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This Means (Bank) War! Corruption and Credible Commitments in the Collapse of the Second Bank of the United States

BY

James A. Morrison*

The demise of the US central bank in the 1830s “Bank War” remains one of the most significant shifts in the history of American political and economic development. Traditional accounts frame the bank as the casualty of the inevitable clash of hard-money and soft-money interests and ideologies. This paper re-examines this shift through the lens of modern international relations theory. It argues that this “war,” like so many interstate wars, could have been—and very nearly was—averted. In the months prior to the outbreak of hostilities, the bank’s president (Nicholas Biddle) and the US president (Andrew Jackson) agreed to a set of reforms that both sides preferred to fighting. Jackson, however, came to believe that no amount of reform could curb the bank’s hegemonic ascent. Facing the logic of preventive war, Jackson issued a decisive veto that initiated a “total war.” His triumph in the 1832 election sealed the bank’s fate. This paper thus offers a novel interpretation of this key historical episode; and it

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demonstrates the value of using international relations theory to understand intrastate political dynamics.<ab>

I. INTRODUCTON

Among the many struggles faced by the early United States, few proved more challenging than the development of a monetary system. Deep tensions among hard-money and soft-money interests and ideologies generated political and economic convulsions from the start. The American Revolution was inextricably linked to questions of political economy (Ferguson 1969). From the consternation over the Bank of North America to Shays's rebellion, the currency question remained at the fore under the Articles of Confederation (Rakove 1979). The battles continued into the 1790s, as Jefferson squared off against Hamilton—particularly over the Bank of the United States. This controversy seemed to have been laid to rest when the bank's charter expired in 1811. Madison's second administration, however, saw him veto the first, but then grant the second, request to recreate the bank.¹

The 1830s saw the debate reach a crescendo. On July 10, 1832, Andrew Jackson issued a broad-based veto of the bill to recharter the Second Bank of the United States. The infamous "Bank War" ensued. Nicholas Biddle, the bank's president, used all the bank's political and economic might against Jackson in the 1832 election. Jackson, however, survived the assault. After his re-election, he pulled the government's resources from the bank. With its resources sapped—and its charter due to expire—the bank could mount no further offensives. It finally collapsed in 1841.

The demise of the Second Bank of the United States ushered in several decades of "free banking." As a central bank, it was partially replaced in the *National Banking Act* of 1863. It was not fully replaced until the *Federal Reserve Act* of 1913.

¹ While virtually every history of early America broaches these debates, two classic works—Ferguson (1961) and Hammond (1957)—focus squarely on them.

The bank's collapse is viewed by many as the nadir of US monetary history. Jackson's policies have been blamed for contracting the currency, increasing irresponsible banking practices among private banks, and sparking waves of financial crises (Hammond 1957; Govan 1959). More recent scholarship has complicated this picture.² There can be no doubt, however, that the Bank War remains one of the most significant moments in antebellum American political and economic development.

In the classic accounts, the Bank War followed inevitably from the mutual exclusivity of its antagonists' objectives. For Arthur Schlesinger (1945, pp. 86, 97), the Jacksonian democratic reformers were "unyielding" in their "offensive against the American 'Nobility System.'" Bray Hammond (1957, p. 443) retorts, "The federal Bank was not destroyed by champions of the helpless contending against the money power, but by a rising and popular business interest ... parading ... against oppression by the aristocratic Mr Biddle's hydra of corruption, whose nest they aspired to occupy themselves."

More recent narratives recount the Bank War as a tragedy. These are histories of a peaceful protagonist forced to fight by an assailant who bayed for blood, who *wanted* war. According to his acolytes, Jackson originally sought to reform the bank. While "he was, from the beginning, predisposed against the continuance" of the bank, he was willing to merely "strip it of its objectionable features" (Van Buren 1920, p. 626). His scruples, however, dictated that he accept nothing less than "radical" charter revisions—the sort that Biddle "could not bring himself to accept," in any case (Remini 1967, p. 70; 1981, p. 340). Instead, Biddle demanded the bank be rechartered early—and with "no compromise" (Remini 1981, p. 363). Following this

² Temin's classic *The Jacksonian Economy* (1969) assaulted this assumption. Other scholars, however, emphasize factors that followed, in part, from the fallout of the Bank War (Rockoff 1991; Wallis 2001; Rousseau 2002; Bordo 2012).

“formal declaration of war,” Jackson “commit[ted] himself to total warfare” (Remini 1981, p. 344).

Biddle’s defenders tell much the same story, although the roles are reversed.³ Even while he negotiated with Biddle, Jackson “did not intend to sign a bill renewing the charter of the Bank” (Govan 1959, pp. 183–184). Indeed, by 1831, Jackson’s doubt was “only about the way to kill [the bank] off.” He entertained reform proposals “mainly for the tactical purpose of confusing and deceiving the enemy. He was in combat” (Hammond 1957, pp. 383–386).

This article offers a new perspective on the causes of the Bank War by combining modern international relations (IR) theories of war with extensive primary source materials. Recovering the exploits of Silas Burrows, Biddle’s principal bagman, it reveals that the bank’s corruption was more extensive than even its harshest critics claimed. Burrows’s numerous meetings with Jackson, however, also demonstrate that the president was more intimately familiar—yet concerned—with this corruption than scholars have traditionally believed.

This article shows that *both* Biddle and Jackson took up arms reluctantly. As IR theory would predict, these actors earnestly pursued a compromise that each preferred to fighting. In the winter of 1832, they agreed to reforms under which the bank would be rechartered. That spring, Biddle pushed through Congress a charter that acceded to virtually all of Jackson’s demands.

At that point, however, Jackson realized that no amount of reform could curb the growth trajectory of the bank’s power. As such, Biddle could not credibly commit to refrain from renegotiating the bank’s charter as his power waxed. To prevent the bank from becoming hegemonic, Jackson issued a broad, politically irreversible veto as a preventive attack.

³ Govan (1959, p. vii) admits to having written “an apologia” for Biddle.

II. EXPLAINING THE BANK WAR

The Bank War as a "War"

Analyzing the Bank War as a proper “war” is justifiable on several grounds. For one, the antagonists of the 1830s themselves used these terms.⁴ Of course, they disagreed about *when* the war began, *who* initiated it, and *why* it occurred.⁵ But both sides explicitly cast the conflict in martial terms. As Jackson put it, “the bank . . . is trying to kill me, but I will kill it!”⁶

Jackson was not being dramatic. He had fought—and slain—in duels with stakes lower than those raised by Biddle.⁷ “[E]ndless war and strife, personal or national, foreign or domestic, were the aliment of the late President's existence,” Henry Clay said of Jackson (Clay, 19 February 1838, p. 8). It is true that Jackson’s many battles had hardened him into “Old Hickory.” Yet, his bellicosity was not uncommon in a nation being forged in the crucible of war.

Violence was a mainstay of early American politics. The frontier remained a Hobbesian state of nature. The rule of law—including treaties—proved irrelevant as the land-hungry “American settlers” attempted to beat back Aboriginal and European claimants. Jackson himself had led troops against both. Even within the Union, there was the constant threat that the perennial territorial conflicts would escalate beyond mere skirmishes (Deudney 1995, p. 215). Successive rebellions, revolts, and riots gave bite to the secessionists’ threats. Indeed, the Bank

⁴ The formulation “Bank war” may have been coined abroad. It appeared in *The Times* in April 1836 (p. 4). It seems to have entered the US press the following year via a letter written from London, where city financiers were heavily interested in the bank (*Niles’ Weekly Register* [17 June 1837]: 245–247).

⁵ Biddle framed the removal of the government’s deposits as “a declaration of war which cannot be recalled” (McGrane 1919, pp. 202, 205, 337). See also Biddle to Ingersoll, 11 February 1832, NBMLOC. Taney (1958, pp. 107, 118) framed it as the bank’s “war upon the administration.”

⁶ Van Buren (1920, p. 625). See also Bassett (1832, p. 501).

⁷ The bank’s advocates charged Jackson with turning on the bank after Biddle refused to allow him to use it for his “political purposes.” The rumors almost certainly originated with Biddle. Writing to an ally, Jackson denounced them as “one of the foulest and basest calumnies ever uttered.” Bassett (1929, p. 445) dates Jackson’s letter as “June ? 1832.” Hammond (1957, p. 370) and Govan (1959, p. 201) both follow Bassett’s dating. The latter uses this to explain Jackson’s decision to issue the broad veto. In March 1838, however, Benton quoted this letter at length in the Senate—and provides Jackson’s date: 29 November 1837 (Senate Register, 14 March 1838).

War erupted alongside the Nullification Crisis, in which Jackson vowed, “the union will be preserved.... [N]o state has a right to nullify the laws of the union, or to secede from it.... [E]very attempt of the kind ... leads direct to civil war” (Bassett 1832, p. 496).

For these reasons, some commentators have suggested that the antebellum American union teetered on the cusp between interstate anarchy and a single, hierarchically organized state. Deudney (1995, p. 207) argues that the early US “had a government but was not a state.” This was deliberate. Fearing “elective despotism,” the framers of the constitution divided power both between the state and federal governments and “among distinct and separate departments” within the government. The US was thus created as a balance-of-power order: “the powers of government [were] so divided and balanced ... that no one could transcend their legal limits, without being effectually checked and restrained by the others.... Ambition must be made to counteract ambition,” Madison explained (*Federalist* 48 and 51).

By the 1830s, however, Biddle’s ambition destabilized the balance of power between the United States government and the Bank of the United States. Since its rebirth in 1816, the bank had developed into a robust central bank (Hammond 1957, pp. 300–325). Managing the government’s debt and regulating the country’s smaller banks granted the bank extensive influence over both the public and the private sectors. For some, this was a boon. For others, it was a bane. No one doubted, however, that the bank had grown well beyond the bounds of its framers’ intent (Schlesinger 1945, pp. 74–75). Just as “[t]erritory is ... the main issue over which states fight wars,” so too was the Bank War a turf war (Fearon 1995, p. 408). The question became: just how much ground ought the bank cede to the government?

Regrettably, the US constitution provided no clear answer to that question.

Constitutional Anarchy

For all its genius, the US constitution was conspicuously silent on the place of central banking within the government.⁸ It thus failed to provide two of the three conditions that compel “political officials to honor constitutional rules” (Mittal and Weingast 2013, p. 280). First, the constitution did not provide the focal points needed to help the community identify and counter constitutional transgressions. Those who favored the bank pointed to the interpretation championed by Alexander Hamilton, George Washington, and John Marshall. The bank’s detractors invoked an equally distinguished tradition of jurisprudence that ran back to Thomas Jefferson and James Madison. Thus, there was no higher authority to settle whether the bank had overstepped its province or whether Jackson had abused his prerogative.

The constitution also failed to “lower the stakes of [the] politics” attending the bank (Mittal and Weingast 2013, p. 279). For Biddle, the stakes were virtually unlimited. The bank had been killed in 1812, and its current charter was due to expire in 1836. The “rationality of fear” led him to work beyond the bounds of his charter—and the rule of law (Mittal and Weingast 2013, p. 283). At his direction, the bank spent a fortune buying political support within the media and the government. Biddle’s work to subvert democracy similarly raised the stakes for Jackson. To save his bank, Biddle challenged not only Jackson’s political survival but, more poignantly for Jackson, his honor.

Simply put, the constitution neither guaranteed that the bank would persist in some form nor specified the appropriate form it ought to take, should it persist. Thus, the constitution could not prevent Biddle and Jackson from resorting to “self-help”—from taking their security into their own hands (Waltz 1979, p. 105).

But to say that Jackson and Biddle would face each other in anarchy is not to say that war between them was inevitable. After all, even “classical realist” scholars acknowledged that

⁸ Article 1, § 8 comes closest.

military conflict is the exception, rather than the norm, in international relations (Hobbes 1996, pp. 88–89). Modern “neorealist” theory explains this: “war is always inefficient ex post—both sides would have been better off if they could have achieved the same final resolution without suffering the costs” of fighting (Fearon 1995, p. 383).

Clarifying the Puzzle, "Why War?"

Jackson knew better than anyone that wars were costly—and unpredictable. Fighting the Bank would require significant political and financial capital. He also stood to lose the pro-Bank contingent within his party. And the fight was sure to compromise the Bank’s essential functions, including facilitating government borrowing and stabilizing the financial system. Attacking the Bank was also highly risky. Jackson expected to win reelection in 1832, but he could not know the effect a war would have on his majority. Nor could he ignore the possibility of a stunning upset.

Biddle had no personal experience in battle; and he did not relish having “the General” serve him his first taste. The bank’s financial costs would be measured in the millions of dollars. That small fortune, however, was the least of it. Biddle knew that a fight would consume him personally. There was little he would not do to defend his bank. Knowing this, he was most reluctant to commit his legacy to the fortunes of war.

A Rationalist Explanation

Modern IR theory has identified two factors that can thwart the negotiation of peaceful settlements that both sides would prefer to war. First, actors have incentives to misrepresent their capabilities and resolve during negotiations. Second, expectations of changes in relative power reduce the credibility of an ascendant actor’s commitments. As Fearon (1995, p. 405) puts it, a

rising power cannot credibly “commit itself not to exploit the greater bargaining leverage” it would enjoy subsequently.

As Biddle and Jackson negotiated to avoid war, they were repeatedly bedevilled by their inability to create credible commitments. Both actors understood this dynamic. Each also believed that the other understood this as well. This exacerbated the challenges stemming from the existence of private information. Jackson and Biddle each, in turn, believed that the other sought to delay the conflict into a period when the balance of power had shifted into the other’s favor.

The waltz down the path to war began in the autumn of 1831. At that point, Jackson began to worry that the bank issue could prove costly at the election of 1832. That winter, he approached Biddle with a compromise that he hoped would lay the issue to rest. Biddle received the proposal happily. The bank’s ascent had created “an incentive to transfer away or otherwise limit the sources of its new strength, since by doing so it [might] avoid being attacked.” (Fearon 1995, pp. 406–407) A double-cross by one of Biddle’s agents, however, caused Jackson to revise his assessment. Believing that Biddle’s position at the bank would weaken over time, Jackson rescinded his proposal. This raised the risks for Biddle of pushing for an early recharter. But he realized that his bargaining position would never be stronger than in the run-up to Jackson’s election. Moreover, he believed that Jackson understood this and that this explained Jackson’s dilatory tactics. So, he applied in any case. Following Biddle’s *fait accompli*, Jackson agreed to a compromise—still expecting that he could demand further revisions after re-election. Over the next several months, Biddle ensured that the bank recharter bill contained nearly every one of Jackson’s ten proposed reforms.⁹ Jackson was dissatisfied with the bill, but he hesitated to respond with a declaration of war. Instead, he considered issuing a narrow veto that insisted upon

additional reforms, essentially deferring the conflict until after the election. At that point, however, Jackson's attorney general convinced him that no charter revisions could curb the bank's hegemonic ascent. Jackson then realized that Biddle had misrepresented the true source and extent of the bank's power. Biddle had agreed to these (essentially) ineffectual charter reforms so as to delay the conflict while the bank's relative power steadily increased. Fearing that the bank would soon become more powerful than the government, Jackson launched a preventive war by attacking the bank with a broad, politically irreversible veto.

Just as rationalist theories predicted, Jackson's preventive war became a "total war."¹⁰ After the veto, Biddle mobilized all of his resources in an effort to (politically) destroy Jackson. Jackson responded with a campaign to annihilate the bank. Locked into a fight for survival, neither could rest until his enemy had been vanquished.

III. THE NARRATIVE

Drawing the Lines of Battle

Jackson's first annual message to Congress (December 1829) ushered in a cold war between his presidency and the Bank of the United States. The bank's charter would not expire until 1836. Yet, bank supporters began calling for a recharter in Jackson's first year as president. Resolving to face the challenge head-on, Jackson invited Nicholas Biddle, the bank's president, to a private conference in the autumn of 1829.¹¹ While he was grateful for "the services rendered by the Bank at the last payment of the national debt," Jackson nonetheless had serious

⁹ It even included a \$3 million "side-payment" (Fearon 1995, p. 390).

¹⁰ Gartzke (1999, p. 573). In "civil wars," Gartzke notes, "commitment problems appear to be a more prominent cause of conflicts."

¹¹ There is some question about the timing of the conference. Jackson's use of the future tense when referring to the Address to Congress implies that it occurred prior to that address.

constitutional objections: “I do not think that the power of Congress extends to charter a Bank out of the ten mile square” of Washington, DC (McGrane 1919, pp. 93–94).

Flummoxed by Jackson’s objection, Biddle fixated upon Jackson’s homage. “I am very much gratified at this frank explanation. We shall all be proud of any kind mention” Jackson might make in his message to Congress. Without intending irony, he conjured the militancy that subsequently colored the struggle: “we should feel like soldiers after an action commended by their General” (McGrane 1919, pp. 93–94).

In his message, Jackson praised the bank’s “judicious arrangements” in facilitating the government’s debt servicing (Jackson 1829, p. 8). But he questioned “[b]oth the constitutionality and the expediency of ... this bank.” More pointedly, he insisted that “it has failed in ... establishing an uniform and sound currency” (Jackson 1829, p. 17). Instead, he proffered an alternative “founded upon the credit of the Government and its revenues ... which would avoid all constitutional difficulties and ... secure all the advantages ... from the present bank” (Jackson 1829, p. 17).

Biddle was not fazed. “I do not think [Jackson’s] attack ... will do any harm, & I think it will rather benefit [the bank],” he declared. This, he explained, was “an opinion of the President alone”—“the honest tho' erroneous notions of one who intends well.” Also, “if the people know that this is not an opinion which they must necessarily adopt as a portion of their party creed ... then the question will be decided on its own merits.” And Jackson’s position had no merit. “[T]he currency issued by the Bank [is] more sound & uniform than that of any country in the world,” Biddle boasted. “Second, the substitute proposed for it is one which no man who values the liberties of the country could agree to establish” (McGrane 1919, pp. 91–97).

Biddle's Public Campaign

Over the next year, bank supporters lobbied Biddle to make an early recharter application. They painted a rosy picture of the setting in Washington. The real enemy, they insisted, was not Jackson, but Martin Van Buren (McGrane 1919, pp. 102, 104). They recounted Jackson's speaking of Biddle "in the most exalted terms.... [T]here is No Gentleman that ... would manage the Bank better or do the Bank & Country More Justice" (McGrane 1919, p. 107). Still, Jackson's zeal to reform the bank's charter did not flag. "[A]ltho' the President is decidedly in favor of a Bank such as he recommended to Congress," Biddle was assured, "yet if a bill were to pass both houses, renewing the charter of the Bank U States with certain modifications, the President would not with hold his approval" (McGrane 1919, pp. 103–104, 107, 117).

Biddle continued to construe Jackson as "wrong" but "perfectly honest" (McGrane 1919, p. 108). He even twisted logic to explain the rumors that Jackson was considering a veto. Because "the Bank [is] decidedly popular with the great mass of the Community, ... the opposition to the President will naturally endeavor ... to represent him & his friends as unfriendly to sound currency" (McGrane 1919, p. 108). Jackson's dominant strategy was thus obvious: "it would be an act both of justice & policy to himself & his friends by correcting an opinion that ... he & they are unfriendly to the Institution."

As Biddle knew, however, the lessons of the past suggested otherwise. "[T]he opposition to the [First] Bank," he recounted, "was the result of downright ignorance." Biddle thus launched a public relations blitz to harness "the irresistible power, of truth." He paid handsomely for advertising space in newspapers.¹² The papers, he rationalized, were being employed "not for their influence, but merely as channels of communication with the people" (McGrane 1919, p.

¹² In one case, Biddle offered \$1,000 to reprint several article-length reports (McGrane 1919, pp. 124–125).

123). Nevertheless, Biddle sought to keep their dealings secret (McGrane 1919, p. 124). This predilection left Biddle beholden to clandestine agents, including one Silas Enoch Burrows.

The Origins of the Burrows Affair

Burrows was an ambitious New York merchant from a prominent Connecticut family (Burrows 1975). His introduction to Jackson exalted him: “Mr Burrows is considered, universally in [New York City], as one of the most upright, honorable and gentlemanly men in the community” (Swartwout to Jackson, 15 August 1829, AJMLOC).

The only sustained scholarly treatment of Burrows lunges in the opposite direction.¹³ For Thomas Govan (1959, pp 147, 155, 158), Burrows was “a strange and erratic merchant” who “created and fostered” the “erroneous belief” that led a “confused” Biddle down the garden path into a web of conspiracy.

More likely, Burrows combined elements of both extremes. He gambled that lavish (unsolicited) gifts would help him amass influence.¹⁴ He espoused *nobless oblige* and yet lobbied explicitly on behalf of his pecuniary interests.¹⁵ He spoke regularly of his “sacred honor” but repeatedly promised to perjure himself.¹⁶

¹³ Despite the fact that he was at the center of the ensuing congressional inquiry into the bank’s corruption, Burrows has received little attention from scholars. Hammond (1957, p. 389) refers to him, only in passing, as “a New York speculator.” The other classic accounts of the Bank War do not mention him. This may be due, in part, to the difficulties of reconstructing the narrative of Burrows’s adventures—a task made all the more difficult by his ex post attempts (discussed below) to manipulate the historical record. Together with several Burrows descendants, Steers (1971, p. v) attempted to organize Burrows’s surviving papers but left that enterprise “unfinished.”

¹⁴ After hearing of James Monroe’s mounting debts, Burrows offered the former president a \$1,200 annuity to defray the interest on his mortgage. At the time, the two men were hardly known to each other (Steers 1971, p. 20). Soon thereafter, Burrows solicited Monroe’s support in the Bank War. In the midst of this, Burrows reportedly committed \$10,000 to build a monument to George Washington’s mother. Burrows’s subsequent account, however, does not align with contemporary press reports. He did persuade Jackson to lay the cornerstone (Steers 1971, pp. 23–24; *Niles’ Weekly Register* 40 [1831]: 408; *Daily National Intelligencer*, 14 February 1832). Additional gifts are documented in Burrows’s papers in Steers (1971). See also *San Francisco Call*, 8 August 1897, p. 20.

¹⁵ In the summer of 1829, he persuaded Jackson to appoint an associate as the US consul at Panama (Feller et al. 2007, vol. 7, p. 372). A few months later, he plied Martin Van Buren to the same end

Biddle met Burrows in December 1830. When Burrows mentioned personal connections to Monroe and Jackson, Biddle was happy to gain this seemingly well-placed ally—particularly in New York City, where the bank faced many rivals.¹⁷ Initially, Biddle saw Burrows as a means to secure and disseminate endorsements from influential Democrats.¹⁸ Over the following months, however, their collaboration evolved along a more problematic trajectory.

In February, Biddle asked “what shall be done to prevent” continuing criticism in New York’s major Democrat newspaper, the *Courier and Enquirer* (Biddle to Burrows, 7 February 1831, NBMLOC). Burrows proposed that they simply buy out the paper: Biddle would furnish the cash, and Burrows would arrange the deal (Burrows to Biddle, 7 March 1831, NBMLOC). Previously, Biddle had bought information from the paper’s political editor (Govan 1959, p. 154). Eager to increase his foothold in one of the largest and most respected newspapers in the country, Biddle jumped at the opportunity (Bennett Diary, 18 July 1831, p. 19).

Burrows hesitated to record their conniving—“It can easily be effected but must only be talked of”—so the surviving documents support multiple versions of events (Burrows to Biddle, 7 March 1831, NBMLOC). This much is clear. On March 26, 1831, Biddle handed Burrows \$15,000 “out of [his] own funds” (House Report 460, p. 86). Claiming that he had received the cash from his father, Burrows passed the money to Mordecai Noah, a venal editor at the paper, who then bought half of the newspaper (House Report 460, p. 95). Noah’s ascent precipitated a reshuffling of the editorial staff and an altogether new stance on the bank: “although the present

(Burrows to Van Buren, 24 January 1830, VBMLOC). In both instances, Burrows advocated openly on behalf of his mercantile enterprises.

¹⁶ See discussion below.

¹⁷ Burrows likely exaggerated these relationships. For instance, he later claimed to have been beside Monroe’s deathbed (Burrows 1971, p. 38). But there has not survived a single letter in Monroe’s hand to Burrows. Burrows himself wrote only a handful of letters to Monroe (Preston 2001).

¹⁸ Burrows promised a letter from Monroe vindicating the bank (Burrows to Biddle, 29 December 1830, NBMLOC). This letter was later published in a pamphlet alongside a similar such letter from Madison (Burrows, Madison, and Monroe 1831).

charter [is] objectionable ... a similar institution, or the present charter, modified ... [is] absolutely necessary.” Soon thereafter, the bank granted the paper loans totaling \$35,000.¹⁹

Considered on their own, the additional loans probably would not have aroused suspicion.²⁰ But they came on the heels of the paper’s political shift. And the original loan to Burrows was most irregular.

Indeed, the original \$15,000 looked less like a “loan” than a bribe. For nearly a year, Biddle neither recorded the loan nor called for repayment. Noah later claimed to have “paid in different instalments [sic]” throughout 1831 (House Report 460, p. 77). If Burrows received Noah’s payments, however, he did not pass them on to Biddle. The loan was not actually retired until March 1832—and only then after Biddle granted Burrows new loans “amounting to upwards of \$40,000” (House Report 460, p. 86).²¹

Throughout the spring of 1831, Burrows characterized himself as Biddle’s “confidential agent,” approaching newspapers and offering to exchange bank loans for favorable coverage. When unswayed editors printed accounts of Burrows’s propositions, Biddle pressed him to attest that he had “never received any authority ... from anyone connected with the Bank to influence ... the course of any newspaper” (Biddle to Burrows, 14 April 1831, NBMLOC). In response, Burrows proposed the bank finance him on a \$200,000 expedition to India (Burrows to Biddle, 3

¹⁹ House Report 460, p. 80. See also Govan (1959, p. 155) and Steers (1971, pp. 44–45).

²⁰ The two loans were handled in the standard manner. They were unsecured, but this was not uncommon. Instead, the newspaper furnished its (enviable) financials: the loans were less than the previous year’s profit. It demonstrated that these loans were no larger than those made previously by other banks. And it justified the loans with good reasons related to their growing business. Moreover, the paper approached Biddle only after competing banks resolved to “punish” it for standing in defense of the national bank (House Report 460, pp. 85, 98–99, 102–103).

²¹ Govan (1959, p. 190) finds that the new loans totalled \$30,000. In his congressional testimony, however, Biddle (oddly) did not correct the \$10,000 overestimation (House Report 460, p. 86).

May 1831). Naturally, Biddle refused the unprecedented request (Biddle to Burrows, 4 May 1831). But another \$1,000 from Biddle kept Burrows tractable into the autumn of 1831.²²

Biddle Gains the Administration

Jackson took umbrage at Biddle's efforts to garner support. Writing to a potential cabinet member, he lamented that "[m]any who you would not have supposed has secretly enlisted in [the bank's] ranks." He remained steadfast: "The corrupting influence of the Bank upon the morals of the people and upon Congress [is] to be ... fearlessly me[t]" (Bassett 1959, p. 272). Yet, while Jackson was determined to contain the bank, he still believed it was possible to avoid a hot war with it.

In the spring of 1831, Jackson's schism with Vice-President John C. Calhoun prompted him to replace most of his cabinet. But rather than appointing anti-bank Democrats, Jackson did the opposite. Only Roger B. Taney, the new attorney general, had spoken against the bank's recharter (Taney 1958, p. 123). Before agreeing to serve as secretary of the Treasury, Louis McLane secured Jackson's leave to continue supporting the bank in his official capacity. Contemporaries read McLane's appointment as a capitulation by Jackson; and it "increased and encouraged the hopes of a recharter" (Taney 1958, pp. 123–129).²³ Jackson, however, was far from ready to surrender his judgment. When McLane proposed hastening the recharter, Jackson demurred (McGrane 1919, p. 130).

In October, Jackson dispatched McLane to Philadelphia to make this clear to Biddle. The administration spoke from a position of strength: "The Pre[sident] is now perfectly confident of his election—the only question is the greater or the less majority" (McGrane 1919, p. 131).

²² Biddle to Burrows, 28 May 1831, pp. 528–529. Burrows summarized their accounts in November (Burrows to Biddle, 25 November 1831, NBMLOC).

Pursuant to that, Jackson expected the bank to fall into line. In particular, the bank would postpone its recharter application until after the election. If “this question is put to [Jackson] as one affecting his reelection,” McLane warned, “he might ... be disposed to put his veto on it, if he be as it were dared to do it” (McGrane 1919, p. 131). Jackson “would be more disposed to yield when he is strong than when he is in danger” (McGrane 1919, p. 131).

Biddle pressed for Jackson to announce this position publicly and thus tie his own hands. As McLane explained, however, it had been a struggle just to persuade Jackson to suspend his overt hostility. For now, Biddle agreed to an explicit demurral: “The President is to say that having previously brought the subject to Congress, he now leaves it with them” (McGrane 1919, pp. 128–135).

In the event, the issue came to lay in the hands of Silas Burrows.

Biddle Loses Burrows

The summer of 1831 brought the ruin of Silas Burrows.

The previous June, one of Burrows’s expeditions had recovered the wrecked Russian ship *Kensington*. When the rescued envoy committed his government to pay \$10,000 in compensation, Burrows magnanimously declined the offer (Burrows 1848?, p. 47). This liberality earned Burrows a commendation from Secretary of State Van Buren (Burrows 1848?, pp. 50–51).

It did not end there, however. In June 1831, Burrows was prevailed upon to fund the *Kensington*’s return to Russia. Burrows offered \$10,000. When this was “refused,” he stretched further—against the advice of his friends and creditors. He committed £12,000 (about \$60,000)²⁴

²³ See also Govan 1959, 163.

²⁴ That September, Burrows calculated the exchange rate at \$5 to the pound (Burrows 1848?, p. 92).

to the cause, hazarding his very “existence as a merchant” on this single venture (Burrows 1848?, pp. 55–66, 83–86).

He bet wrong. As the *Kensington* sailed to St. Petersburg, St. Petersburg repudiated its debt to Burrows (Burrows 1848?, pp. 88–90). In September, Burrows’s drafts came due. He wrote directly to the czar, begging for indemnification (Burrows 1848?, pp. 91–94). When this failed, Burrows turned to the bank.

As an insider, Burrows speculated in bank stock.²⁵ Hoping to increase his advantage, he schemed to replace several directors of the bank’s New York branch (Burrows to Biddle, 14 and 19 November 1831, NBMLOC). When Biddle rebuffed him, Burrows demanded \$1,100 cash—allegedly “money that [he] [had] expenced [sic] for the Bank by [Biddle’s] direction” (Burrows to Biddle, 25 and 28 November 1831, NBMLOC).

When Biddle did not respond, Burrows sunk to outright blackmail. He threatened that it was “in [his] power” “to effect retaliation” and “accept of a fortune by revealing” their secrets. “You *shall* respect me in future,” he exclaimed.²⁶ “I have friends ... who will counteract your efforts.” He closed with an oblique reference to a “visit to Washington” sure to “disturb [Biddle’s] peace” (Burrows to Biddle, 2 December 1831, NBMLOC).

Biddle, however, did not yet accept that the fate of his bank had become intertwined with the fortunes of Burrows. Calling Burrows’s bluff, he offered no immediate response—perhaps because he believed that he was closer than ever to an agreement with Jackson.

Jackson's Proposed Compromise

²⁵ Burrows delayed publishing pro-bank letters from Monroe, apparently to increase his time to buy stock (Biddle to Burrows, 28 July 1831 and 2 September 1831, NBMLOC). He passed this tip to his creditors, offering to further delay publication to allow them to take similar advantage (Steers 1971, p. 38). By January, Burrows had become “a large stockholder” (Burrows to Biddle, 7 January 1832, NBMLOC).

²⁶ Emphasis in original.

Jackson's third annual message to Congress came a few days after Burrows's blackmail. Unlike Jackson's two previous floggings, this message scarcely mentioned the bank. Rather, just as McLane had promised, Jackson announced that he would leave the question "to the investigation of an enlightened people and their representatives" (*House Journal*, 6 December 1831, p. 21). McLane followed this with a fulsome defense of the bank's constitutionality, expedience, and management (US Treasury 1831).

Jackson simultaneously reached out to Biddle through back channels. His private secretary sent a letter to an unknown Philadelphian. This person then showed the letter to Edward Shippen, a Philadelphia magnate, who passed the message to Biddle.²⁷ "The letter," Shippen explained, "urges the necessity of proper modifications" to the bank's charter, but these "cannot be suggested by the President." Instead, the reforms needed to be "proposed by the Corporation" itself (Shippen to Biddle, 6 December 1831, NBMLOC).

There were seven specific reforms "which it is thought will insure the Executive sanction." One required selling the government's stock in the bank, which would both privatize the bank and diffuse its ownership. Several more sought to limit the bank's expansion in various ways. The remainder were designed to increase government oversight of the bank.²⁸

In short, Jackson sought to eliminate the "partnership" between the bank and the government. The changes, however, "[were] not calculated to impair the usefulness or efficiency of the Institution." Shippen assured Biddle, "The Pres[ident] does not consider himself pledged against a renewal, and ... if Congress passes a Bill with proper modifications of the Charter his approval will not be withheld" (Shippen to Biddle, 6 December 1831, NBMLOC). Indeed, Jackson was "desirous to have the Bank question settled by a renewal before the next

²⁷ We infer from Shippen's account that this was Jackson's intention.

²⁸ See Table 1.

Presidential canvass, with any modifications to free the Pres[ident] from the charge of an entire abandonment of his original opposition" (Shippen to Biddle, 6 December 1831, NBMLOC).

Burrows and Jackson's Volte-Face

As Biddle mulled the Shippen proposal, an increasingly desperate Burrows approached Jackson with proposals of his own. Naturally, he sought Jackson's support in the *Kensington* controversy (Burrows to Jackson, 7 December 1831, AJMLOC). But, as their papers show, Burrows also contrived a cabal to wrest control of the bank from Biddle.

Following his visit, Burrows sent a long letter that coded the scheme in a metaphor of matchmaking. He longed to be paired with "the young lady," by which he almost certainly meant "the Bank."²⁹ "With her," Burrows explained, "I want not wealth." Unlike Biddle, he would eschew "riches and power" and, instead, keep the bank "dependent" on Jackson—its "guardian" (Burrows to Jackson, 7b December 1831, AJMLOC).

Initially, Jackson drafted a detailed reply. "[Y]ou have left behind you a young lady under my protection.... I am exercising that protection for the benefit of the young lady," Jackson explained. He "was ready to resign it to the object of her choice ... whenever [that object] is designated to [Jackson]." But he took "a deep interest in [the bank's] welfare," and he remained "anxious" about "the character and standing of the object of choice." He assured Burrows that "from the knowledge I possess of your character and standing in life, should the young lady ... reciprocate the attachment ... I will cheerfully resign her to your hands" (Jackson to Burrows, 8 December 1831, AJMLOC).

²⁹ This particular formulation might have been a fitting contrast to the moniker of the long-established Bank of England: "the Old Lady of Threadneedle Street."

Jackson, however, ultimately sent a circumspect letter that made no mention of “the young lady.”³⁰ Praising Burrow’s “noble conduct” in the Russian business, he nonetheless chastised Burrows’s naked ambition: “you possess your full share of the honors and comforts of this life” (Steers 1971, pp. 31–32). Insult was added to injury a few weeks later when Burrows lost a ship and Jackson offered no reply to the former’s petition for intercession (Burrows to Jackson, 26 December 1831, AJMLOC). Burrows was mortified—sufficiently so that he subsequently doctored the record of these interactions.³¹

Yet, Jackson found Burrows’s mooted mutiny intriguing rather than revolting. Burrows had raised the possibility of a regime change at the bank, and Jackson resolved to play for time. The day after Burrows departed, McLane sent Biddle word “that a renewal of the Charter ought not to be pressed during the present session.”³² He warned that if the bank applied now, it would be “entirely impossible to persuade the [president] that we are acting under any other than a hostile feeling to him.” If the bill passed, Jackson “[would] apply his veto, even if certain that he [would] thereby lose the Election.” And “once [the veto were] given, the President [would] never swerve.”³³

³⁰ This is the version found in Burrows’s own papers.

³¹ Burrows subsequently concocted a letter that combined details of his woes in the summer of 1831 with an account of his meeting with Jackson. Burrows quotes the inscription: “Presented Silas E. Burrows by his friend Andrew Jackson Ao. 1831” (Steers 1971, p. 26). Jackson did indeed present Burrows with a ceremonial cane—but not until June 1832, as Jackson’s correspondence makes clear (Jackson to Andrew, Jr, and Sarah Jackson, 13 June 1832, AJMLOC). The cane recently surfaced, inscribed to Burrows, “12 June 1832” (Moran 2010, p. 134). In June 1831, Burrows did write to Jackson but misapprehended Jackson’s support for the bank, as Jackson noted on the letter. He did not bother to reply (Burrows to Jackson, 17 August 1831).

³² Smith to Biddle, 7 December 1831, NBMLOC. Remini (1981, p. 341) implies that Jackson changed course in response to anti-bank backlash in the press. These attacks, however, followed *after* Jackson had rescinded his offer to Biddle.

³³ Cadwalader to Biddle, 21 and 23 December 1831, NBMLOC. See also McLane to Biddle, 5 January 1832, NBMLOC. Daniel Webster admitted that Jackson’s opinions were “unchangeable” (Webster to Biddle, 18 December 1831, NBMLOC). Yet he still blindly insisted that “a failure ... will not at all diminish the chances of success, next session” (McGrane 1919, p. 169). Similarly, Cadwalader suggested that Jackson “may state objections that ... may be yielded to by us” (Cadwalader to Biddle, 25 December 1831, NBMLOC).

McLane suggested that time was on *Biddle's* side: "Every day new Converts are making. Every day the utility of the Bank is becoming better known." He was "confident of ultimate success if time be given for the [President] to convince himself of the Error into which opinion long formed ... had committed him" (Smith to Biddle, 7 December 1831, NBMLOC). McLane was unequivocal: "if you apply now, you assuredly will fail—if you wait, you will as certainly succeed" (Cadwalader to Biddle, 21 December 1831, NBMLOC).

Biddle's Recharter Application

Yet, on January 9, Biddle's recharter application was formally submitted to Congress (House *Journal*, 9 January 1832). How can we explain Biddle's decision to make this *fait accompli*?

Traditionally, the Jacksonians construed Biddle's application as an attempt "to prevent the reelection of Gen[eral] Jackson" (Taney 1958, p. 109). The evolved consensus has been that Biddle hoped a veto would shift the attitude and composition of Congress enough to furnish a supermajority.³⁴ Ralph Catterall (1903 p. 222) condemned Biddle for acting on this "preposterous" notion. Robert Remini (1967, pp. 75–76) similarly concludes that only "lunacy" can explain Biddle's "incredible blunder."

Viewing Biddle through the lens of IR theory reveals a far more realistic strategy. Believing that Jackson's re-election was "as certain as his life," it became a question of whether Jackson would be more likely to renew the charter before or after the election (Mercer to Biddle, 12 December 1831, NBMLOC). To answer this question, Biddle analyzed the relative power trajectories of Jackson and the bank. Before the election, Jackson was vulnerable. Fearful of splitting his party—and undertaking another messy cabinet reshuffle—Jackson would close

ranks with McLane and tread lightly on the bank issue.³⁵ At the same time, the potency of the bank's newspaper arsenal turned on Jackson's need to court public opinion. Before the election, Biddle reasoned, there was "some check in public opinion—some in the counsels of those around [Jackson]." Following Jackson's re-election, "he will have neither." As a result, Jackson could not credibly commit (now) that he would renew the bank after re-election. Biddle asked, "[W]hat security is there that when his election is over, he will not negative the bill? I see none." He concluded, "[Jackson] would be ten times more disposed to negative it then than now" (Biddle to Smith, 4 January 1832, NBMLOC).

Biddle thus decided to press the issue immediately, while the bank's relative strength was greatest. Even then, however, Jackson was still more powerful than the bank. Recognizing this, Biddle sought to avoid a war. Instead, he readied his arms and pursued a negotiated settlement.³⁶

As he applied to Congress, Biddle expanded the bank's public relations blitz. He encouraged influential businessmen around the country to draft memorials in support of the bank (Biddle to numerous correspondents, 16 January 1832, NBMLOC). The bank then spent thousands of dollars reprinting articles and editorials that Biddle hoped would "disenchant the country of [the administration's] foolery." Biddle also extended sizeable loans to newspapers on both sides of the debate (Biddle to Ingersoll, 11 February 1832, NBMLOC; Govan 1959, p. 188). All told, the bank's loans increased by 66%—\$28 million—during this period.³⁷

At the same time, Biddle brought Burrows into line. He later claimed to have recorded the original Burrows loan on January 2 (House Report 460, p. 9). While there is no way of

³⁴ Govan (1959, p. 172). See also Cadwalader to Biddle, 22 and 25 December 1831, NBMLOC.

³⁵ Previously, Jackson had lost most of his cabinet in the "Petticoat Affair."

³⁶ By contrast, Catterall (1903, p. 214) suggests that "[Biddle] chose to enter into open conflict with the president." Hammond (1957, pp. 385–386) seconds this view.

³⁷ This estimate comes from Jackson (1909, p. 262). See also Robinson to Biddle, 30 June 1832, NBMLOC.

knowing when that entry was made,³⁸ Burrows's friendly demeanor returned shortly thereafter (Burrows to Biddle, 7, 11, and 25 January 1832, NBMLOC).

Burrows was then dispatched to Washington, where he "dined, supped, and remained as one of [Jackson's] family." This time, he pledged fealty to Biddle: "My services are yours and never shall any inquiry result to the institution from me" (Burrows to Biddle, 5 February 1832, NBMLOC).

In early February, Representative George McDuffie brought the bank recharter bill onto the House floor. Having worked closely with the bank, McDuffie's proposed charter included a number of reforms.³⁹ Four followed from—but did not precisely match—Jackson's proposals of the previous December. Whereas Jackson had capped the number of bank branches, the bill prohibited new branches without congressional consent. Instead of restricting the bank's right to hold real estate, states could tax both those holdings and the bank stock held by state residents. The third, which Biddle had also championed, designated officers to sign the banknotes. Fourth, the bank would continue to pay the government bounties for its charter. Beyond Jackson's demands, it additionally limited the production of banknotes and expanded Jackson's power to appoint directors at the bank's branches (House Resolution 365, 10 February 1832; Shippen to Biddle, 6 December 1831, NBMLOC; Govan 1959, p. 109–110).

From a "Coup," a Compromise

³⁸ The subsequent congressional investigation found that several loans connected with Burrows were interlined in the bank's records (House Report 460, p. 87).

³⁹ Biddle to McDuffie, 10 February 1832, NBMLOC. In December, McDuffie was central to the conferences between the Jackson administration and Biddle's representatives in Washington (Correspondence between Cadwalader and Biddle, 22–25 December 1831, NBMLOC). In mid-January, Biddle dispatched an agent with "with many detailed statements in respect to the Bank ... for [McDuffie]" (Biddle to McDuffie, 11 January 1832, NBMLOC).

With the groundwork laid, Biddle opened negotiations with Jackson. He made Horace Binney, the bank's legal advisor, his agent in Washington. He also recruited Charles Jared Ingersoll, a Democrat congressman from Philadelphia, to mediate between the bank and the administration. When Ingersoll suggested that presumptive Vice-President Martin Van Buren was steering Jackson toward a collision with the bank, Biddle hatched a plan to "exclude" Van Buren from the government. He instructed Binney to approach Senator George Dallas, a pro-bank Democrat from Pennsylvania. Biddle proposed Dallas employ the bank's familiar logic: "let us agree on the [charter] modifications; the Bank will consent to them, and ... the re-chartering of the Bank will thus become a measure of yours." This would deliver Pennsylvania to Jackson, it would grant Dallas "distinguished consideration through the nation," and it would save Biddle's bank.⁴⁰ "It is a real coup d'etat," Biddle sneered (Biddle to Ingersoll, 6 February 1832, NBMLOC).

While he awaited Ingersoll's report, Biddle crafted the strongest possible rendering of his position. In a draft letter, he boasted: "there is no man, no woman, & no child in the U.S. who does not understand that the worthy President was in a great error" in questioning the bank. He warned, "If the bill passes & the President negatives it, I will not say that it will destroy him—but I certainly think it will ... [and] it ought to."⁴¹

In Washington, Ingersoll eagerly "pav[ed] the way for just such a coup d'etat.... Let [Jackson's] friends frame it as they will," Ingersoll explained to Secretary of State Edward Livingston, "provided their alterations are not destructive of the Institution." Livingston

⁴⁰ Ingersoll to Biddle, 2 February 1832, NBMLOC; Biddle to Binney, 6 February 1832, NBMLOC. Govan (1959, p. 181) suggests that "Dallas was not to be tempted." Dallas, however, continued to press the bank's cause on Biddle's behalf.

⁴¹ Biddle to Ingersoll, 11 and 13 February 1832, BMLOC. Much of the former is stricken through, it does not appear in Biddle's letter book, and several lines are redundant with the letter sent on the 13th. McGrane (1919, p. 179–181) reprints the former but does not label it as a draft. Believing the letter was sent to Ingersoll, Remini (1967, p. 76) condemns it as "a crude threat of political blackmail."

“acknowledged the force of the argument” and endorsed “the proposed mode of proceeding.” He confirmed that Jackson would not “oppose the Bank on the ground of its unconstitutionality.” But he could recollect only three specific reforms: the bank could not hold real estate; states could tax the bank; and the bank would issue more stock. He asked “for a few days ... to have a full understanding with the President” (Ingersoll to Biddle, 9 February 1832, NBMLOC).

After receiving Ingersoll’s encouraging report, Biddle redrafted his letter in a more conciliatory tone. He assured the administration, “so far from wishing to embarrass [Jackson’s] administration ... I will go nine tenths of the way to meet him in conciliation.” Biddle then moved in to clinch the deal: “let him take the charter and make any changes he likes ... I am sure that we would agree to his modifications.... It will then be his work.... [I]f done soon,” Biddle declared, “it will be done triumphantly” (Biddle to Ingersoll, 13 February 1832, NBMLOC).

A few days later, Ingersoll reported Jackson’s revised list of reforms. Two were already contained within McDuffie’s bill: recognizing the state’s right to tax the bank; and granting Jackson power to appoint branch directors. The other two—limiting the bank’s real estate holdings; and formally separating the bank and the government—dated back to Jackson’s proposal of the previous December. The former soon found its way into the Senate version (S. 147, 13 March 1832) of the bill.⁴² Biddle demurred on the latter, however, probably because other Jacksonians had been pushing in the opposite direction.⁴³ Livingston was also “very tenacious” in pressing the bank to sell more stock, but, Ingersoll clarified, “This ... is not the President’s requirement” (Ingersoll to Biddle, 23 February 1832, NBMLOC).

⁴² Through Binney, Biddle negotiated over the points of this bill (Biddle to Binney, 13 and 18 February 1832, NBMLOC; Biddle to Dallas, 18 February 1832, NBMLOC).

⁴³ Livingston advanced a proposal, which “neither the President nor Mr L[ivingston] like,” to increase the executive’s role in selecting the bank president (Ingersoll to Biddle, 23 February 1832, NBMLOC). A few days later, Erastus Root submitted an amendment that would have further tightened the relationship between the bank and the government (House Resolution 365, 28 February 1832).

Biddle was delighted. He even volunteered further potential concessions. Indeed, “there is no change desired by the President which would not be immediately assented to by the Bank.” He regretted finding “the President & the Bank apparently estranged while there is really no difference between them” (McGrane 1919, p. 186–187).

On March 1, Ingersoll informed Biddle that Jackson “wishes to end the business this Session. If such a bill goes to him as he can sign he will sign it without hesitation. If not, he will be equally prompt to reject it” (Ingersoll to Biddle, 1 March 1832, NBMLOC). Thus, the agreement was set. Biddle just needed to see an acceptable recharter bill delivered to Jackson.⁴⁴

To do that, however, Biddle would have to overcome the accusations mounting in Congress.

Congress Investigates Biddle

As Biddle and Jackson hammered out their compromise, the anti-bank members of Congress demanded an investigation into the bank’s activities (*House Journal*, 23 February 1832). Ingersoll assured Biddle that Jackson had not sought the investigation⁴⁵ (McGrane 1919, p. 187). But neither could risk attempting to thwart it. By mid-March, the recharter bill was on hold and a congressional investigation was underway (Dallas to Biddle, 15 March 1832, NBMLOC).

Knowing where this investigation would inevitably lead, Biddle redoubled his investment in Burrows (Biddle to Burrows, 4, 10, and 11 March, NBMLOC). On March 2, Burrows received a new loan of \$32,446. This enabled him to officially retire the original \$15,000 loan.

⁴⁴ Believing that Jackson had deceived Biddle, Govan (1959, pp. 183–184) claims, “The President ... did not intend to sign a bill renewing the charter of the Bank.”

⁴⁵ Ingersoll to Biddle, 1 March 1832, NBMLOC. Remini (1981, p. 362) suggests that Jackson “loved” this resolution, but he provides no evidence to sustain this claim.

Two weeks later, he was loaned another \$14,150, leaving him with nearly \$31,600 in cash.⁴⁶ These official loans do not include any (unrecorded) additional cash.⁴⁷ By the end of April, Burrows was somehow able to cover his debts from the *Kensington* debacle.⁴⁸ At the same time, Burrows sent Biddle a stream of letters promising fealty and claiming all responsibility for the problematic loans (Burrows to Biddle, 19 March and 7, 12, 25, and 26 April 1832).

Biddle also “advanced” \$125,000 to individual members of Congress.⁴⁹ By April 1832, virtually every congressman was indebted to the bank (House Report 460, pp. 568–571).⁵⁰ Biddle, however, believed that diffusing the bank’s largesse demonstrated “the absence of all disposition to favoritism” (House Report 460, p. 92). His defense was facile, “the greatest amount of loans ... is to the friends of the present administration, and ... to the decided opponents of the bank.”

Biddle did not overtly resist the inquest (Biddle, ‘Draft Memorial’ [March 1832], BMLOC). Behind the scenes, however, he did much to frustrate the committee. He reportedly paid one member of the committee an exorbitant fee—\$1,000—for a few hours of consulting work (Burrows to Biddle, 26 March 1832, NBMLOC). Biddle plied associates (in vain) for ways to discredit another critic—perhaps even the committee chair (Cadwalader to Biddle, 10 April 1832, NBMLOC). Finally, Biddle tacitly condoned Burrows’s efforts to dodge the committee’s

⁴⁶ If the newspaper purchaser had repaid the original loan—as he claimed (House Report 460, p. 77)—then Burrows would have profited over \$45,000.

⁴⁷ An undated note describes the process by which a “loan ... be made ... through the institutions [Burrows] mentioned ... in small sums” (Burrows to Biddle, 1831?, NBMLOC).

⁴⁸ Burrows paid his London creditors £11,768—about \$60,000 (Burrows 1848?, p 107). There is no record of where Burrows obtained this windfall. He claimed that he was never reimbursed by the Russians (Steers 1971, p. 28).

⁴⁹ The bank did not furnish records for individual senators. Following the bank’s collapse, all of its records were destroyed “[w]ithout ... notice to any one,” before the government could seize them (HSP, vol. 4).

⁵⁰ This figure does not include any loans made subsequently. Taney later claimed he knew a congressman who switched his vote after receiving a \$20,000 bank loan (Taney 1958, p. 222). The *Globe* accused another of selling his vote for \$36,000 (Remini 1981, p. 375).

subpoenas.⁵¹ Instead, Burrows visited Jackson again, this time relating “the particulars of the loan ... entered into on [Jackson’s] account and for the benefit of the party.... [W]ith which [Jackson] appeared pleased” (Burrows to Biddle, 26 March 1832, NBMLOC).

The congressional Democrats, however, were not pleased. Their inquest laid bare Biddle’s blatant attempts to influence congressional politics.⁵² At the end of April, the committee concluded that “the bank ought not ... be rechartered” (House Report 460, p. 29).

Biddle Pushes a Reformed Charter through Congress

Biddle, however, was not chagrined. Moreover, Jackson’s decision to turn a blind eye to the bank’s corruption further encouraged Biddle. In May, he traveled to Washington to personally steer the bank’s application through Congress. His first meeting—with secretaries Livingston and McLane—gave him pause. Biddle hoped that his broader support in Congress would “disarm some of the hostility hitherto entertained toward [the bank], and [furnish] a new motive for pressing a decision.” The two secretaries, however, received Biddle coolly. When Biddle broached the issue, “all that [he] could learn from Mr. Livingston was that the awkwardness was irretrievable—and that it only remained to make the bill as unexceptionable as possible.” Biddle resolved to do just that (McGrane 1919, p. 191).

He helped his congressional allies craft their arguments. He then paid to have their speeches published and distributed (Smith to Biddle, 22 June 1832, NBMLOC; Fry to Biddle, 27 June 1832, NBMLOC; Gales and Seaton to Biddle, 28 June 1832, NBMLOC). He attempted to

⁵¹ Biddle received numerous letters from Burrows throughout April. But Biddle neither informed the committee of Burrows’s location nor encouraged Burrows to appear before the committee.

⁵² Cf Remini (1981, p. 363).

meet with his strongest critics, albeit with mixed success.⁵³ Burrows again visited Jackson and, at Biddle's request, sent a document (presumably indemnifying Biddle) to McDuffie.⁵⁴ At the same time, Biddle sent directives back to Philadelphia. He pushed to issue a dividend to stockholders, and used his influence to stave off credit contractions in markets throughout the US.⁵⁵

Upon Biddle's arrival in Washington, Dallas brought the bank bill to the Senate floor. He stressed the significant reforms that would be made to the bank's charter. Leaning heavily on Biddle's analysis, Dallas explained why each was either "unnecessary or injurious."⁵⁶ Yet, in "a spirit of compromise and concession," the pro-bank faction would accept these changes (*Senate Register*, 23 May 1832)

The bank's critics proposed numerous additional amendments. Several simply sought to clarify or extend the limits already included in the revised charter. Others went beyond the reforms Jackson had championed. For instance, bank sceptics proposed a 5% cap on the bank's rate of interest. They tried to prohibit foreigners from owning stock. And they attempted to shorten the term of the bank's charter—or at least authorize Congress to charter additional banks. Biddle's influence, however, proved overwhelming. On July 3, the bill was passed with just those amendments he had sanctioned.⁵⁷

⁵³ Clayton to Biddle, 29 June 1832, NBMLOC. Webster later remarked, "We should have done but badly without [Biddle]. His address & ability, in satisfying the doubts of friends, softening the opposition of enemies, & explaining whatever needed explanation, have been [an] important cause in producing the result" (McGrane 1919, p. 193). Taney (1958, p. 223) complained that as the bill passed through Congress, "the public business was for sometime interrupted by the number of members leaving their seats and crowding about [Biddle] ... and congratulating him. It was a public triumph given him in the Hall of the House."

⁵⁴ Burrows to Biddle, 11 and 19 June 1832, NBMLOC. For his troubles, Jackson granted Burrows a ceremonial cane. See above.

⁵⁵ See correspondence between Biddle, Cadwalader, and Lawrence, June and July 1832, NBMLOC.

⁵⁶ See Biddle to Binney, 13 and 18 February 1832, NBMLOC; Biddle to Dallas, 18 February 1832, NBMLOC.

⁵⁷ Thirty Jacksonian congressmen voted for the bill. All but three had taken bank loans. Pennsylvania yielded the most defectors, but Biddle secured votes from Jacksonians in the South and West as well. *Senate Journal*, 22 May–11 June 1832; *House Journal*, 11 June–4 July 1832; House Report 460, pp. 569–571.

All told, Jackson had asked Biddle for ten provisions in the new bank charter.⁵⁸ The bill that passed to Jackson fully satisfied seven of these demands.⁵⁹ It met Jackson more than halfway on the production and circulation of banknotes. And it complied with Jackson’s December—rather than his February—specification of the government’s role in choosing bank directors. Ultimately, it ignored just one demand: rather than eliminating the financial “partnership” between the government and the bank, Biddle offered the government \$3 million.⁶⁰ This, though, would have partially substituted for the revenue to be gained from selling the government’s bank stock.⁶¹

Table 1. Bank Recharter Bill: Compliance with Jackson’s Demands

Provision	December Demands	February Demands	Final Bill	Compliant?
Branch Numbers	No more than two per state	—	Limit imposed, excepting existing branches	Yes
Bank’s Real Estate Holdings	Financial Limit: \$15 million	Time limit: to be determined	Time limit: 5 years	Yes

⁵⁸ See Table 1.

⁵⁹ Previous scholars have assumed the recharter bill offered “no compromise” (Remini 1981, p. 363; Perkins 1987, p. 547—neither, however, consults the bill itself).

⁶⁰ For Biddle’s views, see his letter to Binney, 25 January 1832, NBMLOC.

⁶¹ Remini (1981, p. 337) suggests that McLane’s proposal to sell the stock originally had a fiscal motivation.

Loan Money on Pledge of Merchandise	Disallow it	—	Already contrary to bank policy ⁶²	Yes
Banknotes (Signing)	Designate officers to sign notes	—	Designate officers to sign notes	Yes
Government Deposits	Preserve status quo	—	Status quo preserved	Yes
Bank's Legal Personality	Bank suable in state courts	—	—	Yes ⁶³
State Power to Tax Bank	—	States may tax Bank	Implicitly Recognized	Yes ⁶⁴
Banknotes (Production)	All notes "emanate from the Mother Bank"	—	Branches may produce notes larger than \$20; but notes are	Partially

⁶² Biddle to Burrows, 4 May 1831, NBMLOC.

⁶³ The 1816 charter already established that the bank could "sue and be sued ... in all state courts having competent jurisdiction" (*Statutes at Large*, p. 269).

⁶⁴ Cf Perkins (1987, p. 537). Jackson himself, however, recognized that states would have the right to tax "that portion of the stock which may be held by their own citizens and residents" (Jackson, Veto Message, 1832).

			highly convertible ⁶⁵	
Bank Direction	Preserve status quo	Increase government's influence over director appointments	Status quo preserved	No ⁶⁶
Government's Financial Interest in Bank	Eliminate all interest	Eliminate all interest	\$200,000 annual bounty	No

Sources: Shippen to Biddle, 6 December 1831, NBMLOC; Ingersoll to Biddle, 23 February 1832, NBMLOC; *An Act to Modify and Continue the Act Entitled 'An Act to Incorporate the Subscribers to the Bank of the United States,'* 22d Congress, 1st Session, US National Archives.

Jackson Vetoes the Bank

Jackson watched the congressional debate with unusual keenness.⁶⁷ When the bill passed from the Senate to the House on June 11, it was clear that almost all of his concerns would be

⁶⁵ Notes would be convertible into specie wherever they were issued. Additionally, notes would be received at the bank, any branch, or "any other incorporated Bank" if they are "tendered in liquidation or payment of any balances due to said corporation."

⁶⁶ Jackson may not have requested this reform in the first place. Previously, he had explicitly asked to maintain the status quo (Shippen to Biddle, 6 December 1831, NBMLOC). In the February list, Ingersoll may have mistakenly framed this as Jackson's suggestion when it was really included with the other reforms to the bank's direction, which was "the suggestion of others" and which "neither the President nor Mr. L[ivingston] like" (Ingersoll to Biddle, 23 February 1832, NBMLOC).

addressed in the new charter. Nevertheless, rumors spread that Jackson intended to veto the bill (Smith to Jackson, 17 June 1832, AJMLOC). A few days later, a bank supporter sounded out Jackson over dinner. There were “various difficulties and objections,” he assured Biddle, “but none *insuperable*” (Patterson to Biddle, 21 June 1832, NBMLOC).

It thus became a question of the terms attached to Jackson’s veto. Would he state objections and insist upon further reform? Or would he come out irrevocably against the bank? Nearly Jackson’s entire cabinet pressed him to pursue the former (Taney 1958, p. 226).

Jackson struggled mightily with this question. While he crafted his response, he stumbled toward a broad veto.⁶⁷ In one draft veto message, he toyed with making the bank “purely national, without stock holders” (Bassett 1929, p. 458). In another memorandum, Jackson drew upon the doctrine of the balance, and separation, of powers. On the one hand, the bank must reside under the hierarchy of the executive branch—“an appendage of the Treasury” (Bassett 1929, p. 389). Or, returning to his one unmet demand, it must be entirely separated from it. The government could not “form a corporation and become a member of it. The framers were too well aware of the corrupting influence of a great monied monopoly upon government to legalise such a corrupting monster” (Bassett 1929, p. 389).

At the end of June, Attorney General Roger B. Taney intervened.⁶⁹ Calling for a “direct and decisive veto,” he sent Jackson a fifty-four-page memorandum that fleshed out the

⁶⁷ Jackson had made a personal copy of the Senate *Journal* entries on the bank (26 May–11 June 1832, AJMLOC). His papers do not include such records for any other bills from this period.

⁶⁸ Jackson’s papers include several undated manuscripts. The content confirms that one is certainly from July 1832 (Bassett 1929, p. 458). Bassett (1929, p. 389), however, dates Jackson’s critical “Opinion on the Bank” to January 1832 since it targets a pro-bank speech made at that time by Erastus Root. Insisting that Jackson never intended to compromise with Biddle, Govan (1959, p. 184) similarly concludes that this memo “was almost certainly written in January, 1832.” Prior to July, however, Jackson had little reason to formalize a response to Root. Instead, Jackson may have simply used Root’s speech as a foil to construct his own argument.

⁶⁹ Taney recounted these events in an unpublished “Manuscript on the Bank War.”

president's intuitions (Taney 1958, p. 224). The analysis turned on the *distribution of power*.⁷⁰ The bank—and not the government—had monetary sovereignty: “The immense amount of its capital ... gives it absolute dominion over the circulating medium of the country” (Taney to Jackson, 27 June 1832, AJMLOC, p. 40). From this, the bank derived political power. Both “its great patronage” and its “unlimited command of money ... may enable it to exercise ... influence over the servants of the public” (Taney to Jackson, 27 June 1832, AJMLOC, p. 41).

The bank was already beginning to flex its considerable muscle. Taney had “perfect conviction that the funds of the Bank have been freely used for the purpose of obtaining political influence and power” (Taney to Jackson, 27 June 1832, AJMLOC, p. 51). This was all done with an eye to the upcoming election. This “great monied institution” was using its “vast political power” “to overawe the President in the discharge of his high constitutional duties.” If he resisted, the bank directors would seek to “secure a President of the U. States who is favorable to their views” (Taney to Jackson, 27 June 1832, AJMLOC, p. 43).

This, however, was not even the most troubling aspect of the bank. Beyond all this, Taney stressed the bank's “dangerous” “tendency”—its hegemonic ascent (Taney to Jackson, 27 June 1832, AJMLOC, pp. 41, 46). “In another fifteen years,” Taney projected, “the President of the Bank ... would have more influence ... than the President of the U[nited] States” (Taney to Jackson, 27 June 1832, AJMLOC, p. 46). The bank would become “such a power that the Government could not hereafter ... change its policy” (Taney to Jackson, 27 June 1832, AJMLOC, p. 46).

Reform was not an option. Given that the bank had already “misbehaved itself,” it could not be trusted to abide by a new charter any better than it had abided by its current charter

⁷⁰ Indeed, Taney used the terms “power” and “powers” in various ways 173 times.

(Taney to Jackson, 27 June 1832, AJMLOC, p. 46). Moreover, Biddle could not credibly commit not to use the power he had obtained (Taney to Jackson, 27 June 1832, AJMLOC, p. 43).

Instead, Jackson should use the ensuing election as an opportunity to destroy the bank once and for all. Taney argued that “a veto with the election following ... would necessarily bring to the serious attention of the people ... the misconduct of the institution and its dangerous tendencies.... The whole subject would necessarily be thoroughly sifted in the canvass and the public opinion then favorable to the Bank might be changed” (Swisher 1958b, p. 218). “[A] veto which ... evaded the direct issue,” on the other hand, “would justly result in [Jackson’s] overthrow” (Swisher 1958b, p. 225).

Jackson was persuaded. He invited Taney to help him draft the veto statement (Swisher 1958b, pp. 226–227). On July 10, Jackson issued an unconditional veto that, in effect, declared war on Biddle.

Beyond its populist and nativist “propaganda,” Jackson’s veto message offered a compelling balance-of-power rationale for his decision (Remini 1981, p. 369). Jackson found “the powers conferred upon its agent [the bank] not only unnecessary, but dangerous to the Government and country.” So far from reducing the financial ties between the bank and the government, the new charter *doubled* the bounty paid by the bank. He warned of the “great evils” that “might flow from such a concentration of power in the hands of a few men irresponsible to the people.” These dangers were already being realized: “Suspensions are entertained and charges are made of gross abuse and violation of its charter.”

The corruption itself, however, was far less troubling than the bank’s menacing power trajectory.⁷¹ If the bank’s “monopoly were regularly renewed,” its directors could “put forth their

⁷¹ Other scholars (such as Remini 1981, pp. 229, 367–369) note Jackson’s preoccupation with the bank’s corruption but do not place the same stress on Jackson’s concern with the bank’s power trajectory.

strength to influence elections or control the affairs of the nation.” The veto was thus necessary to prevent the “prostitution of our Government” (Jackson, 10 July 1832).

Prosecuting the War

Just as Taney proposed, Jackson’s unequivocal veto turned the 1832 presidential election into a referendum on the bank (Jackson 1909, pp. 262–263; Taney 1958, p. 109). After Jackson’s strike, Biddle retaliated with a barrage from his presses (Govan 1959, p. 188; McGrane 1919, p. 194–198). Ultimately, however, Biddle’s bitter denunciations and abstruse arguments proved no match for Jackson’s “colorful combination of noise and nonsense” (Remini 1967, p. 103). Jackson trounced Henry Clay with four times the electoral votes—although his popular vote share was lower than it had been in 1828. Each side insisted that the populace had spoken in its favor.⁷² This triumph, however, became the billy club—or hickory cane—with which Jackson beat the bank to death.

Upon winning re-election, Jackson laid plans to finish off the bank. First, he moved the government’s bank deposits to a variety of “Pet Banks” (Catterall 1903, p. 293; Hammond 1957, pp. 412, 420; Remini 1969, p. 111). Many of these banks overleveraged the funds (Hammond 1954, p. 420; Remini 1969, p. 171). At the same time, the loss of capital forced the bank to contract its supply of notes in circulation (Catterall 1903, p. 298). Biddle zealously blamed Jackson for the curtailment of credit and the crises that followed (Govan 1959, pp. 247–259).

IV. CONCLUSION

⁷² Each with their own sympathies, Hammond (1957, p. 410) and Remini (1967, pp. 106–107) also interpret the political results differently.

The high stakes of the 1830s Bank War have prompted many scholars to assume that the war must have been unavoidable. Scholars of international relations, however, know better than to assume that any war—no matter how destructive—is inevitable. Even in the most adversarial conditions, it is often possible for actors to avoid war by negotiating a settlement that each prefers to fighting. This article shows that Biddle and Jackson had reached such a settlement in the spring of 1832. Their agreement broke down, however, because neither could credibly commit to maintain the truce in the long run. Recognizing that his bargaining position would be weaker once Jackson had secured re-election, Biddle applied for an early recharter. Jackson was content to grant a reformed charter until July 1832, when he realized that no amount of reform could curb the bank's hegemonic ascent. He thus launched a preventive war against the bank.

Beyond revising our understanding of this particular episode, this article deepens our understanding of the political dynamics between politicians and central bankers. We have known for some time that politicians attempt to influence monetary policy (Frieden 1994). This paper, however, provides further evidence of central bankers manipulating politics (White 2010; Poast 2015; Morrison forthcoming).

Second, this article demonstrates the utility of using IR theory to understand domestic politics. Even in a well-functioning sovereign state, the components of that state exist, in relation to one another, in anarchy. As such, international relations theory might prove invaluable in advancing our understanding of *intragovernmental* relations.

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Abbreviations

AJMLOC = Andrew Jackson Manuscripts, Library of Congress.

NBMLOC = Nicholas Biddle Manuscripts, Library of Congress.

VBMLOC = Van Buren Manuscripts, Library of Congress.

HSP = Nicholas Biddle Personal Letters, Historical Society of Pennsylvania.