

JACKSON AND THE BANK

CHAPTER 11 SECTION 3

WAR AGAINST THE BANK

- **For years, Jackson attacked the Bank of the United States as being an organization of wealthy Easterners that ordinary citizens could not control.**
- **The Bank was a powerful institution that held the federal government's money and controlled much of the country's money supply.**
- **Many Western settlers were unhappy with the bank's strict lending policies.**
- **The Bank was chartered by Congress but run by private bankers rather than elected officials.**
- **The bank's president, Nicholas Biddle, represented everything that Jackson disliked.**

THE BANK AS AN ELECTION ISSUE

- **In 1832, Jackson's opponents gave him the chance to take action against the Bank.**
- **Henry Clay and Daniel Webster planned to use the Bank to defeat Jackson in the election.**
- **They persuaded Biddle to apply early for a new charter even though the current one would not expire until 1836.**
- **They believed that the Bank had popular support and that an attempt by Jackson to veto it would lead to his defeat and Henry Clay would become president.**
- **Jackson was sick in bed when he received the bill to renew. He told Martin van Buren "The Bank...is going to kill me. I will kill it!"**
- **Jackson vetoed the bill and felt it was unconstitutional.**

THE ELECTION OF 1832

- **The strategy for gaining support for Clay as president backfired.**
- **Most people supported Jackson's veto and Jackson was reelected.**
- **Jackson decided on a plan to "kill" the Bank ahead of the 1836 schedule by ordering the withdrawal of all government deposits from the Bank and placed the funds in smaller state banks.**
- **In 1836, he refused to sign a new charter for the Bank, and it closed.**

THE PANIC OF 1837

- **In 1836, the Democrats chose Martin Van Buren to run for president, he was a close friend of Jackson's and his vice president.**
- **Van Buren faced opposition from the new party, the Whigs.**
- **The Whigs nominated 3 different candidates, all of whom had a following in a different part of the nation.**
- **Jackson's popularity and his personal support helped Van Buren win easily.**
- **After the election, the country went into a severe economic depression, all beginning with the Panic of 1837.**

CONTINUED

- **Land values dropped, investments declined, and banks failed.**
- **Thousands of businesses closed and many people lost their jobs.**
- **Cotton prices fell to a record low in the South, and farmers plunged into debt and lost their land.**
- **In the cities, many people could not afford their rent or food.**
- **Van Buren believed in the principle Laissez-faire. He convinced Congress to establish an independent federal treasury in 1840.**

CONTINUED

- **The new treasury system would keep banks from using government funds to back their banknotes and help prevent further bank crises.**
- **Van Buren and his supporters hailed the new law as the “second declaration of independence.”**
- **Other Democrats and the Whigs criticized the act. This helped the Whig party have a chance to win the presidency in 1840.**
- **The Democrats had held office for 12 years, but with the country in a deep depression, the Whigs thought they had a good chance to win in 1840.**

THE LOG CABIN CAMPAIGN

- **The Whigs nominated William Henry Harrison, a hero of the War of 1812, to run against Van Buren.**
- **John Tyler, a planter from Virginia, ran as his running mate.**
- **Harrison gained national fame by defeating Tecumseh's followers in the Battle of Tippecanoe, leading to the Whig's slogan "Tippecanoe and Tyler Too."**
- **Harrison needed the votes of the farmers and laborers who voted for Jackson, so the Whigs adopted a log cabin as their symbol.**
- **They wanted to show Harrison as "a man of the people."**
- **The Whigs went on to call Van Buren "King Martin" and a wealthy snob who spent the people's money on fancy furniture.**

CONTINUED

- **The Log Cabin campaign worked and Harrison defeated Van Buren by a wide margin.**
- **On Inauguration day, 1841, it was bitter cold. Harrison refused to deliver his speech while wearing a hat or coat.**
- **He died of pneumonia 32 days later, he served the shortest term of any American president.**
- **John Tyler became the first vice president to gain the presidency because the elected president died in office.**

TYLER'S PRESIDENCY

- **Although Tyler had been elected vice president as a Whig, he had once been a Democrat.**
- **The Whigs put him on the ticket to attract Southern voters.**
- **As president, he vetoed several bills sponsored by the Whigs, including a bill to recharter the Bank of the United States.**
- **His lack of loyalty outraged many Whigs and most of his cabinet resigned.**
- **Whig leaders in Congress expelled Tyler from the party.**
- **Whigs could not agree on their party's goals and most voted according to sectional ties.**
- **This division explains why Henry Clay lost to James Polk.**