

# **Tracing the History of the Bank War**

## **Part 4**

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# The Fallout:

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- The Second Bank of the United States had been a controlling influence.
- Now that it was rendered powerless, government funds never returned and its charter allowed to expire, the “pet banks” that enjoyed the government deposits simply lent money without concern for ability to repay.
- Reckless spending on the part of borrowers ensued.
- There was uncontrolled growth, uncontrolled issuance of paper money, and over-speculation on western land.
- Construction of canals, production of cotton, and manufacturing all boomed.



## *The Specie Circular (1836)*

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- Issued by Andrew Jackson, it forbade the Treasury to accept anything other than gold or silver (specie) in payment for public lands.
- The land boom came to an abrupt halt.
- Also, Congress voted to cut off pet banks from receiving federal deposits, instead giving money directly to the states for “internal improvements.” But that money soon dried up. (Beware “block grants.”)



# The Panic of 1837

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- Banks collapsed, as people tried to exchange their paper money for specie.
- State debts rose dramatically.
- Inflation shot up, too.
- Cotton prices fell 50%.
- Unemployment rose. (50,000 lost their jobs in New York alone.)
- Riots in New York and across the country, over food.



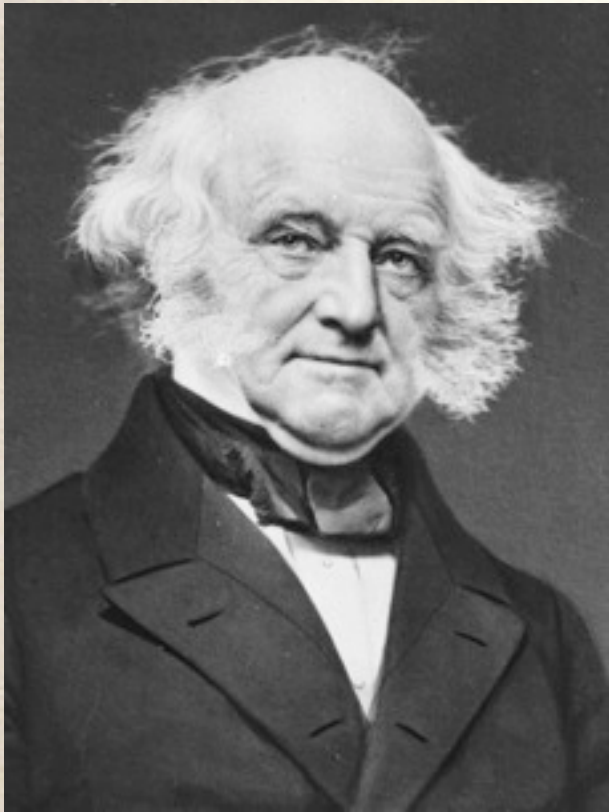
# Epilogue



- Jackson established that a president who has popular support can make policy at will, and there is little the opposition can do.
- To underscore their characterization of Jackson as a tyrant, the National Republicans (Clay, Webster, et al.) renamed their party the Whig Party.

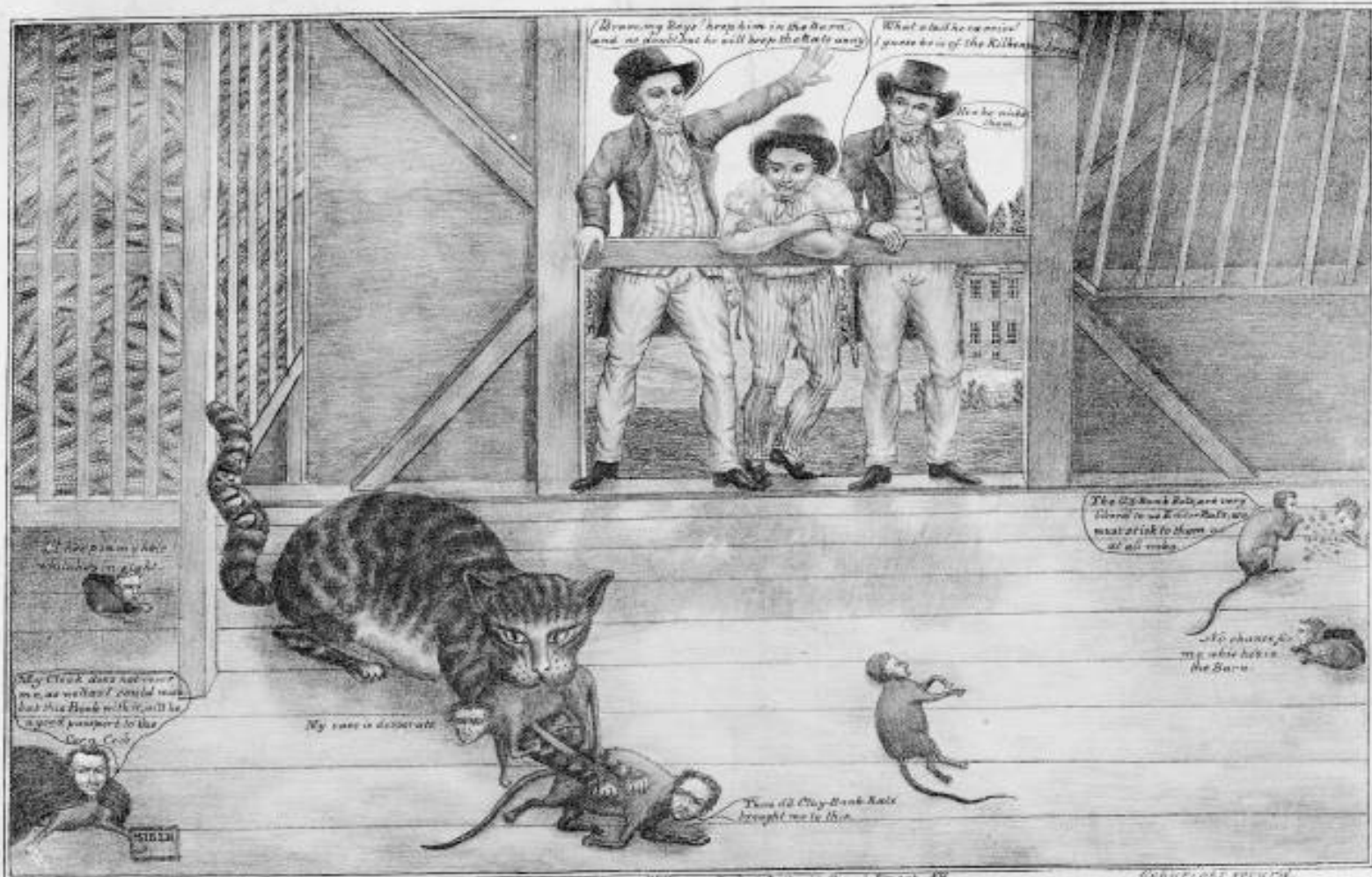


# Epilogue, continued



- Martin van Buren (Jackson's Vice President, and a Democrat) was elected in 1836.
- Worried about the security of government funds now deposited in private banks, Van Buren convinced Congress to create an independent treasury. (*The Divorce Bill*) This hampered the banking industry's ability to recover.
- To help counter unemployment, in 1840 Van Buren issued an executive order prohibiting federal workers from working more than 10 hours per day.





Williams Del of Litch 44 Canal Street N.Y.

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Old Jack, the famous New Orleans mouser, clearing Uncle Sam's Barn of Bank and Clay Rats, which had burrowed through the floor, to get at his capital Corn Crib. While Uncle Sam, and his active laborers, stand at the door, enjoying the sport.



# Cartoon Analysis

- A rare pro-Jackson satire on the President's campaign to destroy the political power and influence of the Bank of the United States. It was probably issued late in the presidential campaign of 1832, after Jackson's July veto of the bill to re-charter the Bank.
- Jackson is portrayed as a cat (with a tail marked "Veto") defending the corn cribs in "Uncle Sam's Barn" from rats "which had burrow'd through the floor, to get at his capital Corn Crib: While Uncle Sam, and his active laborers, stand at the door, enjoying the sport." The cat has one rat in his mouth, possibly Henry Clay, who says, "My case is desperate." Under his paws is another (possibly the Bank's president Nicholas Biddle) who says, "Them d'd Clay-Bank Rats brought me to this." In the lower left a rat with a cape and his paw on a Bible says, "My Cloak does not cover me, as well as I could wish, but this Book with it, will be a good passport to the Corn Crib." Other rats creeping from holes in the floor say, "I'll keep in my hole while he's in sight" and "No chance for me while he's in the Barn."

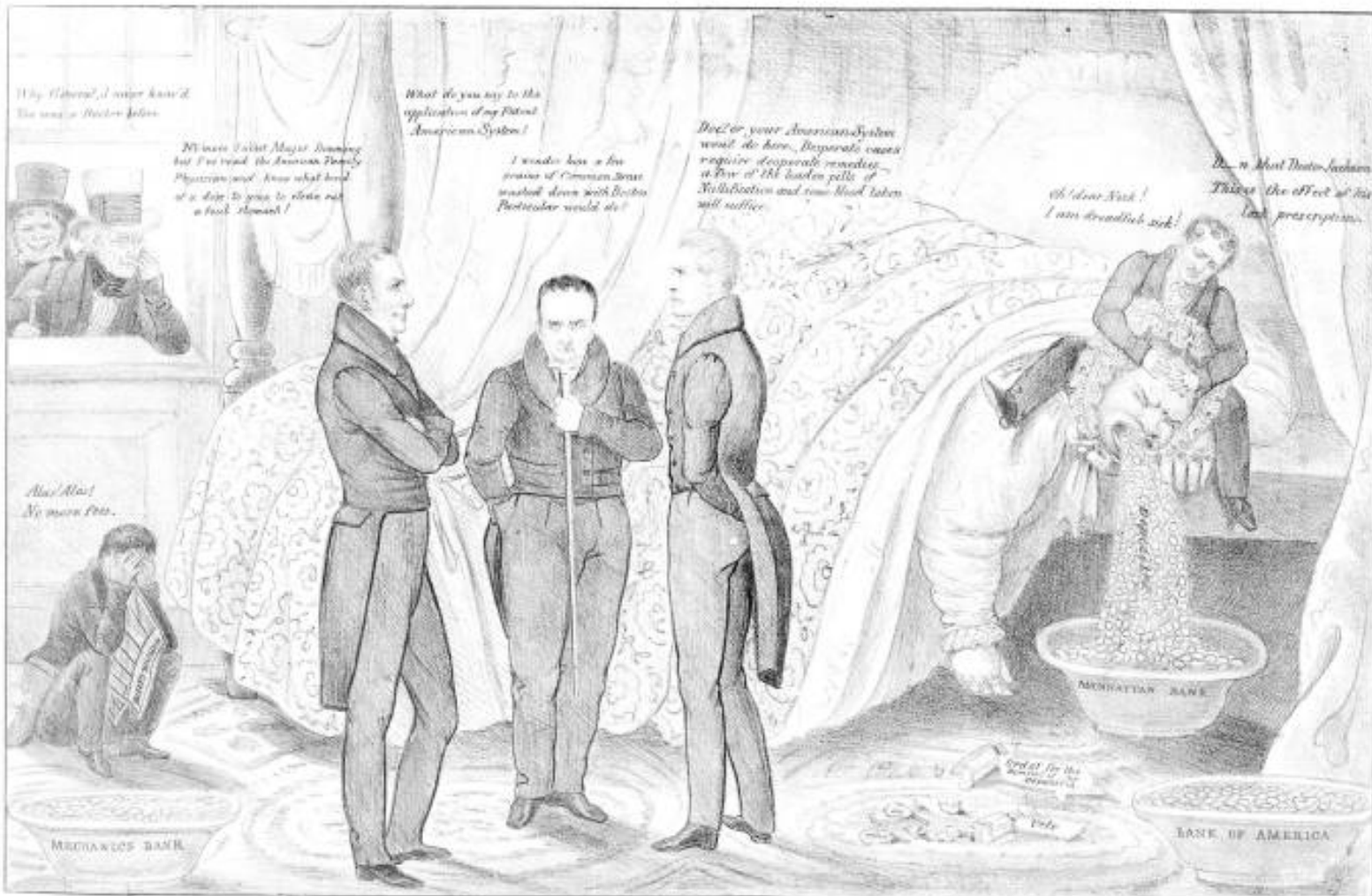


## Cartoon, cont.:

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- At the upper right two rats (possibly influential pro-Bank newspaper editors James Watson Webb and Charles King) nibble corn, remarking, "The U.S. Bank Rats are very liberal to us Editor Rats, we must stick to them at all risks."
- From an open doorway three men, "Uncle Sam and his active laborers," survey the scene.
- First man: "Bravo my Boys! keep him in the Barn; and no doubt, but he will keep the Rats away."
- Second: "What a tail he carries! I guess he is of the Kilkenny breed."
- Third: "How he nicks them."
- The use of rats to symbolize corruption was commonplace in cartoons of the 1830s, particularly with respect to the Bank of the United States.





THE DOCTORS PUZZLED OR THE DESPERATE CASE OF MOTHER U.S. BANK.

Published by the author, and sold by Colburn, Bro. & Co. Boston.



## 2nd Cartoon:

- A satire directed against the United States Bank, showing the impact of Jackson's September 1833 order for the withdrawal of federal funds from the Bank and their distribution among state banks. In a bedchamber the Bank, portrayed as an obese woman, lies in bed vomiting coins "Deposites [sic]" into a basin "Manhattan Bank." Nearby are two other basins (filled) marked "Mechanics Bank" and "Bank of America," and two broken medicine vials labeled "Veto" and "Order for the Removal of the Deposites." Bank president Nicholas Biddle holds her head.
- Bank: "Oh! dear Nick! I am dreadful sick!"
- Biddle: "D--n that Doctor Jackson. This is the effect of his last prescription." At left stand Bank supporters Henry Clay, Daniel Webster and John Calhoun, as physicians in consultation.
- Clay: "What do you say to the application of my Patent American System?"
- Calhoun: "Doctor your American System won't do here. Desperate cases require desperate remedies, a few of the leaden pills of Nullification and some blood taken will suffice." Calhoun's reputation in the North was sorely affected by his leadership role in the southern Nullification effort of 1832.
- Webster (in the center): "I wonder how a few grains of Common Sense washed down with Boston Particular would do?"



## 2nd Cartoon, cont.

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- On the floor at left sits a man, no doubt a pro-Bank newspaper editor, holding a copy of the "National Gazette," moaning: "Alas! Alas! No more fees."
- Jackson and Major Jack Downing look in through a window at far left.
- Downing: "Why General, I never know'd You was a Doctor before."
- Jackson: "No more I ain't Major Downing but I've read the American Family Physician and know what kind of a dose to give to clean out a foul stomach!"



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