

# The American Industrial Revolution That Andrew Jackson Sought To Destroy

by Anton Chaitkin

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## I. Nationalism

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### 1815: Jefferson's Warning

The charred White House lay in ruins, burned the previous Summer by an invading British army. A small, backward, economically prostrate United States emerged, shocked, from its second war with the British enemy.

The Treaty of Ghent, which ended the War of 1812, was not a real peace, but had only “suspended by a truce” the armed conflict, said former President Thomas Jefferson. Continued British aggression pointed to “eternal war” and the “extermination of the one or the other party.”<sup>1</sup>

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1. Jefferson to Marquis de Lafayette, dated Feb. 14, 1815. The section of the letter evaluating the peace is an addendum dated Feb. 26, after Jefferson received news of the treaty, signed in Europe, ending the War of 1812.

Facing no protective tariffs, British ships dumped imports at below their cost of production, undercutting those few American manufactures that had sprung up during the War of 1812. The Founders' Bank of the United States had been closed in 1811, so there was now no national currency, only monetary chaos and parasitical speculation.

As in a feudal country, a few poor roads linked the coastal cities. The thinly populated new Western states were accessible on horseback across the mountains. Midwesterners could get to the East Coast by somehow reaching the Ohio River, drifting through rapids to New Orleans, and taking an ocean voyage.

Little isolated charcoal-stoked foundries huddled around rural woods and nearby iron ore supplies. They yielded less metal than 150 years earlier in the



*The British Army's torching of Washington in 1814 (right), has helped rather than hurt us," Jefferson wrote, by arousing the general indignation of our country, and by marking to the world the Vandalism and brutal character of the English government. Portrait of Jefferson by Rembrandt Peale (1800).*



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Massachusetts Bay Colony—before the British Empire had forbidden American manufactures.

Yet the British army's torching of Washington "has helped rather than hurt us," Jefferson wrote, "by arousing the general indignation of our country, and by marking to the world the Vandalism and brutal character of the English government."

We had learned a bitter lesson, and were forming a national plan of action.

A quarter-century before, Jefferson himself, and his Virginia colleagues James Madison and James Monroe, had relied on British imperial free-trade dogmas in a political feud against George Washington and Alexander Hamilton's founding nationalist program.

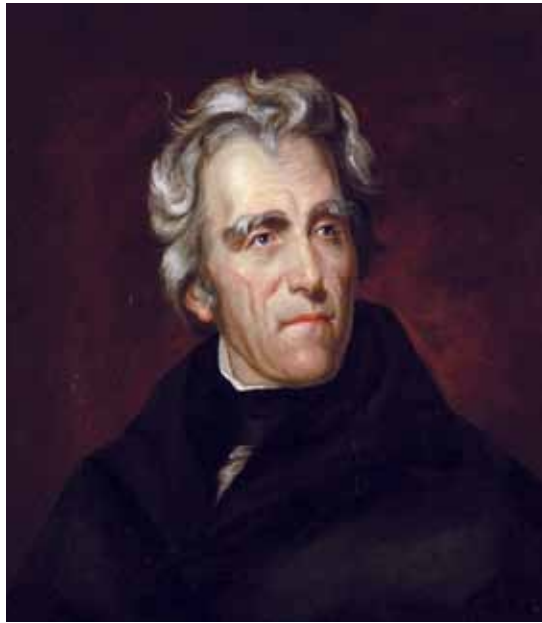
But now the barely successful defensive war, and experience of near-fatal weakness, was uniting all sections to turn back to nationalism, under the anti-British Jeffersonian party.

The American people, said Jefferson, would not be fooled as the French had been in their Revolution, by British-run anarchism, populism, and anti-Union intrigues. There is no American support for disunion, Jefferson wrote: "The grounds of these exist only in English newspapers, edited or endowed by the Castlereaghs or the Cannings...."

Hamilton had exposed and squelched Aaron Burr's Northeast secession plans, and he died at Burr's hand. Three years later, Jefferson had Burr arrested for treason, and prevented his private army from delivering the West to the British Empire.

America now undertook a new mission, to survive and flourish by quickly transforming itself into a powerful modern nation. We would do this, as Jefferson put it, "by arranging our financial system, and above all, pushing our domestic manufactures."<sup>2</sup>

A new generation of nationalist leaders now took



*The destruction of the Second National Bank by its British-allied opponents, under the fraudulent populist banner of Wall Street's thuggish puppet Andrew Jackson, paved the way for the Civil War, and dramatically slowed America's industrialization. Painting of Jackson by Thomas Sully (1824).*

charge. A closely cooperating team of senior strategists in government, national banking, the military, and private enterprise rallied the population and guided the investment of American talent, labor, and credit over the next two decades. This program of invention and construction was wildly popular. It continued with astounding results until aborted by Andrew Jackson. The British Empire, frantic to block the republic's rise as a great power, drove Jackson from within and outside the regime, until he turned the U.S. over to British puppets on Wall Street and in the slave South.

Using primary sources, this report will identify these American nationalists, and tell how, in one coordinated initiative, they set up the canals, railroads, iron industry, coal mining, and machine capabilities that changed America's geography, created its productive labor force, and shifted the country out of backwardness. The report will demonstrate the British origin and treasonous character of the opposition to this transformation.

Perhaps what will be most shocking to most Americans is that the essential basis for this astounding industrialization of the United States was National Banking—in specific, the operation of the Second National Bank of the United States. In a world still dominated by the British Empire of both military and financial power, the United States had to assert control over its national currency, and direct credit to essential infrastructure and industry. The Second National Bank served that purpose—and it was the opponents of that Bank, under the fraudulent populist banner of that thuggish Wall Street puppet Andrew Jackson, who slowed the industrialization process on behalf of our British imperial enemy.

The destruction of the Bank of the United States paved the way for the Civil War, and permanently deprived America of the most vital instrument for its national sovereignty.

2. Ibid.

## Readying for Takeoff

In March 1815, James Monroe was exhausted. The previous September, following the burning of Washington, and just after the standoff at Fort McHenry, Monroe had assumed the office of Secretary of War on top of his post as Secretary of State. Monroe had pulled the war effort together; for the last six months of the conflict he was the rock on which national defense pivoted. Now, with the peace treaty ratified, Monroe laid down the War Department duties, tired—and perhaps still feeling the bullet that remained in his body from the Revolutionary War Battle of Trenton.

Everyone expected Monroe to be elected in 1816 as successor to President James Madison. Monroe called for a fundamental strengthening of the U.S. military, and an overall defense strategy based on Federal guidance for economic development. A resolve for action was becoming irresistible behind Monroe's candidacy.

A few notable public figures were just then giving energy to this growing consensus for “arranging our finances and pushing our domestic manufactures.”

President Madison had brought Philadelphia lawyer Alexander Dallas in as Treasury Secretary when the national finances collapsed in the war crisis. Secretary Dallas now called for creating a second Bank of the United States.

Dallas and his friend Mathew Carey<sup>3</sup> together had led Pennsylvania's Jeffersonian party back to the nation-building principles of Washington and Hamilton.



*John Quincy Adams provided the sharpest global strategic thinking for the new nationalists, combined with a passionate commitment to industrial and scientific progress.*

3. Dallas and Carey were political partners in the legacy of Benjamin Franklin. A refugee Irish revolutionary, Mathew Carey had apprenticed in Franklin's printing establishment in France during the American Revolution, and thereafter with Lafayette's initial sponsorship. Carey became America's greatest printer-publisher in Philadelphia. Alexander Dallas's daughter Sophia married Benjamin Franklin's grandson, Capt. Richard Bache; their son Alexander Dallas Bache would take on his great-grandfather Franklin's mantle as organizer of America's science.

Carey had written *The Olive Branch* in the depths of the war in 1814, exposing treasonous financiers, and urging the Jeffersonians to give up the British free-trade doctrine. Jefferson and Madison thanked and congratulated Carey: The book was the greatest American bestseller in the early 19th Century.

Two Southern political partners, Kentucky's Henry Clay and South Carolina's John C. Calhoun, had led the militants who swept into Congress in 1810, demanding a stand against British armed aggression and for nationalist economics. This brought on the 1812 declaration of war, and a country-wide determination for government measures to break out of backwardness and depression.

John Quincy Adams of Massachusetts provided the sharpest global strategic thinking for the new nationalists, with a religious conviction of the necessity for industrial and scientific progress. The former President John Adams' son, he had broken early on with the Federalist party on the explicit grounds that the Boston Federalists were treasonously conspiring with the British enemy. He had resigned his Senate seat and put himself at the disposal of President Jefferson. Madison made Adams ambassador to Britain,<sup>4</sup> and head of the team negotiating to end the War of 1812.

In his Annual Message to Congress in December 1815, President Madison signaled what was coming, and what was expected when Monroe would take his place in the Presidency:

“It is essential to every modification of the finances that the benefits of a uniform national currency should be restored to the community . . . [so] the

4. John Quincy Adams was Ambassador to Russia Nov. 5, 1809 to April 28, 1814, and Ambassador to Great Britain April 28, 1814 to Sept. 22, 1817.

probable operation of a national bank will merit consideration. . . .

“In adjusting the duties on imports . . . the influence of the tariff on manufactures will necessarily present itself for consideration . . . [for aid] in introducing and maturing manufacturing establishments, especially of the more complicated kinds . . . [and keeping them] not only safe against occasional competitions from abroad, but a source of domestic wealth and even of external commerce. . . .

“Among the means of advancing the public interest the occasion is a proper one for recalling the great importance of establishing throughout our country the roads and canals which can best be executed under the national authority.”<sup>5</sup>

There was virtually no American opposition to the upcoming Presidential candidacy of James Monroe, who had just organized America’s victory in the war against Britain. Yet this political reality made all the more urgent, to British geopolitics, the goal of blocking and ultimately overturning the political movement of Monroe and his allies. Otherwise a U.S.A. of greatly magnified capabilities would gain the power to end the Empire’s world dominance.

The attitude of the British was well-expressed by Lord Henry Brougham, a prominent Whig, who argued that Britain should flood the U.S. with exports below cost, “in order, by the glut, to stifle in the cradle those rising manufactures in the United States.”

Only in this context can the reader understand and appreciate the warning of Jefferson, in an 1815 letter to Lafayette. Jefferson wrote about those who would work to break our national unity, such as the New England Federalists who had schemed for secession with Aaron Burr in 1804, and tried to derail the war effort with their 1814-15 Hartford Convention. The British had paid for the ultra-radicals in the French Revolution, and, Jefferson wrote, the “Marats, the Dantons and Robespierres of Massachusetts are in the same pay, under the same orders, and making the same efforts to anarchise us, that their prototypes in France did there.”

Jefferson’s warning was very precise in naming Lord Castlereagh, then Britain’s Foreign Secretary, as the source for disunion initiatives.

Jefferson, in his report, has the character of an

5. James Madison Seventh Annual Message to Congress, Dec. 5, 1815; [www.presidency.ucsb.edu/ws/index.php?pid=29457&i=xzz1v9EXaJy3](http://www.presidency.ucsb.edu/ws/index.php?pid=29457&i=xzz1v9EXaJy3)

oracle, when we examine the enemy strategy that shaped Jackson’s Presidency, and left the country at the mercy of those who would tear it to pieces.

President Jefferson (1801-09) and his Secretary of State and Presidential successor James Madison (1809-17) used U.S. intelligence assets abroad to keep Aaron Burr under surveillance, when Burr travelled to Europe after fleeing the U.S.A. in 1808. (The U.S. ambassador in England, William Pinckney, wrote to Madison in 1808 about the movements in London of Burr and his aide Samuel Swartwout.) And given Burr’s extraordinary relationship to the course of military and strategic developments before and during the war of 1812-15, it is certain that the retired Jefferson, the sitting President Madison, and Madison’s Cabinet leader James Monroe were keeping close watch over Burr’s activities after he returned to the United States in 1812.

Let us now track Burr’s motions, as Jefferson, Madison, and Monroe had done, until we arrive back at the situation in 1815 when Jefferson issued his confidential report to Lafayette.

### **Burr in Britain’s Bosom**

Following his 1807 treason trial, still under homicide charges in more than one location, Burr sailed for Britain by way of Nova Scotia, whose military governor was the British general Sir George Prevost, Aaron Burr’s nephew by marriage. Sir George gave his Uncle Aaron (traveling under the alias Mr. Edwards) a passport, as described in Burr’s private diary:

“Government House, Halifax, June 20, 1808.

“You will allow the bearer (Mr. G.H. Edwards) to proceed without delay from Falmouth to London; the said G.H. Edwards having despatches for the Right Hon. Lord Castlereagh, at whose office he is immediately to present himself on his arrival in London.

“George Prevost.”

Burr arrived in London July 16, 1808, and met with Lord Castlereagh July 18-19.

Then-Secretary for War and the Colonies, Viscount Castlereagh was directing the British spy system operating through Canada to spread disunion inside the U.S.A. As the sitting U.S. Vice President in 1804, Burr had been the coordinator of that British influence network linking disloyal elements in New York and Boston.

In May 1812, Burr, in disguise, returned to the U.S.,



landing in Boston. He immediately contacted Essex Junto member Jonathan Mason, a former U.S. Senator from Massachusetts and a lifetime friend. Burr then moved on to New York City, arriving June 7, 1812, just 11 days before the Congress declared war on the United Kingdom.

As the second U.S.-British war raged, Burr began assembling the New York-based enemy political apparatus that, 16 years later, would elect Andrew Jackson and guide him in the White House.

Burr was so shamed and despised that no one outside the circles of his own former New York political machine would have anything publicly to do with him. But when Burr opened up a New York law practice, the 29-year-old lawyer Martin Van Buren joined him in several of his cases.

Van Buren was Burr's protégé, having started his legal career as a trainee in 1801-02 in the office of Burr's political lieutenant William Peter Van Ness, and as an initiate in Burr's Tammany Hall organization. Van Buren's boss Van Ness arranged Burr's fatal 1804 duel with Hamilton, served as Burr's second, and then was a fugitive from justice. Van Buren managed the case and got the homicide charges against Van Ness dropped.

As the Burr-Van Buren partnership began in 1812, Van Buren was encouraged to run for political office for the first time. He was elected to the New York State Senate that year and co-authored various state legislation with Burr.

Martin Van Buren suddenly emerged as the leader of a New York State political movement. Known initially as the Bucktails, Van Buren's grouping was organized around *stopping* the building of a great waterway connecting the port of New York and the Hudson River with Lake Erie. Van Buren was the public face on the project to reactivate the state political machine that Burr had run from the 1790s through 1804.



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*Alexander Hamilton's murderer Aaron Burr, as U.S. Vice President in 1804, had been the point man for Lord Castlereagh's subversion operations against the United States. In 1812, Burr returned to the U.S. from Britain, to assemble the political apparatus that, 16 years later, would elect the traitor Andrew Jackson to the White House.*

Working with Van Buren was Burr aide Samuel Swartwout, who had fled with Burr to Britain and arranged Burr's introduction to British Intelligence strategist Jeremy Bentham, who continued to sponsor Burr under the intelligence system led by Lord Castlereagh. Swartwout came back to New York with Burr, and would play an important behind-the-scenes role in pushing Andrew Jackson to the Presidency. Jackson was considered particularly useful because he had become a military hero in the Battle of New Orleans in 1815, not in any way because of his political activities.

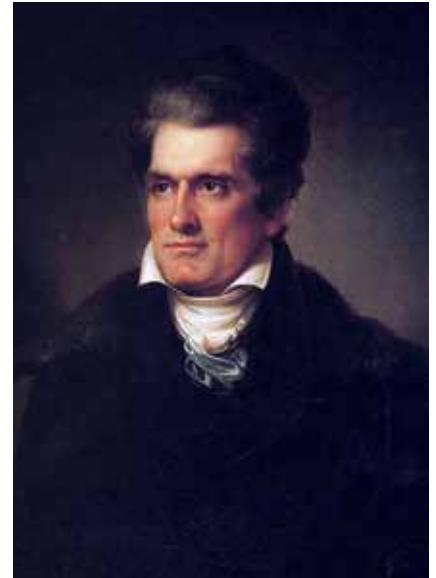
We are now back at that point, at the close of the war in 1815, when Jefferson wrote to Lafayette warning that the only serious *internal* disunion threat to our country would emanate from the likes of Lord Castlereagh.

## **Burr Lays Out a Strategy**

Later that year, Burr wrote a confidential letter to his son-in-law Joseph Alston, the former governor of South Carolina. Burr put forward for the first time the proposal that military hero Jackson be used as tool in the destruction of American nationalism, and specifically to try to prevent the imminent Presidential election of nationalist James Monroe, who had organized the military victory over Britain in the War of 1812.

Burr wrote, "A congressional caucus will, in the course of the ensuing month, nominate James Monroe for President of the United States, and will call on all good republicans to support the nomination. . . . [T]his nomination is equally exceptionable and odious.

"A certain junto of Virginians, having had possession of the government for twenty-four years [i.e., Washington, Jefferson, and Madison] consider the United States as their property, and, by bawling 'Support the Administration,' have so long succeeded in duping the republican public. One of their principal



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*In his final months in office, President Monroe (center), in concert with the outgoing President Madison (left), had established a Board of Engineers for Fortifications, and in January 1817, inaugurated the Second Bank of the United States in Philadelphia. Monroe's new Secretary of War John C. Calhoun (right), worked to upgrade the Military Academy at West Point to become the central agency for American industrialization.*

arts, and which has been systematically taught by Jefferson, is that of promoting schisms in the republican party. Let not this disgraceful domination continue.

“[Monroe] himself is ... improper and incompetent. ... Naturally dull and stupid; extremely illiterate; indecisive; hypocritical; has no opinion on any subject. ... ‘He served in the Revolutionary War!’ Monroe’s whole duty was to fill his [general’s] tankard.

“The moment is extremely auspicious for breaking down this degrading system. The best citizens of our country acknowledge the feebleness of our administration. 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.”

Burr’s particular strategy was to target powerful Virginians, to begin pulling them away from allegiance to Jefferson, and into alliance with Jefferson’s enemy, John Randolph of Roanoke.

Considering that the general public viewed Burr as a satanic figure, Burr cautioned that his own initiating role in this Jackson project should be kept secret: “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.”<sup>6</sup>

Monroe was nevertheless nominated in Virginia and elsewhere, and was elected President in November 1816. The public supported the incoming Monroe Presidency with a unanimity seen only once before, with General Washington’s first term.

Burr and Van Buren bided their time. Burr’s man Samuel Swartwout, meanwhile, became a political advisor to Gen. Andrew Jackson.<sup>7</sup>

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## II. Planning the Breakout

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When Monroe took office in March 1817, two measures had already been taken under outgoing President Madison to facilitate Monroe’s initiatives.

The new President ordered a Board of Engineers for Fortifications organized on Nov. 16, 1816, and commissioned French engineer and intelligence professional Simon Bernard to run it. For the next 12 years the President would use the “Bernard Board” to plan engi-

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6. Burr letter: [www.familytales.org/dbDisplay.php?id=ltr\\_aab2561&city=new%20york](http://www.familytales.org/dbDisplay.php?id=ltr_aab2561&city=new%20york)

7. Swartwout had befriended Jackson when President Jefferson had pulled them both to Richmond in the Burr treason trial, Swartwout as an indicted accomplice, Jackson as an unindicted co-conspirator and material witness.

neering works of national importance.

And in January 1817, the Second Bank of the United States opened for business in Philadelphia.<sup>8</sup>

Monroe called John Quincy Adams back from Britain to serve as his Secretary of State. As U.S. ambassador in London, Adams had just negotiated personally with Foreign Secretary Lord Castlereagh for a commercial treaty, and had met repeatedly with intelligence specialist Jeremy Bentham, thereby taking the measure of these two satanic personalities, the empire's two main operators of Western Hemisphere intrigue.

Monroe appointed Congressman John C. Calhoun his Secretary of War. The fiery nationalist would help upgrade the U.S. Military Academy at West Point for action as the central civil engineering agency for American industrialization and takeoff into world power status.

Monroe appointed Virginia lawyer William Wirt as Attorney General. President Jefferson had made his friend Wirt the prosecutor in Aaron Burr's 1807 treason trial. Thus Wirt came to share fully in the classified U.S. knowledge of the British underground in America—notably including the two "Quids" (anti-Jefferson faction), Burr witness Andrew Jackson and John Randolph of Roanoke, the foreman of the Burr grand jury.

The phrase, "Era of Good Feelings," came to be identified with the Monroe Administration during the President's 1817 national-unity tour of the country. All sections backed the plan for an explosion of economic progress.

We begin a survey of the states with **New York**.

On March 18, 1817, two weeks after Monroe's inauguration, a bill to fund state construction of the Erie Canal was introduced in the legislature. Popular enthusiasm for former New York Mayor DeWitt Clinton's initiative forced Attorney General Martin Van Buren to cave in and publicly support the project, though his Bucktail faction continued political sabotage efforts.

In tandem with the 1817 Canal start-up, West Point Superintendent Gen. Joseph G. Swift arranged with entrepreneur-engineer Gouverneur Kemble to erect the West Point Foundry across the river from the Mili-

8. Treasury Secretary Alexander Dallas and South Carolina Congressman John C. Calhoun put the charter through Congress, and Madison signed it in April 1816.

tary Academy. The foundry would produce artillery, fittings for Erie Canal locks, piping for the New York City water system, and soon, America's first locomotives.

Moves for industrial development and infrastructure were also on the boards in the southern states, to complement Federal initiatives.

**South Carolina's** legislature elected Andrew Pickens, a close relative of John C. Calhoun, as governor in December 1816. Governor Pickens sponsored a program of internal improvements using public funds, championing the construction of roads and canals.

The **Georgia** legislature elected William Rabun governor in 1817. He pushed for internal improvements for the navigation of the state's rivers, and for support of free public schools.

**North Carolina's** Board of Internal Improvements spent \$220,000 of state funds from 1817 to 1821.

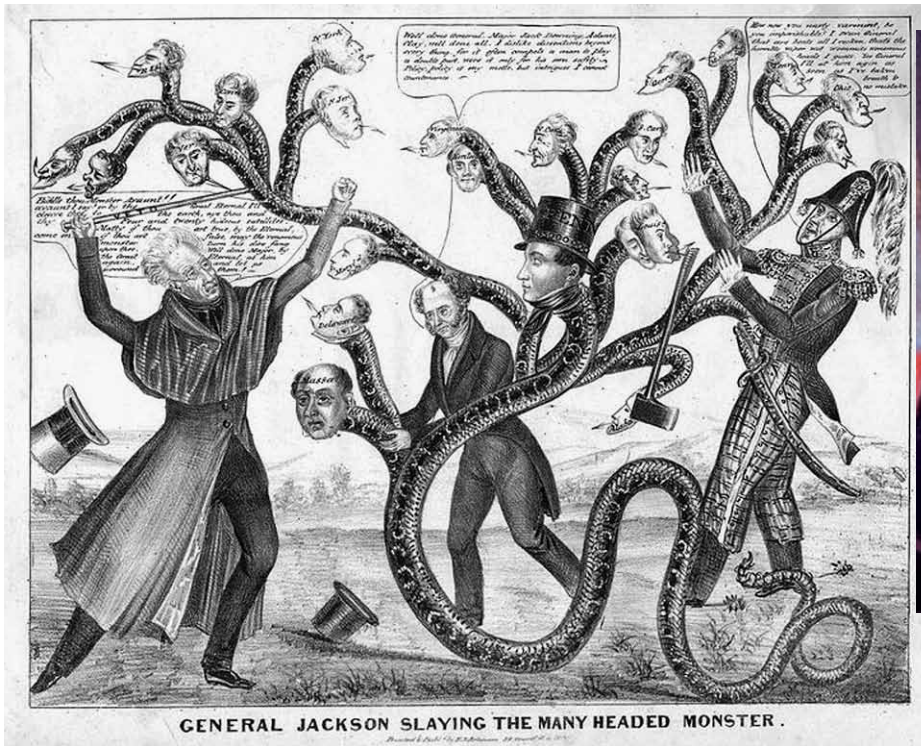
**Virginia** established its Fund for Internal Improvement in 1816, for "rendering navigable, and uniting by canals, the principal rivers, and of more intimately connecting, by public highways, the different parts of the Commonwealth"; and to create a Board of Public Works and a principal engineer to supervise projects and administer their public and private funding.

**Tennessee** elected William Carroll as governor in 1821. He had been the hero-general of Tennessee's militia in the Battle of New Orleans, alongside his friend Andrew Jackson. Voters repeatedly swept Carroll into office for his program of building roads and bridges and his American System nationalist economics. When Tennessee's Andrew Jackson later made war on the Bank of the United States, the people of Tennessee elected and reelected Governor Carroll, a supporter of the Bank and backer of nationalist leader Henry Clay.

Settlers poured into the wilderness of **Ohio** after the War of 1812,<sup>9</sup> anticipating the construction of a cheap water transport route between that new state and the Atlantic coast. Ohio elected Ethan Allen Brown governor by a landslide in 1818. Brown had been trained in the law as Alexander Hamilton's clerk and student in New York, 1801-02. Governor Brown created Ohio's canal commission and formed a tight partnership with DeWitt Clinton to promote and engineer the New York

9. Ohio's population was 230,760 in 1810; 581,434 in 1820; 973,903 in 1830.





GENERAL JACKSON SLAYING THE MANY HEADED MONSTER.



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President Monroe appointed his protégé Nicholas Biddle (above) to lead the Second National Bank in 1819; he believed Biddle would use the Bank as “the most natural way of protecting the poorer classes of society” from the usury of a “moneyed aristocracy.”

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This cartoon from the period is typical of Jackson’s perfidious campaign to depict the Bank as a “monster.” It includes caricatures of Jackson, Van Buren, and others, with Biddle (in top hat) pictured at the center.

and Ohio canal systems as a unified national enterprise.

Yet despite public eagerness for results, the country’s progress was stalled.

The reopened Bank of the United States, under incompetent initial leadership, failed to steer investment into productive channels. Monroe had the Bank’s first president fired in 1819, but his replacement, Langdon Cheves, tightened credit and worsened an ongoing depression.

### Biddle Takes Over

President Monroe appointed his own protégé Nicholas Biddle a director of the Bank as part of its 1819 leadership reshuffle. A national political-economy strategy team now began operating at an increased tempo. Our focus here shall be on several of the cooperating individuals: Nicholas Biddle, De Witt Clinton, John Quincy Adams, John C. Calhoun, Henry Clay, Mathew Carey, and Alexander D. Bache.

This was a community of men of genius. They shared an excitement over the immediate potential for a rapid advancement of mankind, and a sober assessment

of the British-led European oligarchy’s power and intention to disrupt their efforts.

Biddle, aged 33 in 1819, was anxious to prove himself worthy of his family’s patriotic heritage and his own intellectual gifts. He had been a clerk for Monroe during Monroe’s ambassadorship in Britain, and had edited the journals of the Lewis and Clark expedition. He was a scholar who had served in the Pennsylvania legislature, run a farm, and shown a general interest in public affairs, including the role of banking to serve the economy.

Monroe brought Biddle in to guide the Bank because Biddle would use banking as “the most natural way of protecting the poorer classes of society” from the usury of a “moneyed aristocracy.”<sup>10</sup>

When Biddle became president of the Bank of the United States, he displaced the representatives of the British-imports banking company Brown Brothers

10. Biddle’s speech to the Pennsylvania House of Representatives, Jan. 8, 1811, quoted in Thomas Payne Govan’s excellent biography, *Nicholas Biddle, Nationalist and Public Banker*, p. 31.



from their powerful positions on the Bank's board. The firm, based in Liverpool and Baltimore, had made great profits trading with the British during the War of 1812, and had set up branches in Philadelphia, New York, and London after the war. Brown Brothers came to control a large percentage of all Anglo-American trade, and a majority of the trade in cotton exported through Wall Street to England for the decades preceding the Civil War.

In the political showdown with Andrew Jackson during the early 1830s, Brown Brothers had become the most important U.S.-based financial entity in the camp of the enemies of Nicholas Biddle.

In that depression year of 1819, the national team started up a project to bring in coal to replace wood, which was then still universally used for fuel and metal processing. There was as yet virtually no American commercial coal mining industry. Biddle, Carey, and Philadelphia friends began explaining to shopowners and investors that anthracite (hard) coal could burn cleanly and efficiently, though it needed a high ignition temperature.

Gen. Joseph G. Swift, his West Point Foundry now in production, came to Philadelphia representing New York Gov. DeWitt Clinton, and on a commission from the New Jersey legislature. Swift proposed an interstate scheme for the Biddle-Carey anthracite project: Construct a canal to carry coal from eastern Pennsylvania, through New Jersey, to the Hudson River and New York City. Known as the Morris Canal, it was to be a breathtaking success in national development, sponsored by New York, New Jersey, and the Bank of the United States.

What was on Clinton's mind may be seen in a message he had written to the New York legislature back in 1794: "The hand of art will change the face of the universe. Mountains, deserts, and oceans will feel its mighty force. It will not then be debated whether hills



Library of Congress

*West Point Superintendent Gen. Joseph Swift proposed a canal to carry coal from eastern Pennsylvania through New Jersey, to the Hudson River and New York City. The Morris Canal (shown here in Phillipsburg, N.J.) was constructed with the sponsorship of New York, New Jersey, and the Bank of the United States.*

shall be prostrated, but whether the Alps and the Andes shall be leveled; nor whether sterile fields shall be fertilized, but whether the deserts of Africa shall feel the power of cultivation; nor whether rivers shall be joined, but whether the Caspian shall see the Mediterranean, and the waves of the Pacific lave the Atlantic.”<sup>11</sup>

Secretary of War Calhoun was eager to use military engineers for great civil works. Having introduced into Congress the 1816 bill to re-charter the Bank of the United States, Calhoun had recommended investing the Bank's profits in transportation projects directed by the Federal government. That the Bank would somehow help direct such great projects became certain when President Monroe and the Bank's directors made Nicholas Biddle the Bank's president, on Jan. 7, 1823.<sup>12</sup>

11. William W. Campbell, *The Life and Writings of De Witt Clinton* (New York: 1849), p. 23.

12. The story of how John Calhoun was turned from an ardent "American System" patriot into a leader of the Confederate cause is a long, complex one. A good beginning is the author's 1998 book *Treason in America: From Aaron Burr to Averell Harriman*, currently available on Kindle from Amazon.com.

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### III. Liftoff

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An overwhelming public majority supporting them, the nationalists now proceeded with the program that would create modern times in America.

House Speaker Henry Clay led the Congress in 1824 in passing a serious protective tariff and the General Survey Act, authorizing the President to assign Army engineers to civil works of national importance (see p. 24).

The Philadelphia circle of Nicholas Biddle and Mathew Carey founded the Franklin Institute, for scientific research in aid of rapid industrialization, and set up a companion group, the Society for the Promotion of Internal Improvements. Simultaneously, in 1824, Clinton and his supporters founded the Albany Institute for the same ends, making the outstanding scientist Joseph Henry its curator.

Under Biddle's guidance, the Society for Internal Improvements sent architect and civil engineer William Strickland carry out industrial espionage in the British Isles. Strickland had designed the classically beautiful Philadelphia headquarters building for the Bank of the United States, modeled on the Parthenon of Athens. With the help of American sympathizers in Ireland, England, and Wales, Strickland accomplished his foreign mission brilliantly, getting designs of British transport and industrial properties and devices, despite the Empire's hostility against such leaks.

The compilation of Strickland's "Reports on Canals, Railways, Roads, and Other Subjects, Made to the Pennsylvania Society for the Promotion of Internal Improvement" was published in 1826 by Mathew Carey's son Henry C. Carey and Henry's partner Isaac Lea. This volume provides us an overview of the problems that American engineering sought to overcome in changing the face of the continent and the nature of the economy, with illustrated chapters on canal construction, tunneling, iron forges, the use of coal, and experiments with steam locomotives.<sup>13</sup>

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13. National distribution of the Strickland report was paid for by the entire team that was by then working on the projects, among them, the U.S. House of Representatives; the Military Academy at West Point; its Superintendent and professors; the War Department, Navy Department, and Post Office; Gen. Simon Bernard, Mathew Carey, John Sergeant—president of the Pennsylvania Board of Canal Commissioners and legal counsel to the Bank of the United States; New York Gov. De Witt Clinton; the Albany Institute; scientist Joseph Henry; West Point Foundry proprietor Gouverneur Kemble; the governors of Louisiana and New Hampshire; the Maryland legislature; other state officials, engineers and canal companies from North and South; the Russian consul, and the

In the 1825 Presidential election, in which none of the candidates—John Q. Adams, Henry Clay, Andrew Jackson, and William Crawford—received a majority of the electoral votes, and the choice was thrown into the House of Representatives for a decision, in accordance with the Constitution.

It is most notable that the Van Buren machine did *not* back Andrew Jackson in 1824. Jackson had no known principles and was publicly unidentified except as a military hero; there was some speculation that he might be put at the disposal of nationalists. Van Buren promoted Treasury Secretary William Crawford, a free-trader from Georgia who had little influence in the Monroe Administration, and who did poorly in the Presidential election.

Jackson received 39% of the electoral votes (there were very few popular votes counted), to Adams' 32% and Clay's 14%. Thus Adams' and Clay's combined total of 46% exceeded Jackson's, and the only known anti-nationalist, Crawford, got only 16%. Nationalist John C. Calhoun was unanimously elected Vice President.

The U.S. Congress chose Adams as President. Adams then appointed Henry Clay Secretary of State. At this juncture Samuel Swartwout, Burr's arranger in London, advised Jackson he had been robbed. The cry of a corrupt bargain rang out as a declaration of war, and the anti-nationalist political wheels began spinning around Jackson.

John Quincy Adams' March 4, 1825 inauguration was the start of one of the most intense periods of economic progress in history.

Canals and roads were pushed through, opening up the West to settlement, funneling new-mined coal to shops and cities, and creating entirely new Midwestern centers of industry.

The iron industry, under tariff protection, was reborn after a century of imperial suppression.

Railroads began military-designed construction and grew quickly from nothing to thousands of miles.

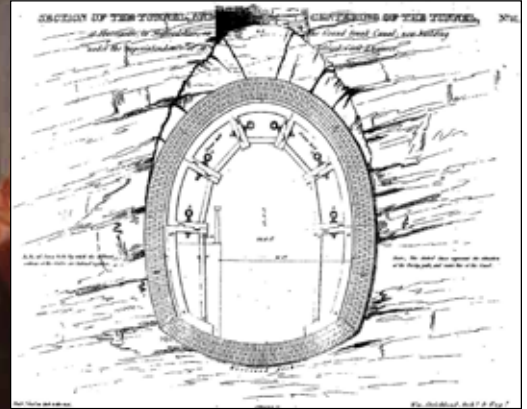
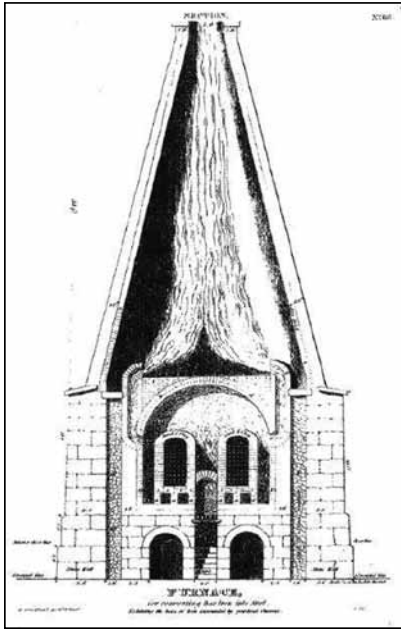
Financing and planning of these enterprises was coordinated by Federal, military, state, and local authorities.

The Bank of the United States drove the program forward with credit regulation that throttled down parasitical speculation and directed public and private investment funds into infrastructure and industry.

Researchers affiliated with the Bank-military-government leadership team did pioneering work with en-

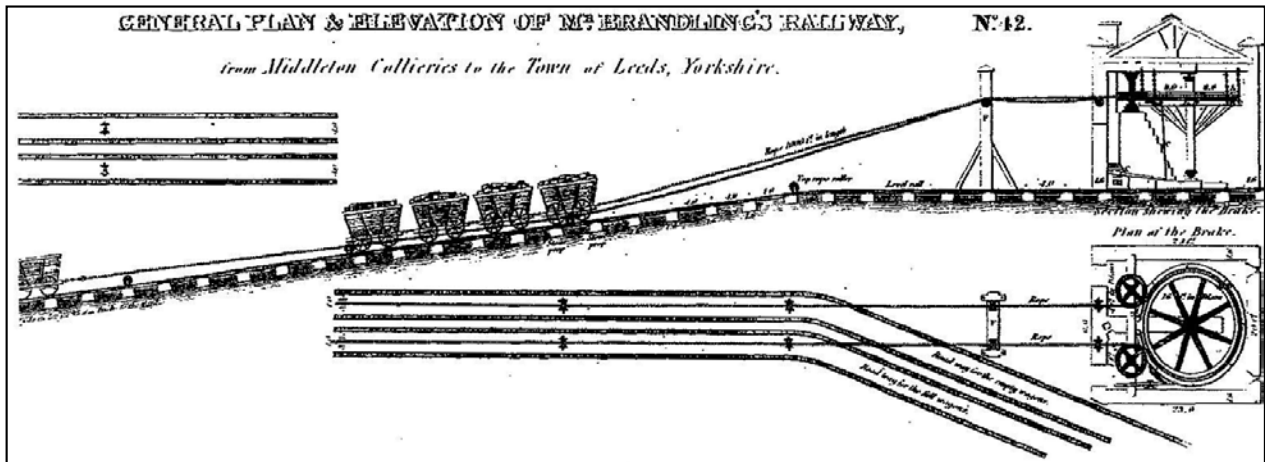
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Danish, Mexican and Brazilian ambassadors.



Courtesy of Yale University, New Haven, Conn.

The steel furnace, coal tramway, and tunnel section were drawn by William Strickland (painting by John Neagle, 1829), in his 1826 “Reports on Canals, Railways, Roads, and Other Subjects, Made to the Pennsylvania Society for the Promotion of Internal Improvement.” Strickland was the architect of the Parthenon-modeled Bank of the United States.



gines and electricity that led to spectacular advances later on.

We will highlight here some of the strategic successes of this era.

## 1. Canals

In July 1825, New York’s Erie Canal was nearing completion. Gov. De Witt Clinton was in Ohio, joining that state’s leaders in breaking ground for the two great canal projects that would complete the first water route from the Atlantic to the Mississippi River system. The Ohio and Erie Canal cut south from Lake Erie through the eastern section of the state, to the Ohio River, giving birth to the cities of Cleveland and Columbus. The

Miami Canal connected the Ohio River at Cincinnati with the western end of Lake Erie, creating the city of Toledo.

On the Ohio Erie Canal, the toll was \$12 for a 300-mile shipment of 1,000 pounds of flour, bread, wheat, seeds, soap, wool, carpentry goods, or plows; \$6 for 1,000 pounds of fertilizer; \$3 for 1,000 pounds of iron ore or coal; and \$3 for 1,000 shingles. A passenger traveling 300 miles paid \$1.50.<sup>14</sup>

The J.Q. Adams Administration put through Con-

14. Tolls are as of the early 1840s. Toll data from Franz Anton von Gerstner, *Die innern Communicationen der Vereinigten Staaten von Nordamerika* (Transportation Works of North America, 1842-1843, Vienna.



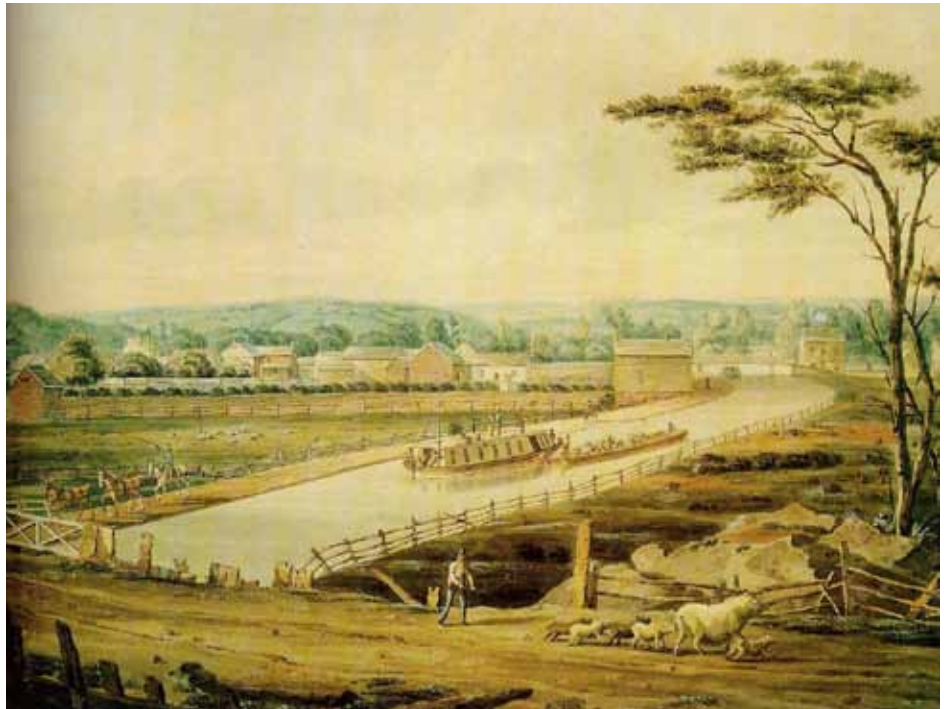
gress an allotment of hundreds of thousands of acres of land for sale to aid Ohio in financing these canals.

The Engineering Board under General Bernard surveyed routes for Ohio's Erie Canal; other canal routes surveyed were: the Dismal Swamp Canal, the Chesapeake and Ohio, Alleghany and Susquehanna, Susquehanna and Schuylkill, Delaware and Raritan, Buzzards Bay and Barnstable Bay, and the Narragansett and Boston Harbor canals.

At the 1828 dedication commencing Federal construction of the Chesapeake and Ohio Canal (from Washington, D.C. to the Ohio River), President Adams turned the first spade of earth and reminded the celebrants, "The Lord of the universe . . . said unto them, be fruitful, and multiply . . . and replenish the Earth, and subdue it. . . [We] perform His will in the subjugation of the Earth for the improvement of the condition of man."<sup>15</sup>

New Jersey chartered the vital Morris Canal, which had been projected in 1820 by General Swift. Governor Clinton's political partner Cadwallader D. Colden moved to New Jersey to be the project's president. The Bank of the United States undertook sponsorship as a national priority, seeing the canal through to epoch-making success.

The Morris Canal traversed the state of New Jersey, from the Delaware River across from Pennsylvania's coal-mining country, up through Newark to Jersey City on the Hudson River, across from Manhattan. Cheap coal streamed into the shops of the New Jersey industrial-urban corridor that was built up on the canal banks. The cheap fuel poured into New York City, whose real wealth came as a giant manufacturing hub. Iron ore from northern New Jersey was delivered, in return, to Pennsylvania's booming iron foundries.



*The New York Erie Canal (shown here in a painting by John William Hill, 1829), joined with the Ohio Erie Canal, to complete the first water route from the Atlantic to the Mississippi River system. The Ohio cities of Cleveland, Columbus and Toledo grew up along the canals.*

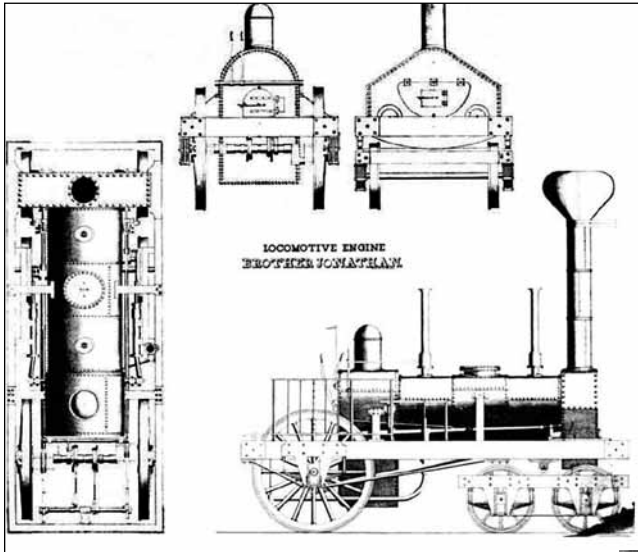
## 2. Coal

The state of Pennsylvania, lobbied by Nicholas Biddle and Mathew Carey, invested millions of dollars beginning in 1825 for a system of canals connecting the coal-mining regions with the cities and the Atlantic ports. Canals were also built linking Western Pennsylvania, notably Pittsburgh, to the new agro-industrial powerhouse in Ohio. In later years, the Bank of the United States sponsored the creation of the Reading Railroad (the Bank owned a fourth of the railroad's stock), especially for the purpose of transporting anthracite coal to market.

The American coal-mining industry began as a direct result of these projects. Commercial production of anthracite rose from 409 tons in 1820, to 215,000 tons in 1830, and soon afterwards, to millions of tons annually. Bituminous coal flourished later, after the achievement of technical progress in smelting iron and steel.

A talented young German economist named Friedrich List, who had been imprisoned under the British-Hapsburg domination of Europe, emigrated to Pennsylvania. List helped develop the coal mines there as entrepreneur and inventor. He studied and worked

15. John Quincy Adams Inaugural Address, March 4, 1825, [www.bartleby.com/124/pres22.html](http://www.bartleby.com/124/pres22.html)



Smithsonian Institution

U.S. Army engineers designed the the Baltimore & Ohio Railroad, and state and local governments financed it. The drawing shows the design of a locomotive built in 1832 by the West Point Foundry Association for the Mohawk and Hudson Railroad. At right, a coal hopper of the B&O Railroad.



closely with Carey and Biddle on tariff and financial strategy. Returning to Europe in 1830, List created Germany's first railroad, and succeeded in joining the German states into a tariff union, the first step to nationhood. List's published work on the American System of economics, and that of Henry C. Carey would inspire nationalists in Ireland, Germany, Russia, Japan, India,

Mexico, and South America to rebel against British imperial free trade doctrines that otherwise condemned them to eternal backwardness.

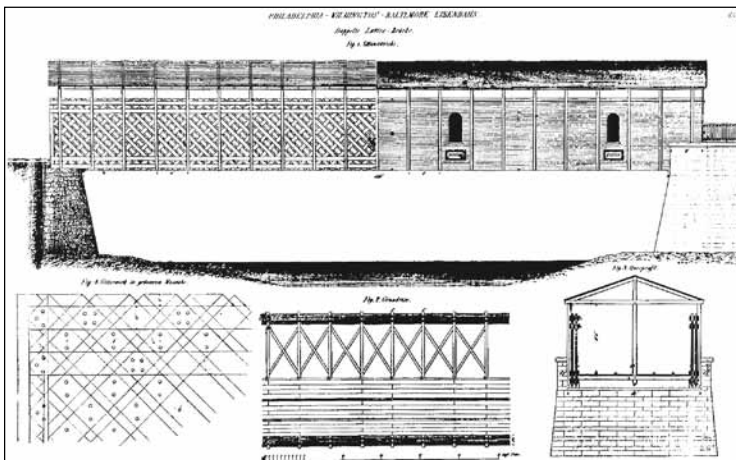
### 3. Railroads

Under the authority of the 1824 General Survey Act, President Adams assigned Army engineers to work with new, privately owned railway companies. Military men surveyed and designed the routes for the nation's first 60 or so railroads.

The West Point Foundry turned out the first American locomotives. The *Best Friend of Charleston* and the *West Point* were built for the South Carolina Railroad and Canal Company, chartered in 1827; and the *De Witt Clinton*, for the Mohawk and Hudson Railroad, chartered in 1826.

Adams ordered a dozen or more Army engineers to plan and supervise construction of the first commercial railroad, the Baltimore and Ohio, to link the Atlantic port of Baltimore with the Ohio and Mississippi rivers. The B&O builders used Army administrative and accounting procedures. Disciplined Army methods, disseminated in railway publications and adopted by other companies, made American railroads punctual and uniquely effective.

Baltimore's community leaders financed the B&O by selling \$3 million in company bonds to private investors, and \$1.5 million worth to the city of Baltimore. The state of Maryland later



This bridge engineering diagram for the Philadelphia, Wilmington and Baltimore Railroad, which was financed by the Bank of the United States, was produced by Franz Anton von Gerstner, "Die innern Communicationen der Vereinigten Staaten von Nordamerika."

granted the railroad \$500,000; Maryland and Baltimore bought \$6 million in B&O bonds. The line reached Wheeling (now in West Virginia) thanks to a \$500,000 subscription from the city of Wheeling.

State and local governments provided more than half of the overall capital invested in early American railways. Most private capital came from small investors—merchants, local manufacturers, farmers, and tradesmen—on the route of a proposed railroad. The New York stock market played no role, until New York financiers later bought up lines and treated them as speculative instruments, with unwholesome results.

General Swift's son-in-law George Washington Whistler was a talented West Point graduate and Army engineer, on the B&O and many other projects. In the 1840s, Swift and Whistler arranged with the Russian ambassador to send Whistler to Russia. He built that country's first railroad, from Moscow to St. Petersburg, cementing the alliance between Russia and America.

#### 4. Iron

Benjamin Franklin and his Junto had nurtured foundries in colonial Pennsylvania. The 1750 British Iron Act prohibited foundries, and they were discouraged by early 1800s U.S. free-trade policy, by British dumping following the War of 1812, and by the 1819 tight-money depression.

With government encouragement, and tariff protection from 1824 and 1828 legislation, national iron production rose from 20,000 tons in 1820 to 200,000 tons by 1832.

But Americans still stoked their little iron furnaces with local forest-wood, restricting output and freedom of location. At that time, 200 bushels of charcoal costing \$10 could produce one ton of raw iron ("pig iron"). Two tons of anthracite coal costing only \$5 could potentially produce the same ton of iron.

The Franklin Institute offered gold medals to the manufacturer of the greatest amount of iron made with anthracite, and silver medals for research into anthra-



*The American Founders designed the Bank of the United States to manage the Constitutional credit system. The Second Bank of the U.S. (above) was chartered by Congress in 1816.*

cite steam generation, and to inventors of anthracite-using boilers. The Institute's research leader was Alexander Dallas Bache, Franklin's great-grandson, and the grandson of Madison's Treasury Secretary Alexander Dallas, who had revived the Bank of the United States in 1816.

Graduating from West Point in 1825 as an Army engineer, Bache began research at the Franklin Institute around 1828. Early on, he specialized in steam boiler development, and his collaboration in the development of electricity and geomagnetism would have profound global results.

A \$5,000 prize for anthracite iron was offered personally by Nicholas Biddle and Henry Carey's publishing partner Isaac Lea.

The Biddle prize was awarded in Pottsville, Pa. to Pioneer Furnace, put in blast in 1839, using pure anthracite and iron ore. In January 1840, Biddle and Lea awarded the prize, and Biddle spoke to the banquet celebration of America's industrial victory.

#### **The Bank: Gyroscope of Economic Progress**

The credit of the United States was good, internally and abroad, because the country loaned and invested its credit into physically productive enterprises that created far more future real wealth than was expended to



build them. Everyone prized the debt (bonds) and notes (currency) that the nation emitted for this purpose, because the system of self-government, based on the progress and improvement of the population, was obviously the most stable possible.

The American Founders designed the Bank of the United States to manage that Constitutional credit system. No “monetary system” is legal under the Constitution, and no civilization can durably survive governed by a financier oligarchy hostile to the improvement of man’s condition.

Congress in 1816 had chartered the Second Bank of the United States for 20 years, with \$35 million capital, \$7 million supplied by the government. This was a substantial sum, compared for example to total money then in circulation (about \$75 million) or the annual Federal revenues (around \$20-25 million, mostly from customs duties).

The U.S. President appointed five directors, while

stockholders chose the other 15. The President nominated the Bank’s president, with the directors’ formal acceptance. The Bank was an object of intense public attention, was legally subject to Congressional scrutiny, and could have its charter revoked if it violated the public trust. Any *foreign* holder of the bank’s stock was explicitly barred from voting his shares.

Biddle managed the Bank of the United States so as to elevate the power and living standards of the United States. During that period of amazing transformation, economic growth was uninterrupted, and there was a stable national currency.

The Bank invested directly in canals, railroads, roads, and coal and iron enterprises, and loaned money to states and cities engaged in such projects.

An investigation of the Bank carried out in 1841 by financier-stockholders hostile to Biddle, has left on the public record faint traces of the Bank’s direct investments under his management. Some of the Bank’s loans

TABLE 1

**Some Investments and Loans of the Bank of the United States**

Internal improvement loans to the states of Illinois, Indiana, Maryland, Michigan, Mississippi, and Pennsylvania, and various cities.

<b>Railroads</b>		<b>Canals</b>	
Atchafalaya	(Louisiana)	Brunswick	(Georgia)
Buffalo and Niagara Falls	(New York)	Canal Bank	(Louisiana)
Camden and Amboy	(New Jersey)	Delaware and Chesapeake	
Camden and Woodbury	(New Jersey)	Illinois and Michigan	
Commercial and Railroad Co. of Vicksburg (Mississippi)		Morris	(New Jersey; large investment and special account)
Cumberland Valley	(Pennsylvania) <sup>1</sup>	New Orleans	(Louisiana)
Danville and Pottsville	(Pennsylvania)	Sandy and Beaver	(Pennsylvania)
Franklin	(Pennsylvania)	Union	(Pennsylvania)
Germantown and Norristown	(Pennsylvania)		
Grand Gulf	(Mississippi)	<b>Coal</b>	
Lexington	(Kentucky) and Ohio	Dauphin and Lycoming Coal Lands	(Pennsylvania)
Mount Carbon	(Pennsylvania)	Delaware Coal Co.	
New Orleans and Nashville		Miners’ Bank of Pottsville	(Pennsylvania)
New York, Boston and Providence		Summit Coal Co.	(Pennsylvania)
Philadelphia and Germantown		<b>Other</b>	
Philadelphia and Reading	(aka the Reading Railroad)	Bridgewater Copper Mining Company	(New Jersey)
Philadelphia, Wilmington, and Baltimore		Johnstown and Ligonier Turnpike	(Pennsylvania)
Raleigh and Gaston	(North Carolina)	Little Schuylkill Navigation, Railroad and Coal Company	(Pennsylvania, large investment)
Richmond and Petersburg	(Virginia)	Marietta Bridge Company	(Ohio)
Sunbury and Erie	(Pennsylvania)	New Castle Manufacturing Company	(Baltimore firm producing locomotives)
West Feliciana	(Louisiana and Mississippi)		
Williamsport and Elmira	(Pennsylvania and New York)	New Orleans Gaslight	
Wrightsville, York and Gettysburg	(Pennsylvania)	Summit and Cumberland Turnpike	(Pennsylvania and Maryland)
		Williamsport Bridge Company	(Pennsylvania)

1. The predominance in this table of Pennsylvania investments over those of other states reflects the 1836 replacement of the Federal charter with one from Pennsylvania; and the higher number of railroads compared to canals reflects the 1841 date of the report.

and stock and bond holdings mentioned are given in **Table 1**.

Of more importance to national progress than its direct investments, the Bank managed credit so that investments from within the United States and from overseas constantly flowed into needed and productive activities. Biddle managed Bank intervention in markets to stabilize prices of commodities and securities, to weather financial disturbances, and protect farmers, manufacturers, and infrastructure under construction.

All of this would have been to no effect, had the Bank of the United States not kept speculators from destroying the economy.

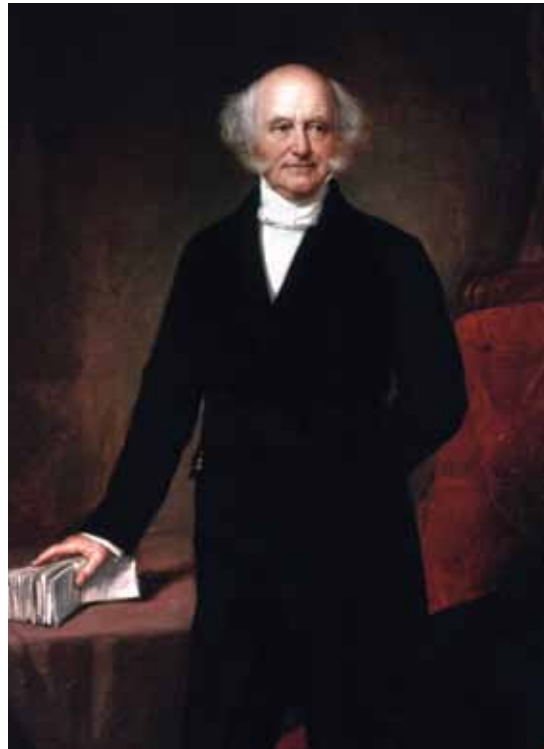
By its charter, the Bank received and protected the deposits of the U.S. government's funds, primarily customs duties. An importing merchant would pay the amount due at the New York or other Customs depot.

Customs officials would immediately deposit this payment in the New York or other branch of the Bank of the United States.

Often the merchant would pay with circulating notes from some private or state bank, which were allegedly redeemable in gold or silver by the issuing bank. Biddle and his staff, vigilant against unsafe speculative emissions or outright fraud, *might* take notes quickly back to the issuing bank and demand the promised "hard money" payment. Note and credit issuers were thus held to reasonable banking practices, protecting the government and the entire community.

Biddle was the chief public official managing national economic development, in conjunction with the President and the Congress. The critical observer will notice the striking difference between the *purpose* of that banking function, and that of today's Federal Reserve Bank, which drains all wealth into the global speculative whirlpool.

The successful nationalist policy of 1815 to the 1830s propelled the economy into new powers over



Creative Commons

*Martin Van Buren, protégé of British agent Aaron Burr; called for a pro-slavery political combination "between the planters of the south and the plain Republicans of the North." The result was the "Democratic" Party.*

nature and new realms of technology and skill. But for the United States to continue in this direction was incompatible with the survival of the British Empire. There was an explosion.

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## IV. London Breaks The Bank

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Understandably, Martin Van Buren burned all of his private papers. People called him "the Little Magician" or "the Fox" because, like his partner Aaron Burr, he declined to reveal his views on the issues.

Kingpin of the Albany Regency, personally supported by his own banking speculations, Senator Van Buren was becoming New York State's unchallenged political boss. He and his lieutenants aimed at dictating selection of virtu-

ally all public officers.

In 1827, a year before the Presidential election, the Burr-Van Buren forces were ready to strike. Van Buren told his Virginia political partner Thomas Ritchie that opposition to slavery could be crushed by a Jackson Presidency, under the proper management. He specified that Jackson had no political party or principles, and would be guided by the New York-Virginia political combination.

Van Buren wrote, "It was not until [party attachments] had been broken down that the clamor against Southern Influence and African Slavery could be made effectual in the North. Those in the South who assisted in producing the change are, I am satisfied, now deeply sensible of their error. Every honest Federalist of the South therefore should (and would if he duly reflected upon the subject) prefer the revival of old party feelings to any other state of things he has a right to expect.

"Then the south was divided, now it is united. Lastly, the effect of such a nomination on General Jack-

son could not fail to be considerable. His election, as the result of his military services without reference to party & so far as he alone is concerned scarcely *to principle* would be one thing. His election as the result of a combined and concerted effort of a political party, holding in the main, to certain tenets & opposed to certain prevailing principles, might be another and a far different thing.”

He called for a great political combination “between the planters of the south and the plain Republicans of the North.”<sup>16</sup> A new party was hatched, to be called, “Democratic.”(!)

Appealing to pro-slavery states rights men in the South, to protectionists and nationalists in other sections, Jackson defeated Adams in the Presidential elections of 1828. Van Buren was simultaneously elected governor of New York, but was immediately appointed U.S. Secretary of State. Jackson later made him ambassador to England, and then Vice President.

Van Buren would run the anti-national policy change, the attack against the Bank of the United States, and the vetoing of internal improvements.

Who wanted the Bank killed? Just after the election of Andrew Jackson, Adams’ Secretary of the Treasury wrote to Biddle,

“You have probably as much or more to fear for the Bank, from New York, as from Virginia. . . . [T]he frog of Wall Street puffs himself into the ox of Lombard Street, and will not have you abuse him.”<sup>17</sup>

In 1831, as the Administration’s public assaults against Biddle increased, the Brown Brothers bank (New York and London) sold off its shares in the Bank of the United States, and worked politically against Biddle with Prime Ward and King, the official New York banking agency of the British government.

Protective tariffs were sharply reduced in 1832, to put a brake on industrial development. The tariff deal was arranged as a compromise with the madhouse secessionists of South Carolina. Georgia, inflamed by rumors of gold on Cherokee land, was induced to go along with the deal by another compromise: Jackson defied the Supreme Court, broke the treaty made by President George Washington and expelled the Chero-

16. Van Buren to Ritchie, Jan. 13, 1827 ([www.scribd.com/doc/39551297/Martin-Van-Buren-to-Thomas-RitchieWashington](http://www.scribd.com/doc/39551297/Martin-Van-Buren-to-Thomas-RitchieWashington))

17. Lombard Street adjoins the Bank of England and Threadneedle Street in the City of London; Richard Rush to Nicholas Biddle, Dec. 10, 1828 ([www.familytales.org/dbDisplay.php?id=ltr\\_rir5351&person=rir](http://www.familytales.org/dbDisplay.php?id=ltr_rir5351&person=rir))

kees from their sovereign territory, killing thousands and disgracing America.

By personal intrigues emulating Shakespeare’s Iago, Van Buren engineered a vicious personal split between Jackson and Calhoun. This ensured that Calhoun would be irrevocably stuck in the camp of the British-allied Southern fanatics who were surrounding him in South Carolina. Calhoun’s fall from nationalism cemented the Southern bargain with Wall Street.

To honor John Randolph for his central role in the Jackson-to-the-Presidency project, Van Buren got the flamboyant Virginia monarchist appointed ambassador to Russia. Randolph fell on his knees in the presence of the Tsar.

The takedown of the Bank of the United States was a lethal blow to American sovereignty.

Jackson vetoed the re-charter and stopped government deposits going into the Bank, long before its lawful charter had expired. Treasury Secretary Roger Taney put government revenues into private and state banks, many of which were going bankrupt and lost the government’s money. To stem the resulting chaos, Jackson issued the Specie Circular, requiring purchasers of government land (such as poor Western settlers) to pay gold and silver only. Economic doom descended.

Private capitalists would not invest long-term in infrastructure projects unless they were backed by the government or the National Bank. Biddle had so organized credit flows that when Jackson ended the Bank’s legal regulatory function, foreign as well as domestic investors kept their funds out of railroads and canals.

To sharpen the disaster, the Bank of England in 1836 pulled its credit out of the United States. This British action hit the Western and Mississippi Valley regions the hardest.

Jackson chose Van Buren his successor, and when the “Little Magician” entered the White House in 1837, the U.S. economy crashed to the ground. New Yorkers pleaded with failing bankers to return their deposits. Amidst the rubble, with distressed properties for the taking, August Belmont arrived on Wall Street and set up the U.S. agency representing the Rothschilds, anti-American intelligence agents and bankers to the British royal family.

Jackson had previously appointed the Rothschilds as the American government’s European banking agency. But they could have only poor prospects for



speculative gain within the U.S. as long as the nation's Bank had wielded effective financial power; now the country was owned by the money lords.

### The Threat of Dissolution

The impact of Jackson's destruction of the Second Bank of the United States was spread out over years—but it was devastating. Not only did it usher in wild speculation in land and other undertakings, it withdrew a stable means of credit for long-term investments in the kind of breakthrough industries, and infrastructure, which the nation needed in order to grow. Under these circumstances, the United States went from having a positive balance with Great Britain, to going increasingly into debt, including through stalling the growth of manufactures in the United States.

By removing the *national* institution which was supporting nation-spanning projects in transportation, and the like, the destruction of the Bank contributed to the renewed conflict between the states, and between the “agricultural, slave-holding South” and the industrializing, trading North. With the South lacking the benefits of the industrial projects, that had been on the drawing boards prior to Jackson's veto of the Bank's recharter, the Southern states became increasingly easy prey to the British-backed separatists, who sought to finish off the United States as a power altogether.

American nationalists did not surrender to the emerging Wall Street-Slave Power axis.

The 22-year-old Abraham Lincoln ran for the Illinois State Legislature in 1831, supporting the Bank of the United States, internal improvements, and protective tariffs. In 1840, Lincoln and other opponents of Jackson campaigned for William Henry Harrison for President, and the depression-disgusted public elected him over Van Buren.

But Harrison, who had intended to move immedi-



*In 1840, the nationalist and Lincoln ally, Sen. Henry Clay of Kentucky, led the Congress in chartering a new National Bank, but President Tyler vetoed it; members of Congress rioted outside the White House.*

ately to restore the Bank, died a rather mysterious death weeks after his inauguration. Vice President John Tyler, from the anti-national state of Virginia, succeeded to the Presidency.

That August, Kentucky Sen. Henry Clay led Congress to charter a new Bank of the United States. Tyler vetoed it; Congressmen and others rioted outside the White House.

The Clay-led Congress passed a powerfully protective tariff in 1842, as the last action of the old nationalist leadership of the 1820s, and some industrial progress did ensue. But without the power of a sovereign credit system, through a national bank, progress could not be sustained. It would take the election of Lincoln, in the

crisis of national survival called the Civil War, to find the political circumstances to retake national control over the U.S. currency with the Greenback system—and win the war.

Lincoln and his allies brought back American industrial and technological progress, and exported it as the program of all mankind against the backwardness imposed by European imperialism.

This universal ambition and technological optimism typified the United States under the 20th-Century Presidencies of Franklin Roosevelt and John F. Kennedy. But, following the 1963 JFK assassination, we have come increasingly under control of the British *financial* empire once again.

Now, a half-century later, facing extinction from world war and economic collapse, we may yet find the courage to pick up again those Constitutional powers which we have surrendered to our ancestral enemies in London and Wall Street. If survival is more tempting than the warm comfort of getting along, we will listen to Jefferson's warning not to be herded by the trans-Atlantic empire and its “hired pretenders.”

We will “arrange our financial system” and again reach for the stars.