1 Session, 23 Congress, December 1, 1834, Washington, in ten Volumes.



Library of Congress

*This satire on the Panic of 1837 condemns Van Buren's continuation of Jackson's hard-money policies as the cause of the crisis. Van Buren (second from right) is haunted by the Ghost of Commerce, who is strangled by a Specie Circular. On the left are a Southern planter and a Tammany Democrat. Jackson appears in the center, dressed like a woman.*

## Memorials and Resolutions of the People of Trenton, N.J., April 23, 1834

"Resolved, that, in removing the Secretary because he could not consent to deprive the bank of its rights, without cause, and placing in his stead one who had prejudged and predetermined the matter, the Executive has prostituted a conservative power to the promotion of injustice and oppression, in as much as it deprives the bank of the right of being judged fairly by the officer named in its charter; that, in acting upon the reason he has advanced, he has decided questions which he was, by the law, expressly directed to refer to the judiciary; ... and that in his precipitate action almost immediately before the meeting of Congress, we perceive what we consider a disregard of the rights of the Representatives of the people, and a disposition to grasp a power over the public purse not granted him by the constitution and laws, hostile to the spirit of republicanism, and which the experience of all free Governments has shown to be dangerous to public liberty for the Executive to possess.

"...That we cannot but admire and applaud, particularly, the magnanimous conduct of [the Bank] directors in their endeavors to relieve the pressure on the country, in refraining to curtail their discounts further than was absolutely necessary, and that, too, at a time when the Administration is so relentlessly waging war

against them, and the pen and tongue of slander and vituperation are so busily employed in plotting their prostration.

"...That the declarations of some of the partisans of the President in his present course, that there is no distress in the country, is an outrageous and cruel mockery of the sufferings of the people.

"...The admission of the President himself to the Philadelphia committee: 'I never doubted that all who were doing business upon borrowed capital would suffer severely under the effects of the measure.'

"...That we sincerely deprecate the feeling conveyed in the declaration of the President, 'that all who do business on borrowed capital ought to break', as calculated to prostrate every spirit of enterprise; to throw all business into the hands of the wealthy, and deny to the poor man any participation therein; in short, we consider it as tending irresistibly to build up in this country an aristocracy of wealth, by making the rich richer, and the poor poorer.

"Resolved, that the object recently avowed by the President, and his partisans in this measure, that of bringing the country to a metallic currency, by destroying first the Bank of the United States, and then the State banks, is utterly visionary and fallacious.

"Resolved.... That any attempt to destroy our system of credit which has conducted so much to our country's prosperity, and which has been truly styled 'the poor man's capital', must be productive of the most disastrous consequences to every class of society.

"...The universal consternation and ruin to that reckless and mistaken policy which has blasted the fairest prospects every enjoyed by a free people ... in the full possession of all the blessings of prosperity, and pressing onward in a steady march of successful enterprise and industry, when their progress was suddenly arrested by the ill advised 'experiment' of the Executive."

### **Citizens of Warren County, N.J., April 23, 1834**

“That we deeply deplore that the President of the United States should ever have expressed or entertained the sentiment, ‘that all who trade on borrowed capital ought to break;’ a sentiment that strikes at the most enterprising and meritorious classes of the community, and the effect of which, if fully acted on must be to reduce society to but two classes—the moneyed aristocracy and the abject poor.”

### **Citizens of Windsor County, Vt., May 2, 1834**

“Of what importance, we would ask, is it to the laborers of this community, that Andrew Jackson should hold his present official station in preference to another, if the great purpose of our political compact be disregarded? If the most prudent calculations of the industrious, but confiding poor, are to be rendered abortive by speculative theories, and they and their families reduced to want? Will they surrender their daily bread to permit the most popular man living to demonstrate the wisdom or folly of a political experiment?

“...If the Bank of the United States, as a corporate body, had exceeded its chartered privileges, or had incurred any legal penalty, the ordinary execution of the laws would have furnished a peaceable and effectual corrective. That the bank had been thus delinquent, was not to be assumed as true.... In all criminal prosecutions the accused shall enjoy the right to a speedy and public trial by an impartial jury; such are the rights secured to the bank by the constitution; but ... those rights have been violently wrested from that institution in defiance of the constitution.

“...At one time, effort is made to induce a belief that the public money was insecure in [the Bank’s] custody; and after the investigation of Committees, and the action of that body had shown the falsity of such a pretense, the public deposits are violently withdrawn; and general distress ensues; and when application is made by the people to the Executive for relief, they are referred to [the Bank] as having the means of allaying the public distress!!!

“All this is done after the withdrawal of the public funds to the amount of many millions; and, as if to coerce that institution to disgorge its specie, on which alone it must rely for its safety, the President has threatened to forbid the receiving of its paper on debts due the Government.

“It has been our boast, that we lived under a gov-

ernment of laws; that none were so low as to be beneath their protection, and none so high as to be above their controlling influence. It is this government of laws, emanating from the governed, which has given us the high distinction of a free people; which prescribes the duties of the strong, and secures the rights of the weak.”

### **Meeting of the Citizens of Cumberland County, Pa., May 12, 1834**

“We now see the people borne down by a peculiar pressure upon their business; the voice of discontent and disaffection is everywhere heard; the great scheme of public improvements by the General government is abandoned; the tariff is repealed or neutralized; manufactories are prostrated; public credit is destroyed; the people themselves have become restive; our public elections in a neighboring state were disgraced by the presence of brutal force, and the necessity occurred of calling out the military power of the country to suppress a furious mob.... The Chief magistrate is striving to concentrate in himself most dangerous powers.... He claims the right to appoint and to dismiss cabinet and other officers at his pleasure, without the ‘advice and consent of the Senate,’ and to reappoint after the nominee has been rejected; And of the doleful catalog, perhaps the most afflictive and portentous, is the sad truth, that the discipline of party, and devotion to one frail man, have justified these measures in the eyes of thousands and tens of thousands, honest, respectable, and intelligent citizens.”

### **Citizens of Detroit, Michigan Territory, May 12, 1834**

“The means of obtaining the usual and necessary bank accommodations are crippled; and credit, the very life blood of western enterprise, the vital principle which impart vigor and activity to the settlement and improvement of every part of the West, has received a shock, from which, as we fear many years will not be sufficient to recover it.

“By the existing law it is impossible for them to purchase the public lands on a credit, and without the means of making ready payment at the land office when they arrive, few will be likely to undertake the enterprise.

“...They think they perceive in the measures of the Executive a disposition to usurpation and oppression: of usurpation, in assuming of himself a responsibility

which the existing law, the whole course of legislation from the foundation of the government, and indeed, the very spirit of the English and American constitutions, have confided to other hands; of oppression, in his open disregard of the distresses of the people, and his avowed contempt of their petitions for relief.”

#### **A Meeting of the Citizens of Adams County, Pa., May 13, 1834**

“Resolved, That the assertion so often repeated by the advocates of the Executive, that the existing distress is merely ‘imaginary’ can scarcely be viewed by this meeting in any other light than as an insult upon the sufferings of the people.

“...That we view as one of the dangerous symptoms of the times, the attempt that is [being made] by the office holders to influence freemen by their prejudices instead of their reason: hence their cry of aristocracy, bank influence, etc., when they freely grant and justify the most unlimited assumption of power by the national Executive.

“...That this meeting cannot close their eyes to the gross inconsistency manifested by those who cry out against a paper currency ... while at the same time, they are proposing to establish state banks in Pennsylvania, Ohio, New York ... with enormous capitals.

“...That we regret to see the effort ... to crush the banking system of the country, by advancing such detestable doctrines as that ‘the poor are the natural enemies of the rich.’

Such insidious and dishonest attempts to array one class of our citizens against another could emanate only from dishonest minds, and are calculated, more than any other, to overthrow the republic.”

#### **Citizens of Athens County, Ohio, May 14, 1834**

“Almost the whole of our surplus products of last year, far exceeding in quantity that of any preceding year, is now afloat, hopelessly seeking a market on the Ohio and Mississippi, or has already been sacrificed at prices absolutely ruinous: prices which blast the hopes of the future, and spread universal discouragement and despondency.



Library of Congress

*Jackson appears in the caricature as “King Andrew I”; it was issued in the Fall of 1833, in response to Jackson’s removal of federal deposits from the Bank.*

“...Your memorialists do feel bound to complain and protest against the course of the Executive in regard to that portion of the suffering community who have appealed to his interposition for relief, and more especially the indifference and insensibility so often and emphatically avowed to the distress and utter ruin of those ... whom he please to denominate as those who are doing business on borrowed capital (a class comprising, as we believe, more than one half of those actively engaged in every great department of business,) as highly disrespectful to the whole American people, and unbecoming to the elective head of a nation of freemen.

“And we believe that the moral and political effect of the credit system presents a trait of far greater value; that this system has been found eminently to contribute to the elevation of individual character; practically to realize the true republican equality which must otherwise be a mere phantom of imagination, by affording facilities to men possessing talents, industry, skill, enterprise, sterling merit, wherever found to acquire that rank and distinction, and to exert that salutary and auspicious influence on society for which God and nature have qualified them.”

**State Convention of Delegates, Harrisburg, Pa., May 27, 1834<sup>40</sup>**

“...That in taking these steps a few weeks before the meeting of a new Congress, recently elected by the people ... so that he might thereby be enabled to interpose his veto power... he was guilty of a violent encroachment of the constitution.

“...That in assigning his reason that if he didn’t do it a majority would be bribed or corrupted, he was guilty of unwarrantable assault upon the character of the representatives of the people, an unjust and fatal disparagement of the representative system, and a destructive outrage upon the whole scheme of our government; amounting to an assertion, that there was no virtue but in the government of a single man, or what is properly denominated an absolute despotism.

“...Let them number, if they can, the armies of office holders and office seekers who swarm through the country, and whose only rule of action and opinion is the command of their chief; and let them observe, how the number and compensation of officers has been increased, and these officers arrayed like a standing army, at all our elections.

“Like the weak kings, of whom history furnishes too many examples, we find him surrounded by a few interested favorites, who, by flattering his vanity, and stimulating his passions, maintain exclusive possession of the royal ear. Thro’ the barriers thus created, the language of truth cannot pass, nor can his constitutional advisers expect to enter.

“...For the first time in the history of this country, the power of the Executive has been so exerted as to interfere with the business and ruin the prospects of pri-

vate individuals ... the currency has been deranged, produce depreciated, labor deprived ... not by the regular legislation of the representatives of the people, but by the act of one man, who, in his rage for conquest, has set himself above the people and the law.”

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## 6. Adams’ Forecast Unfolds: Congress’s Folly

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When Congress reconvened after the removal of the Bank’s deposits, the House of Representatives swayed with partisan rhetoric, while those in the Senate could barely rally themselves to condemn the Administration. The opposition was not sufficient to defeat the beast which had been unleashed by the tolerance of men loyal to the cause of the British Empire to run the Executive branch.

Following the removal of the deposits, Biddle had written to Daniel Webster on Dec. 15, 1833, that “the fate of the nation is in the hands of Mr. Clay, Mr. Calhoun, and yourself. It is in your power to save us from the misrule of these people ... but you can only do it while you are united.”

But the Congress, and those seeking the Presidency, did not unify sufficiently, nor correctly identify the coup which had just been run against the government, and its true purpose. Senator Clay proposed focusing on the illegality of the Administration. Senator Webster pursued his own strategy of a compromise bank, rather than fully uniting with Clay. And while Calhoun opposed Jackson’s violations of the Constitution, he also pursued a compromise bank suited to his own new ideology of implementing a gold currency. Both Webster and Calhoun sought the Presidential nomination of the impossibly divided Whig party, and appealed to the base prejudices of the old Federalist vs. Republican debates for supporters, and succumbed to the erroneous belief that popular opinion guaranteed Van Buren’s defeat in 1836. Clay barely rallied the Senate out of complete uselessness, and introduced a resolution to censure Jackson in March.<sup>41</sup>

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40. “Proceedings of the State Convention of Delegates from Pennsylvania Opposed to Executive Abuse,” *Hazards Register of Pennsylvania*, Vol. 13, pp. 362-367.

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41. “Resolved that the President in the late Executive proceedings in relation to the public revenue, has assumed upon himself authority and power not conferred by the Constitution and laws but in derogation of both.” In 1837, the Senate fell into the hands of the Van Buren Administration, and Thomas Benton passed a resolution to expunge the censure of Jackson.

In the House of Representatives, the majority wanted to discuss the re-charter of the Bank, its constitutionality, its supposed crimes—anything but the violations of law Taney had just committed. Rep. John Quincy Adams attempted to make a speech on the removal of the deposits, on April 4, 1834, but the Speaker of the House deprived him of his right, refusing to recognize him; his speech was circulated through the press. He reviewed the actions of Taney and Jackson, and concluded by forcing the issue at hand:

In conclusion, Mr. Speaker, I am well aware that I cannot expect to find myself in the majority in this House upon any question relating to this subject; but I would fain indulge the hope that the majority will take this question directly, without retreating from it, without flinching before it. Are the reasons assigned by the Secretary of the Treasury, for changing the depository of the public funds, from places prescribed by law, to places selected at his will—are they, or are they not, sufficient to justify the measure...? The question to be answered is, has your Secretary of the Treasury wronged the Bank, or has he not? ... If you shrink from answering this question, it will be an argument of strong prevalence, to those who shall occupy these seats hereafter, that you dared not meet it. The complaint of wrong and the petition for redress will survive you.... The Bank of the United States will die; but its ghost will haunt this hall, though justice should be denied by Congress after Congress—perhaps from age to age—and your evasion of the question will be a standing recommendation of the claim, till importunity shall extort from your successors the reparation sought in vain from you.

The House of Representatives would not respond to Adams' question and rushed to address others, thus failing to condemn the unprecedented and unconstitutional actions of the Kitchen Cabinet. Both Houses of Congress had the chance, and were required by their oaths to uphold the laws of the Constitution to condemn the action, and halt the usurpation of the branches of government. The retreat from the question would inaugurate the long plunge into 30 years of national dissolution, bankruptcy, and civil war.

John Quincy Adams wrote in his diary on July 30, 1834 of the state of the nation in the wake of the removal of the deposits and the reaction of Congress:

The system of administration for the government of the Union is radically and, I believe, irretrievably vitiated at the fountain. The succession to the Presidency absorbs all the national interests, and the electioneering contests are becoming merely venal. My hopes of the long continuance of this Union are extinct. My own system of administration, which was to make the national domain the inexhaustible fund for progressive and unceasing internal improvement, has failed. Systematically renounced and denounced by the present Administration, it has been undisguisedly abandoned by H. Clay, ingloriously deserted by J.C. Calhoun, and silently given up by D. Webster. These are the opposition aspirants to the Presidential succession, not one of them having a system of administration which he would now dare to avow, and at this time scarcely linked together by the brittle chain of common opposition to the unprincipled absurdities of the present incumbent.

Thomas McKenney concluded his exposé of Jacksonism, published in January 1835, with the warning, that while purchasing friends and punishing enemies had been the secret of the Administration's success, the want of union and action was the secret of the failure of the opposition to save the country.<sup>42</sup>

The friends of the constitution have to encounter a fearful responsibility. They must surrender sectional and personal predilections, and forgo what they would desire, for what they can obtain, or as certain as there is a sun in the Heavens, all will be lost! Thrown by the power—forced by the stream of corruption from their position, the patriots of the Republic have nothing left but to get footing where they can. The question at present is, not whether Henry Clay, John C. Calhoun, or Daniel Webster, or any other great man, shall be President of the United States, but whether Liberty and Union shall be, or cease to be.

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42. McKenney, *op. cit.*, footnote 15.

## PART THREE

# The End of the American Credit System

The purpose of the creation of the Bank of the United States was to enlarge the active and productive capital of the country. It was to create more transactions reflective of future payment, resulting from increases of productivity, rather than limiting trade to transactions of existing goods using expensive gold and silver (specie). The metallic-based system, insisted upon by the British, sought to restrict production to the currency in circulation, rather than to make the currency a reflection of growing powers of production.

Under the regulation of the Bank of the United States, specie was a reserve in the banks to maintain a uniform currency entirely sufficient for the internal economy, and to settle accounts with foreign countries. Banks safely issued multiple times the specie they had on hand, maintaining the ability to redeem any note with specie. It was rarely necessary for the banks to do so, however, since within the internal economy of the Union, banknotes were the preferred means of payment amounting to roughly nine-tenths of all transactions. By the regulation of the Bank from 1823-1832, the proportion of reserve to banknotes in circulation was determined by the productive economy.

A circulating currency was created of the magnitude proportional to the active capital of the country, such as manufactures, agriculture, etc., without requiring the trading in of most of that capital for specie with which to exchange goods, as was necessary with a metallic currency. The substitution of banknotes for metal decreased the capital required to be used as currency. This saving of physical capital meant that it could be absorbed in the purchase of land,

new dwellings, and new manufactures.<sup>43</sup>

In settling and cultivating new lands in the interior of the country, citizens possessing no specie or prior wealth obtained the necessities of life upon a credit founded on the expected returns of their industry. Confidence in the future accomplishment was the medium of exchange, not past production or stores of wealth.

The policy of Jackson's controllers was that the credit system of the nation's economy, as facilitated by the Bank, must be stopped, and with it, the increasing



*This cartoon shows Jackson sitting on the government's surplus funds, and holding a bag full of money, as patronage seekers bow down before him.*

independence of the United States from the British Empire. The events which followed would prove this fact in its entirety.

## 1. The Credit System Destroyed

The state banks which received Taney's deposits from the government were irregular in their lending and squandered the public funds; however, after the crisis of personal loss of profit and assets which resulted in the removal of U.S. government deposits from the Na-

43. Kirsch, *op. cit.*, footnote 3.

tional Bank, trade eventually normalized, though in lesser volume, and the Bank maintained its operations without the government funds. But, at the end of 1834, the Kitchen Cabinet further tightened the screws on credit, giving Jackson a directive to sign, stating that the government would no longer accept National Bank currency for payments to the government.

The new favorite slogan was that the states would create more banks, and that the state banks could create a better system of currency and exchanges. They were called upon to perform the function of transacting credit arrangements in the sale of public lands and the collection of duties, and thus to receive the notes of all other banks for such payments, as the Bank of the United States had done. Hundreds of new banks were called into existence and praised for increasing their issues and loans. With increased sales of public lands, and since the Administration had paid off the national debt, the new depository state banks thought they were in permanent possession of large and increasing government funds.

Without the restraining function of the Bank to keep the state bank issues in check, and since they were not appropriated or loaned for federal internal improvements, the surplus, idle government funds stimulated land and commodity speculation. The public lands were auctioned off cheaply in great amounts, fueled by the cheers of the Executive. Even with the clearly dangerous speculation, Jackson's December 1835 speech to Congress continued to praise the growth of agriculture and sales of lands as a mark of success that the currency had improved, and that it had proven that the Bank wasn't necessary.

The next move by the Kitchen Cabinet would once again reveal the true purpose of Jackson's Administration.

The charter for the Bank of the United States expired in January 1836, and in June, Congress responded by passing the "Distribution Act." The Act was to ensure that the surplus government deposits were accessible as credit, in the same locations of trade as before, rather than squandered or made idle by the Executive. In response, the Kitchen Cabinet violated the Distribution Act, continuing the assumption of legislative power by the Executive, and distributed the government funds around the country, according to its will, rather than the law of Congress.

Treasury Secretary Levi Woodbury transferred the funds from state to state, against the provisions of the

law, without deference to region, season, or trade, making the revenue work against the industry of country.<sup>44</sup>

This was accompanied by another act by the Executive to arm itself with an order of magnitude greater power to inflict destruction on the credit system. Suddenly, without any notice to the banks which it had created and applauded, the Administration issued a statement on July 11, 1836, that, in order to protect the Treasury "from frauds, speculation and monopolies in the purchase of public lands," and from "excessive bank credits," from "ruinous extension of bank issues—*nothing but gold and silver would be accepted by the treasury in payment of government land*" (emphasis added).<sup>45</sup>

Since the banknotes were no longer receivable by the government, the notes in the West for land purchases became useless, inviting all who held notes or had deposits in such banks to convert them into gold and silver. In other words, all of the banknotes which the bank had in circulation, now became a demand for that much gold and silver upon them. The banks nearest the land offices ceased making loans and attempted to obtain all the specie they could to meet the demand. Because of Woodbury's violation of the Distribution Act, the same interior banks had been given Treasury warrants for transfers, and therefore could proceed to cash them in for specie at Eastern banks.

The double action by the Kitchen Cabinet created the perfect storm for the most rapid pressure and col-

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44. The Act directed the Treasury Department to distribute the surplus to new depository state banks at places convenient to where the revenue was collected, and to be spaced throughout the next year so as not to interfere with trade. The Act of Congress specifically stated that any purpose besides facilitating disbursements was illegal, and if deposit transfers were necessary for the Act's proposed equalization of funds, they were to be made to the "nearest deposit banks." In order to transfer the surplus from banks where duties and sales of lands had been collected, it was not necessary to actually transfer the funds themselves, but only to give new depository banks the ability to settle debts with the states and cities where the revenue was collected. Since bank drafts on Eastern banks where Western states had balances to settle were worth more than shipping money out to the West, and would have been preferable, no actual money needed to be shifted around from state to state, and especially not out to the West. This would have allowed the surplus to naturally transfer through the course of trade; instead Woodbury did the opposite, sending bank warrants around the country to directly withdraw large amounts of accumulated funds in Eastern banks.

45. This was in contrast to the 1816 Congressional law, which stated that land, duties, and all payments to the government were to be made in specie, or banknotes, allowing the banks to lend to those who purchased land, paid duties, and who would then pay the government.

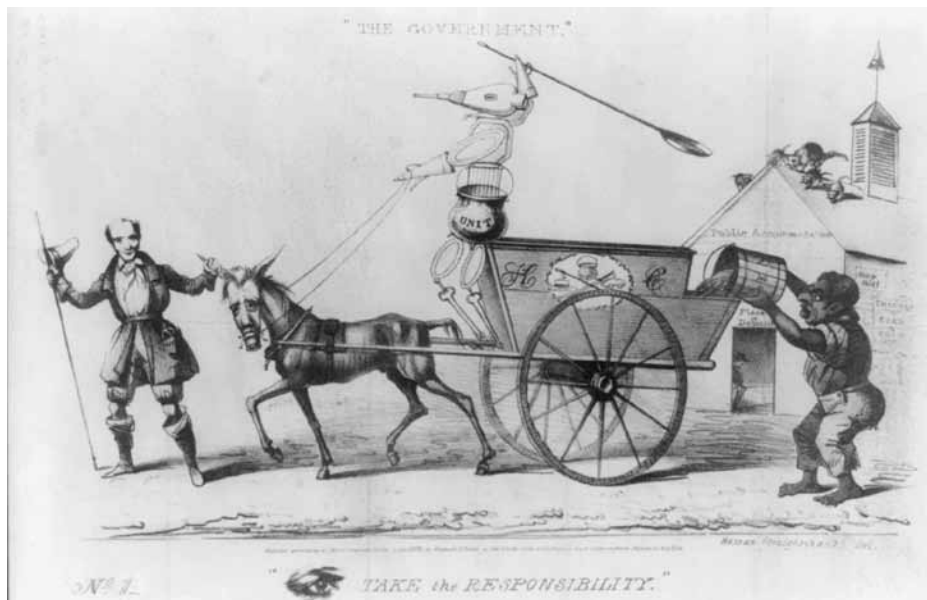
lapse of the economy conceivable. The entire commercial community was taken by surprise.

Interior banks used the Treasury drafts they were given, to draw money from the East, so they could have currency for those wanting gold for land purchases, causing large amounts of money from Eastern banks to shift to the interior, where it was in high demand, and keeping up a large circulation. The whole ballast of currency shifted from one side of the vessel to the other.

The crisis was unprecedented. Depository banks were pressed with demands for which they had not been prepared, and each of these stopped making new loans for self-protection, brought pressure on their debtors for payment, and used whatever means they could to draw gold from other banks. Debtors in the interior did not send money to the merchants in the East; banks in the East could not aid the Eastern merchants who needed the deposits to buy crops, because they had to send their specie to the West, and farmers and manufacturers could not pay their debts, because they could not sell their produce or collect from their debtors.

Curtailing loans became the pattern for banks all over the country, and merchants who were accustomed to borrowing from these institutions were without money to buy goods, or to pay those whom they owed. Prices of stocks, manufactured goods, and agricultural commodities declined drastically, commercial trade between the West and East shut down, and virtually all economic activity was brought to a sudden halt. By November 1836, interest rates rose to 24%, and the rate for bills of exchange to transmit funds from the West and Southwest increased sixfold.<sup>46</sup>

46. Biddle wrote on Nov. 11, "The first measure of relief therefore should be, the instant repeal of the treasury order requiring specie for lands—the second, the adoption of a proper system to execute the distribution law. These measures would restore confidence in twenty-four hours, and repose at least in as many days. If the treasury will not adopt them voluntarily, Congress should immediately command it."



*This satire on the Kitchen Cabinet appeared during the battle over Jackson's removal of federal deposits from the Bank. It shows the Government as a cart, driven by a figure made of kitchen implements, and drawn by an ass with Jackson's head, who is being led by the ears by Van Buren.*

The demand for gold in the U.S. led the banks in England to cancel their involvement in imports of goods from the Mississippi Valley the next Spring, and all merchants in the valley announced they would cease trade. Banks which had already been forced to deny new loans to merchants, now insisted on payments of existing loans, bringing down firms throughout the valley.<sup>47</sup>

### The True Face of the Kitchen Cabinet

In response to the unprecedented collapse of the economy, the recently elected Van Buren Administration blamed the people and the people's banks—a large portion of which it had just promoted to replace the Bank of the United States, banks which Van Buren had *praised* for the previous two years as a magnificent herald of liberty. The Administration lied that it was simply following the Distribution Act and that the crisis was because of over-trading and land purchases.<sup>48</sup>

47. Speculation in Great Britain in the Winter and Spring of 1836 made gold cheap to ship to America for its import of goods, but the specie circular created an extra demand, and the banks soon announced they would cut off imports to save their gold.

48. Over-trading would have meant that more had been imported than exported, and the exchange would have been to the detriment of the nation, but in fact the exchange with all the world was in favor of the United States, and it was cheaper to buy a bill of exchange in a foreign

The Administration lied that the Bank, had it been re-chartered, could not have prevented the speculation or the crisis which the Administration had just created and had encouraged. The Administration attacked the speculation it had caused, as though it hadn't caused it, as a reason not to submit to calls to reverse its hostility to a new National Bank.

It continued to enforce the specie circular and violate the Distribution Act according to its will. It launched a crusade against all banks, and attacked them as monsters, and the state banks had to now defend themselves against their own creators.

The game was up. It had never been about the Bank.

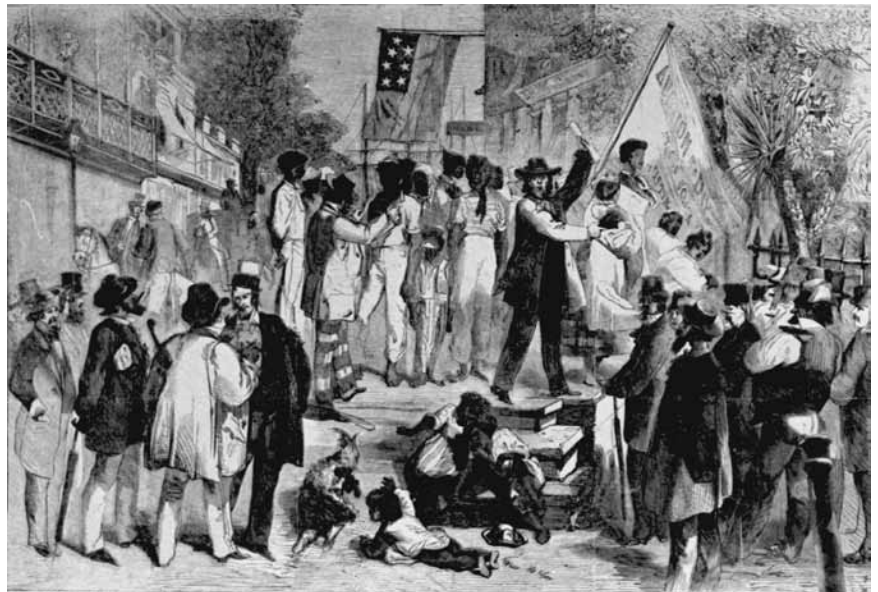
The truth was clear to those who wanted to see: that it was the despotic will of Van Buren and Jackson to sever business from the credit system, and to cease all interrelation between the physical productivity of the country and the funds raised by, and credit of, the government. The purpose was to separate laws of the government from physical productivity. The objects of attack were borrowed capital and industrial and scientific progress, elements of national unity.

In May of 1837, the banks suspended the redemption of any of their notes for gold, in order to save themselves and all of their debtors. To force the banks to redeem their notes in specie under such conditions was nothing more than to force the people to pay the debts of the banks.

Having orchestrated the insolvency of the banks and the public, the Administration declared its intention in September to extend the specie circular, and not only reject the credit of banknotes for payment to land offices, but for all payments of any kind to the government. This created an alarm against the banks throughout the country. The Jackson Administration used its whole influence to infuse into the minds of the people the distrust of all banks, continuing to excite partisan passion against the

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country than to send specie. Merchants in the East sold goods to merchants in the West who were willing, and under ordinary circumstances, able to pay, but the Administration disabled them from paying: it was not that too many goods were sold, but that payment was prevented.



Library of Congress

*Under Jackson's reign, gold and silver (hard money) were deemed the measure of wealth, rather than economic progress; the values of the slaveholder had taken over. Shown: a slave auction in the South.*

credit system; such partisans were like the followers of the human beast of Poe's "Epimanes"; they were kept stimulated by each subsequent crisis, and were ready to heap praise upon the demagogue.

In the midst of the crisis, Van Buren made a proposal which would have been inconceivable in 1829, prior to the engineered crisis of the banking system of 1833-1837. He called for a complete separation of "the fiscal operations of the government from those of individuals or corporations," and the establishment of sub-treasuries in various parts of the country.<sup>49</sup> The Subtreasury would keep collected revenues in iron boxes spaced throughout the country until appropriation, making them useless, and barring them from being lent out to individuals. Surplus, the effect of the productivity of the economy, was to be purposely made unavailable for reinvestment. The basic principles of physical productivity were replaced with party theories of a hard money currency to justify drastically reducing circula-

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49. It had been the policy of the U.S. government to use its funds to promote the nation on whatever way the representatives of the people designed, and thus the Bank, and road and canal companies, were all corporations in which the government had stock, as a suitable place for investment of government funds, profitable to the government and conducive to the general welfare. The effects of productivity were, in this way continuously reinvested, guaranteeing and coordinating increases in the physical productivity of the economy.

tion. By the demands of receiving specie alone, the vast percentage of specie wealth was consolidated in the hands of partisan government officials.

Gold and silver were now designated the true riches for the population to seek after, rather than productivity, which had been facilitated and supported by the system of payments on credit. The Jacksonians no longer deemed productivity a valid measure of value, because the nation was no longer viewed as a single economy. Individual property and “liberty” of the wealthy landowner and slaveholder were sought instead.

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## 2. The Devil in the Belfry

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Amidst the ongoing crisis caused by the specie circular, the termination of the Bank of the United States, and the violation of the Distribution Act, Nicholas Biddle wrote to John Quincy Adams:

Distrust all demagogues of all parties who profess exclusive love for what they call the people. For the last six years the country has been nearly convulsed by efforts to break the mutual dependence of all classes of citizens—to make the laborer regard his employer as his enemy, and to array the poor against the rich. These trashy declaimers have ended by bringing the country into a condition where its whole industry is subject far more than it ever was before, to the control of the large capitalists—and where every step tends inevitably to make the rich richer, and the poor poorer.<sup>50</sup>

Unemployed men and idle machines, unsold goods, foreclosed mortgages, and bankrupt businesses were the price paid for the decision to accept nothing but specie in payment for public lands. Individuals without employment or money, through no fault of their own, were abandoned in the crisis. All classes who depended on borrowed capital—workingmen, farmers, mechanics, manufacturers, merchants, and bankers—were affected.

Those who had bought farms, established businesses and factories, and constructed internal improvements with the expectation of profit, were faced with

unpayable debts to the banks. The arbitrary actions of the Administration in removing the sources of credit made the debts impossible to collect. The population was willing to pay, but time was needed to send crops to market, to dispose of property with the least sacrifice, or to draw on one’s resources.

Under the proper functioning of the credit system, the debts of farmers are paid by next season’s produce, and the debts of merchants are paid through subsequent sales, and on the larger scale, the debts of states for infrastructure are paid by the future development of industries which utilize it. The Van Buren Administration demanded, however, that debts be paid in the present, at whatever expense to the future, and waste of the past.

In the wake of the suspension and the continued demand of the Administration for Banks to resume specie payments, only to drain them of their specie further, Biddle would write in 1838, “The credit system of the United States and the exclusively metallic system are now fairly in the field, face to face with each other. One or other must fall. There can be no other issue.”

In his Dec. 2, 1839 message, President Van Buren appealed to the frustration and desperation of the people who knew they were not to blame for their idle businesses, and unsold goods. But they lacked the bigger picture and an understanding of banking, and how the beneficial changes of previous years had come about.

He spoke of “a false system,” “gigantic banking institutions,” and “splendid but profitless railroads and canals,” and repeatedly extolled the iron laws of free trade. Having destroyed the credit system, Van Buren continued to mock the people, declaring that they had caused the crisis by going into debt, whereas just years before under the Bank, the debt created for their internal improvements, and their personal debts in farming and manufacturing were simply part of the growing economy under the credit system.<sup>51</sup>

In reality, while Pennsylvania had incurred a debt of \$32 million to build improvements, it could easily have been paid, if the state had gone into debt to a credit bank to develop iron and coal as had been planned. Under those conditions the railroads and canals would have increased income ten times over. Individuals and states had assumed growth in making their plans, because the government had established a system of available credit and used its revenues from the public to promote the interest of the public.

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50. Letter from Biddle to John Quincy Adams, Philadelphia, Nov. 11, 1836, published in the *Financial Register* and *Niles’ Register*.

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51. Kirsch, op. cit., footnote 3.

In contrast to the demonstrated principles of productivity, Van Buren said the only remedy was to “cease to run into debt,” that people should “think of the means by which debts are to be paid before they are contracted,” and that now there was nothing to do but accept the pain, and liquidate their assets if necessary. “Indebtedness cannot be lessened by borrowing more money, or by changing the form of the debt. The balance of trade is not to be turned in our favor by creating new demands abroad. [It is] by retrenchment and reform, by curtailing public and private expenditures, by paying our debts [that the country could] expect relief.”<sup>52</sup>

The public response to being disowned by the government was chaotic, with some abandoning any future hope of credit: Attempts were made to repudiate state debts, people stole from their employers, merchants burned warehouses to collect insurance, debtors denounced creditors, and creditors accused delinquents of bad faith. Banks paying specie were unwilling to lend, and others were forced to collect debts. The majority was seeking to sell or collect, but few were in a position to buy or pay. Fear, insecurity, and uncertainty haunted the people.

On Dec. 26, 1839, Abraham Lincoln attacked Van Buren’s proposed Subtreasury system in a speech to the Illinois State Legislature, contrasting it to the expired Bank of the United States. He ridiculed the hypocrisy of the Administration and its proposed plan, and the theft of the government funds which had already taken place and would bloom in the Subtreasury system. He reviewed the history of the recent administrations, and concluded the speech by referring to the possibility that Van Buren would be re-elected:

Many free countries have lost their liberty; and  
*ours may lose hers; but if she shall, be it my*

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52. In Lincoln’s 1839 attack on Van Buren’s Subtreasury, he pointed out the great irony of Van Buren’s calls for frugality, stating that the expense of the government during the Van Buren and Jackson administrations, in contrast to every administration before, was a demonstration of their complete incompetence to govern, and the failure of their claims. The ten years of Van Buren and Jackson cost more than the first 27 years of the United States; the expense of government in 1828 under John Quincy Adams was \$13 million, under Van Buren in 1838, \$40 million; Burr and Van Buren’s old cohort, Samuel Swartwout, as head of Collector of Customs in New York, stole \$1.2 million, and fled the country in 1838.

proudest plume, not that I was the *last* to desert, but that I *never* deserted her.

I know that the great volcano at Washington, aroused and directed by the evil spirit that reigns there, is belching forth the lava of political corruption, in a current broad and deep, which is sweeping with frightful velocity over the whole length and breadth of the land, bidding fair to leave unscathed no green spot or living thing, while on its bosom are riding like demons on the waves of Hell, the imps of that evil spirit, and fiendishly taunting all those who dare resist its destroying course, with the hopelessness of their effort; and knowing this, I cannot deny that all may be swept away.

Broken by it, I, too, may be; bow to it I never will. The *probability* that we may fall in the struggle ought not to deter us from the support of a cause we believe to be just; it *shall not* deter me. If ever I feel the soul within me elevate and expand to those dimensions not wholly unworthy of its Almighty Architect, it is when I contemplate the cause of my country, deserted by all the world beside, and I standing up boldly and alone and hurling defiance at her victorious oppressors. Here, without contemplating consequences, before High Heaven, and in the face of the world, I swear eternal fidelity to the just cause, as I deem it, of the land of my life, my liberty and my love. And who, that thinks with me, will not fearlessly adopt the oath that I take? Let none falter, who thinks he is right, and we may succeed. But, if after all, we shall fail, be it so.

We still shall have the proud consolation of saying to our consciences, and to the departed shade of our country’s freedom, that the cause approved of our judgment, and adored of our hearts, in disaster, in chains, in torture, in death, we NEVER faltered in defending.

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### 3. A Nation of Individuals

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The Administration was finally outflanked by the Senate and Biddle’s state-chartered U.S. Bank in 1839, and the Senate voted to repeal the specie circular; however, with the inhuman and unwavering intent of the Van Buren Administration to re-enslave the United



*Abraham Lincoln, as a new member of the Illinois Legislature in 1839, attacked Jackson's Subtreasury scheme, referring to the Administration as "the great volcano at Washington, aroused and directed by the evil spirit that reigns there...." Lincoln is depicted here, addressing the Legislature.*

States to the British, and with both Houses under control, the Congress submitted to his proposed final break with the credit system, divorcing the government from the banks, and setting up independent treasuries to hold government funds, disconnecting the government's relation to the productive economy.<sup>53</sup> Although the majority of partisan Democrats believed that Jackson and Van Buren were right, and went along with the Subtreasury and hard money doctrine, regardless of their devastation, the country wanted Van Buren out, and the anti-Jacksonians took both houses of Congress.

President William Henry Harrison promised to sign a bill in Congress for a new Bank, and such a bill was prepared and passed. Unfortunately, Harrison mysteriously died on April 4, 1841, exactly four weeks after his Inauguration. He was replaced by Vice President John Tyler, described by John Quincy Adams in 1840 in his diary as a "political sectarian, of the slave-driving, Virginian Jeffersonian school, principled against all improvement, with all the interests and passions and vices

of slavery rooted in his moral and political constitution."

Tyler maintained the Jackson precedent of rejecting the vote of the people's representatives, and vetoed Congress's new bill to charter a Third Bank of the United States, which had been intended for President Harrison. After Tyler vetoed a tariff bill as well, Congress threatened, but failed to impeach him—and thus was robbed of all hope of reviving the former system.<sup>54</sup> The simple machine of government would be sustained, and the nation was now committed to its own dissolution.

Lincoln stood firm with his December 1839 resolve, and in 1843, on March 1, submitted a proposal to a Whig meeting in Springfield, Ill., including the resolution, "That a national bank, properly restricted, is highly necessary and proper to the establishment and maintenance of a sound currency,

and for the cheap and safe collection, keeping, and disbursing of the public revenue." Three days later he explained his resolution in an address, saying, "Upon the question of expediency, we only ask you to examine the history of the times during the existence of the two banks, and compare those times with the miserable present."<sup>55</sup>

On July 1, 1848, as an advisor to Gen. Zachary Taylor, Lincoln crafted policies for Taylor to enunciate as a Presidential candidate, including: "Should Congress see fit to pass an act to establish [a National Bank] I should not arrest it by the veto, unless I should consider it subject to some constitutional objection from

54. "Address of John Quincy Adams to His Constituents of the Twelfth Congressional District at Braintree, [Mass.,]" Sept. 17, 1842 (Boston: J.H. Eastburn).

55. Lincoln also addressed the issue of constitutionality, saying, "The first National bank was established chiefly by the same men who formed the Constitution, at a time when that instrument was but two years old, and receiving the sanction, as president, of the immortal Washington; that the second received the sanction, as president, of Mr. Madison, to whom common consent has awarded the proud title of 'Father of the Constitution'; and subsequently the sanction of the Supreme Court, the most enlightened judicial tribunal in the world." Lincoln had reviewed this in a similar way in his December 1839 speech. "A majority of the Revolutionary patriarchs, whoever acted officially upon the question, commencing with Gen. Washington and embracing Gen. Jackson, the larger number of the signers of the Declaration, and of the framers of the Constitution, who were in the Congress of 1791, have decided upon their oaths that such a bank is constitutional."

53. Since 1836, and through the early 1840s, Biddle's U.S. Bank of Pennsylvania and other nation-builders sponsored railroad industries, and completed the great canal systems, maintaining a source of credit in defiance of the destruction wrought by the Jackson and Van Buren administrations; however, it was impossible to maintain any national credit system with an Executive actively opposed; and the U.S. Bank failed.

which I believe the two former banks to have been free.”

The strong nationalist Taylor won the Presidency in 1848. His Treasury Secretary, William Meredith, was a relative of the Gouverneur Morris who established the credit system with Robert Morris and Hamilton; he was a vocal advocate against the British doctrine of *laissez faire*, and wrote plans for a higher tariff in 1849. However, Taylor died mysteriously on July 9, 1850, from causes that have never been fully established.

The elimination of the credit system by the dismantling of the Bank of the United States, punctuated by the demand for hard specie, put the control over credit in the hands of London, through its agent in United States—Wall Street. Throughout the period from 1836-1860, the United States became increasingly ruled and dominated by British-allied gamblers and wealthy slaveowners. The Wall Street slave system rose from the ashes of the credit system, and the South became directly ruled by British finance, with Wall Street controlling the export of slave cotton.

Rothschild banker August Belmont, sent from London to New York City in 1837, ran the Democratic Party for several decades after Van Buren’s tenure, as a direct British hand within American finance.<sup>56</sup> Without the Bank, the property and capital of the wealthy was inaccessible to the poorer classes, who had earlier received credit from the Bank branches. Without the regulated exchange rates which the Bank had created, there was no long-term assurance in investment, and everything included usurious taxes by private banks and brokers. By the time Lincoln became President, thousands of unredeemable currencies were in circulation, and the nation was entirely bankrupt.

Lincoln never deserted the imperiled nation, and would ultimately save the Union from dissolution. His successful national banking system and greenback strategy for internal improvements and industry left a durable legacy. He was, however, unable to fully reestablish the American credit system as he intended. This prospect was ripped from the nation’s grasp by his assassination, in which his Secretary of State William Seward was also nearly murdered, by a British assassination ring based in Montreal.<sup>57</sup> President James Garfield and President William McKinley, both

Lincoln nationalists, suffered the same fate as Lincoln.

The Federal Reserve was created after the 1907 banking crash to provide a way to bail out the stock market, to ensure that a new Bank of the United States would never arise, and that speculation would always rule.<sup>58</sup> President Franklin Roosevelt’s Glass-Steagall Act restored stability to Lincoln’s national banking system, and FDR’s use of the Reconstruction Finance Corporation (RFC) as a direct conduit for Treasury lending, superseded the money system of the Federal Reserve, and once again propelled the nation forward in the greatest density of industry- and infrastructure-building in the nation’s history.

But the full use of Congress’s powers, as they expressed themselves in the most effective means through the Bank of the United States credit system, was never restored. With Roosevelt’s death, and the assassination of President John F. Kennedy, the powers reclaimed by Lincoln were entirely eroded; and the U.S. government, once again, became a perfect demonstration of the “simple machine” proposed by Jackson’s Kitchen Cabinet, on Dec. 4, 1832.

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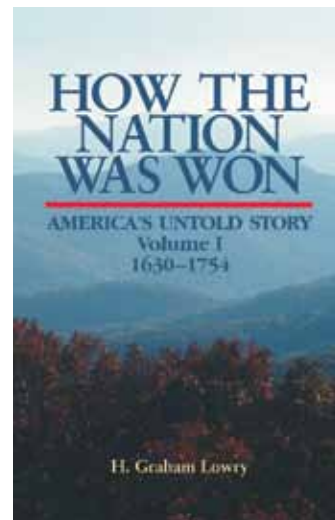
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56. Chaitkin, op. cit., footnote 3.

57. Anton Chaitkin, “Why the British Kill American Presidents,” *EIR*, Dec. 12, 2008, pp. 26-28.



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*To reverse the continuing effects of Jackson's treason on the United States today, a return to the American System is required: Glass-Steagall; a national credit system, and NAWAPA XXI. Here, LaRouchePAC organizers in Philadelphia, August 2012.*

## The Ghost of the American Credit System

A nation freed from the British Empire was reshackled by the controllers of Andrew Jackson and subsequent administrations, British agents working against the United States. The unconstitutional shutdown of the Bank of the United States signaled the destruction of full Congressional control over the nation's finances, and the integral relation of the currency with increasing the powers of production.

The Bank was never merely an instrument of commerce; it was the means by which Congress could most effectively promote the economic interests of the nation, and uphold its duty to carry out its assigned powers of government. This power of regulation was attacked, and the development of the economy destroyed. The bonds that held the nation together were dissolved.

Today, most citizens find themselves defending traitors—celebrating those who brought us back into slavery to the Empire. The doctrines of both the modern Republican and Democratic parties are those of the Jackson and Van Buren administrations, doctrines upon which the United States was neither formed nor built, but under which it was destroyed.

Government must reclaim its power to legislate the creation of a financial system that provides all citizens a right to make use of their spirit of enterprise, a system

of currency that gives every citizen a capability to increase his productivity, and the right to go into debt for such a purpose.

The Congress has abdicated this power, in order to maintain the myth of Andrew Jackson. That myth is hereby destroyed, the Government freed to create a system of credit and a medium of exchange which is reflective of the purposes of the Union, and to resume strengthening its ties.

What is required is a full use of Congress's powers to craft a new American credit system, in which the restoration of full Glass-Steagall regulation will be a prologue, making possible a nationwide system of internal improvements, such as the drought- and flood-control plan NAWAPA XXI.<sup>59</sup> As with the Presidency of John Quincy Adams, none of these policies could be taken as separate. The true use of the Constitution is never a set of polices; it is a single conception of what is necessary for a functional system of national government. It is one unified system of regulated credit for the promotion of specific industries and technologies for specific purposes of development for the people of the nation and the world.

Drawing from the recent speeches of statesman

59. Michael Kirsch et al., "NAWAPA XXI Special Report," March 2012, available at [www.larouchepac.com/nawapaxxi](http://www.larouchepac.com/nawapaxxi)

Lyndon LaRouche on the revival of the American credit system, the successful operations of the Bank of the United States from 1791-1801 and 1823-1832, Lincoln's Greenbacks, the lessons learned from Roosevelt's RFC, a new system of credit can be organized in short order, and the remaining productive powers of the nation put to use.<sup>60</sup> New laws and government regulations will foster a productive currency, one defined by the system of laws in which it operates. The value of currency does not lie in the individual unit, but in the process which it facilitates, the flows of trade and commerce, not the abstract material which is exchanged. Other laws enacted to ensure large internal improvements, such as a NAWAPA XXI Authority, will create the substance of the new system of future payments, and provide the needed impetus to put the new machine into motion.

60. Since the 1970s, Lyndon LaRouche has advocated a return to the Hamiltonian system. He has long advocated great projects, both scientific and industrial, and speaks from an era of the 20th Century when a functioning economy still thrived. He has, for many years, joined those voices of the past who fought bravely for an establishment of this system for the world, and remains an architect of such a return.

It is the right of all nations to enact laws to create systems of credit specific to their goals. If nations understand the history of the American credit system, and how and why it was destroyed, the horrors of today's trans-Atlantic community will cease.

The time has come when the very survival of all citizens depends on ending the rule of the oligarchical principle, a principle which is reflected in the corruption often disguised as the party system. The United States must return to George Washington, and return to a *people* system not a *party* system.

The effort of the British Empire to destroy the United States must be recognized as the defining characteristic of the United States during most of the time since the Jackson Administration, an effort motivated by the successful threat posed by our the American credit system.

A non-partisan team of patriots must ally themselves on principle above precedent and use the Constitution's full powers and intent to save our nation—a nation more powerful than the individuals within it, or the enemies who seek to destroy it—a nation unable to be killed by British assassins, but unable to survive without its powers.

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