

## What led to US economic expansion after the 1820s?

1. Growing Population – doubled every 25 years, immigration
2. Increase in profitability of farming
3. Cotton Kingdom – stimulate westward movement
4. Fishing – NE, Whaling
5. Lumbering – shipbuilding
6. Fur Trade – to NW coast
7. Trade w/ Spanish – Santa Fe Trail – NM to Independence, MO
8. Transportation
  - A. River – steamboats
  - B. Roadbuilding – national road, private roads
  - C. Canal era
9. Industrialization
  - A. Factory system
  - B. Corporations
  - C. Labor supply

## How did Jackson's politics impact industry?

1. Sectionalism
  - a. Federal Support for
    - i. internal improvements
    - ii. protective tariffs
  - b. Jackson felt internal improvements was “lavish spending”- why?
  - c. Political base in South
    - i. Didn't need roads
    - ii. Didn't need canals
  - d. All States should benefit from Fed spending
2. Maysville Road
  - a. From Maysville to Lexington, KY
  - b. PA & NY paid for own roads
  - c. Fed shouldn't pay for KY
  - d. Clay from KY
  - e. Vetoed bill
  - f. Blow to enemy Clay
  - g. Enhanced AJ's Southern P
3. Tariffs
  - a. Tariffs hurt AJ's Southern Popularity
  - b. Favored Tariffs that helped:
    - i. Western Farmers – hemp, wool, fur, flax, liquor
    - ii. NE Manufacturers – imported textiles
4. Tariff of 1824
  - a. duties on woolen goods, cotton, iron & finished goods
  - b. protects textile mills in NE & industry in Mid-Atlantic states
5. The Tariff of Abominations (1828)
  - a. high duties on:

- i. imported agricultural goods such as hemp, wheat and liquor to protect western farmers
    - ii. imported textiles to protect New England interests
    - iii. iron to protect mining and forging industries of Pennsylvania.
  - b. increased the prices of Southern imported goods by as much as 50 percent – highest levels in history (to that point)
  - c. tariffs were unfair as a tax on Southern agriculture for the benefit of Northern industry
  - d. Jacksonians supported it but felt it too onerous to be passed
  - e. Wanted to embarrass Adams administration
  - f. Adams signs it into law
  - g. Becomes Jackson’s problem
- 6. Nullification Crisis: South Carolina Exposition & Protest (1828)
  - a. patterned after VA & KY Resolutions – Sedition Acts
  - b. written anonymously by John C. Calhoun, VP
  - c. presented State’s Rights Doctrine
    - i. Federal Gov’t created compact among states
    - ii. Concurrent Majority: state conventions have power to declare laws of Congress unconstitutional – i.e. Tariffs
    - iii. Laws declared unconstitutional were null & void
  - d. The Ordinance of Nullification (1832)
    - i. SC threatens secession if Congress passes Tariff of 1832
    - ii. Tariff passes
    - iii. SC Convention
      - 1. calls Tariff “null & void”
      - 2. state needs to take military preparations
      - 3. SC will leave if Gov’t tries to collect duty by force
    - iv. The Force Bill (1833)
      - 1. passed by Jackson
      - 2. empowers him to enforce national laws in SC, using force if necessary
      - 3. suggests hanging Calhoun
    - v. It’s a draw
      - 1. brokered by Senator Henry Clay
      - 2. compromise bill to reduce tariffs by 10% over 8 years
      - 3. Tariff of 1833 squeezes through Congress
- 7. The Second National Bank of the US – 1816
  - a. Symbolized Eastern wealth & power
  - b. Agent of the Aristocracy
  - c. Its financial strength & influence on econ seen as threat to democracy
  - d. State banks hated Nat’l Bank – competition
  - e. Farmers
    - i. distrusted paper money
    - ii. like “hard money” - specie
  - f. Bank had monopoly on Fed Gov’t Biz
    - i. Gov’t turned all funds over to bank
    - ii. Bank invested funds

- iii. \$ went to stockholders not taxpayers
- g. Nicholas Biddle
  - i. Bank Leader
  - ii. Arrogant
  - iii. Loaned \$ at low rate to
    - 1. friends
    - 2. congressmen
- h. The Plot Thickens – 1832
  - i. Clay & Webster
    - 1. convince Biddle to press congress to recharter
    - 2. know AJ will veto it
    - 3. congress will override & embarrass AJ
  - ii. AJ took issue to the people
    - 1. made congress think about
      - a. their decision
      - b. Presidential reaction to decision
    - 2. made Pres the most important branch of gov't
  - iii. Recharter fails
- i. Pet Banks – 1833
  - i. Friendly State Banks
  - ii. AJ orders all gov't funds into select state banks
  - iii. Bled Nat'l Bank Dry
- j. Immediate Results
  - i. Biddle calls in loans
  - ii. Couldn't lend money
  - iii. Bankruptcy widespread
  - iv. Who's to Blame??
    - 1. AJ ?
    - 2. Nat'l Bank ?
  - v. Bank expires 1836
  - vi. State Banks
    - 1. now print more notes
    - 2. backed by Fed Gold & Loans
  - vii. Specie Circular – public land must be purchased w/ Gold or Silver
- k. Long Term Results
  - i. NY becomes financial capital – banks
  - ii. Whig Party forms
  - iii. Depression of late 1830s