

ELIMINATION OF THE NATIONAL DEBT IN 1835 AND THE MEANING OF JACKSONIAN DEMOCRACY

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ABSTRACT

Eliminating the national debt constituted one of President Andrew Jackson's highest priorities. This policy goal underlay the great issues of his administrations—internal improvements, the Bank War, and the Nullification Crisis. Yet there was more. National debt-freedom encouraged civic virtue, promoted small and uncorrupted government, altered government-business relationships, fostered progress, underscored American exceptionalism, and justified a more active foreign policy. In short, securing national debt-freedom was an important but long overlooked element of Jacksonian Democracy.

On January 1, 1835, the United States paid off its public debt. For that year and the next the nation was debt-free, the only two years in its history when it had no obligations to creditors. Although the years 1835-1836 are unique, historians of Jacksonian America have not examined the meaning of this financial rarity for the era.¹ The historiographical oversight is striking because Jacksonians and their opponents extolled the extraordinary financial situation of Andrew Jackson's second term—national-debt freedom was a core element of Jacksonian Democracy.²

Elimination of the national debt on New Year's Day 1835 had been anticipated for a decade. In December 1824, in his last annual message to Congress, retiring President James Monroe had announced that, barring any unforeseen emergency, the public debt would be extinguished on that date.³ Congress had been working toward debt elimination since the Treaty of Ghent and, after 1824, aggressively adhered to Monroe's timetable, refinanced debt, and underwrote the Sinking Fund Commission so it had the resources to meet interest and principal payments on time. The second Bank of the United States made the disbursements to creditors.⁴ Despite a consensus regarding the need to eliminate the debt, when President John Quincy Adams presented Congress in December, 1825, an agenda for road and canal construction, a national university, an astronomical institute, and

other federal initiatives—an agenda without cost estimates, timelines, and other fiscal data—he raised the suspicion that he was not committed to debt elimination on Monroe’s schedule, a suspicion that helped cripple his administration.⁵

Jackson committed to pay the public debt in full. In his March 4, 1829, inaugural address he declared that economy in government constituted one of his highest priorities “because it will facilitate the extinguishment of the national debt.”⁶ Debt steadily declined until eliminated in 1835. Jackson’s policies aimed at assuring that no new debt would be contracted. The great public issues of the Jackson years—internal improvements, recharter of the Bank of the United States, and nullification—were all debated on the elevated plane of the Constitution. The flip side to the lofty legal arguments, often obscured by constitutional analysis, was the status of the public debt and its influence on the road controversy, the bank war, and the tariff crisis.

In 1830 Congress appropriated \$150,000 to purchase stock in a company building a road from Lexington to Maysville within the state of Kentucky. Jackson, convinced that the Constitution prohibited federal funding of projects that were not national in scope, vetoed the bill. Unconstitutionality, however, was only one reason why he rejected the measure. His veto message reminded Congress that “if no adverse and unforeseen contingency happens in our foreign relations and no unusual diversion be made of the funds set apart for the payment of the national debt we may look with confidence to its entire extinguishment in the short period of four years.” But he warned that measures like the Maysville Road bill could throw debt payment off schedule. “The extent to which this pleasing anticipation [debt extinction] is dependent upon the policy which may be pursued in relation to measures of the character as the one now under consideration [the Maysville Road bill] must be obvious to all .”⁷

The relationship between internal improvements and debt elimination was apparent even to foreign visitors. One sojourner touring the United States in 1832-1833 observed: “The republic does not overpay its principal officers, and as its national debt is now extinguished [sic], it would unquestioningly soon become rich, if the extent of its territories did not call for a very considerable outlay for internal improvements.”⁸ Another traveler, S. A. Ferrall, reported that “friends of Adams and Clay, had determined to place Jackson in a dilemma” by passing the Maysville Road bill and other measures for clearing creeks, building bridges, and other internal improvements. All this, according to Ferral, “instead of leaving a surplus of ten millions to the liquidation of the national debt, would not only have totally exhausted the treasury, but have actually exceeded by 20,000,000

dollars the revenue of the current year”⁹ Whatever the truth of these specific allegations, Jackson understood that federally funded internal improvements and debt elimination were contradictory policies. His financial program as well as his constitutional qualms dictated opposition to the Maysville project. Diverting funds to such undertakings, he wrote, could not be done “unless the payment of the national debt be postponed” or, alternatively, “additional taxes” levied.¹⁰ To Jackson neither option was acceptable: hence, the veto.

Imminent elimination of the national debt also factored into Jackson’s conflict with the Bank of the United States. The President vetoed the 1832 recharter bill for several reasons, including, of course, his assertion that the Constitution did not authorize Congress to establish a bank. But he also pointed out that the bank’s huge capitalization was unwarranted because “[t]he public debt . . . has been nearly paid off, and our revenue will soon be reduced. This . . . capital is, therefore, not for public, but for private purposes.”¹¹ Since it was not government’s role to enrich investors, to recharter the bank at heavy capitalization while the debt was being eliminated did not constitute a “proper” exercise of federal authority. Moreover, the 1832 recharter bill doubled the bonus the bank paid the government under the 1816 law. But why the increase? After all, Jackson pointed out with some sarcasm, the bank was not paying “for the privilege” of transferring funds from “place to place” to satisfy “the public creditors.”¹² Rather, the bank was willing to pay a doubled bonus not for the honor of discharging the public debt but for the benefit of its stockholders. This too rendered the bank improper under the Constitution.

There was another relationship between the bank issue and debt elimination that the veto message did not express. The bank had been established in 1816 to establish a national currency and to meet interest and principal payments on the national debt. With the debt winding down half the reason for the bank’s existence was evaporating. Nicholas Biddle, astute banker that he was, nonetheless failed to perceive this reality. In 1829 he proposed a plan to the administration by which the entire debt would be extinguished two years ahead of Monroe’s schedule. The plan, however, included a *quid pro quo*: Early elimination of the debt in exchange for long term recharter of the bank. For Jackson this represented no bargain, and he rejected it. Not until it was too late did Biddle realize that debt elimination did not justify recharter but, rather, its very opposite. Debt extinction robbed the bank of half its *raison d’etre*.¹³

Anticipated debt-freedom factored into the nullification crisis of 1832-33. Protectionism contradicted the notion that, after elimination of the national debt, the federal government would

restrict revenues to operating costs. In 1828 the “tariff of abominations” had raised import duties to unprecedented levels, and downward tariff revision in 1832 did not establish free trade. Accordingly, in late 1832 South Carolina declared both tariffs null and void within its borders and defended its action on constitutional grounds. But there was a financial as well as a constitutional dimension to the state’s conduct. The tariff, after all, generated almost all federal revenues. By denying customs duties to the federal treasury, South Carolina was, by implication, taking the timely payment of the national debt as a hostage in its effort to secure free trade. This aspect of the crisis raised questions as troubling as the disunionism inherent in interposition theory. Without tariff revenues from South Carolina, would not the Jackson administration be compelled to borrow to make up the difference, and, if so, at what rate? Would not other states follow South Carolina’s example, and, if so, would the government be able to borrow at all? Nullification threatened new and extended public and financial disaster. These threats aimed at forcing Jackson into a free trade policy. Jackson understood the danger the nation faced. In his Proclamation to the People of South Carolina he observed: “If South Carolina considers the revenue laws unconstitutional and has a right to prevent their execution in the port of Charleston, there would be a clear constitutional objection to their collection in any other port, and no revenue could be collected anywhere.”¹⁴ To uphold the Constitution and to avoid fiscal meltdown on the eve of debt-freedom, Jackson determined to use force against South Carolina. In the end compromise resolved the financial problem but not the constitutional question,¹⁵ which was resolved violently three decades later.

In any event, to whatever degree the major public issues of the Jackson era—internal improvements, the Bank of the United States, and tariff nullification—contributed to or enhanced American democratic values, to that degree the anticipated elimination of the public debt constituted a factor in the unfolding and growing democratic tradition. Why did Jackson commit himself so rigorously to national debt-freedom? Why were he and his supporters so preoccupied by, if not obsessed with, eliminating the public debt? What would achieving this goal mean?

On one occasion Jackson predicted that the elimination of the national debt would be “a memorable and happy event.”¹⁶ In his first inaugural he explained that “the unnecessary duration” of the public debt was “incompatible with real independence.”¹⁷ Debt meant dependence on creditors, an obligation of the majority to a minority, a burden on the many to the advantage of a few. This reversal of democratic-republican tenets was not Jackson’s only reason to pursue debt elimination. National debt-freedom, he asserted, “will counteract that tendency to public and private

profligacy” which government extravagance “is but to apt to engender.”¹⁸ Public debt constituted a moral danger. It raised the specter of unrestrained self-indulgence, unembarrassed vice, and recklessness. Borrowing tempted government to overspend and to expand beyond its legitimate sphere. Debt, in brief, corrupted government, encouraging it to exercise power it did not legitimately possess. Historically power targeted the liberty of individuals. Hence the perpetuation of debt imperiled the freedom that Americans enjoyed. It eroded the political as well as the moral fiber of the nation.

The relationship between debt and moral and political corruption which worried Jackson did not originate with him or his adherents. Rather, that connection had been an essential ingredient in republican ideology since the revolutionary era and by Jackson’s day was firmly rooted in the Jeffersonian tradition.¹⁹ Indeed, the Sage of Monticello had elevated the farmer to special civil status because he was naturally free and naturally virtuous. His observation is now immortalized: “Those who labor in the earth are the chosen people of God, if ever he had a chosen people, whose breasts he has made His peculiar deposit for substantial and genuine virtue.” But “dependence begets subservience and venality, suffocates the germ of virtue, and prepares fit tools for the designs of ambition.”²⁰ Dependence promoted vice, undermining the moral foundation upon which freedom stood. Jackson’s awareness of the danger the debt posed was anchored securely in the Jeffersonian worldview. Eliminating the debt would mold the entire nation into the image of Jefferson’s farmer—self-sufficient, virtuous, and secure in its freedom: a “chosen” nation. Many years after the “memorable and happy event,” Thomas Hart Benton of Missouri, an ardent Jacksonian, summed it up. Eliminating the huge debt from the War of 1812, he wrote, would make the United States “wholly free.”²¹

Eliminating the public debt entailed more than casting the entire nation in the role of Jefferson’s husbandman. Debt-freedom, particularly perpetual debt-freedom, implied small government or, to paraphrase Jefferson, a government that governed less rather than more. Accordingly, debt-freedom enhanced individual liberty because individuals would become less and less likely to encounter government power. Tax burdens, for example, would shrink because principal and interest obligations would vanish. Government revenues would serve government operations only, and Americans would keep more of the fruit of their labor. This aspect of debt-freedom bore enormous consequence, as the South Carolina nullification crisis demonstrated. But the idea that debt-freedom would restrict government expenditures had another enormous impact.

It directly affected government-business relationships.

Before the Maysville Road veto the federal government had from time to time invested public money in corporate stock. The most notable of these purchases was its acquisition of 20 percent of the shares in each of the Banks of the United States. The first bank investment yielded a significant profit before the government completely divested its holdings in 1802.²² Under Nicholas Biddle's management the second Bank of the United States generated approximately \$500,000 per year in dividend revenue to the government.²³ Although the most prominent, these were not the only federal investments in corporate stock. The government also purchased shares in various canal companies—four, to be precise—as a way of promoting internal improvements. Interestingly, this method raised no concerns. In fact, in early 1825 the Committee on Roads and Canals reported to the House of Representatives: “The committee cannot conceive how the General Government can aid in the internal improvements of the country . . . with greater propriety than by subscriptions to companies incorporated by the respective states.”²⁴

However, unlike bank investments, canal investments were losers, costing the public almost \$1,850,000 in the years after 1825.²⁵ If the financial goal of public policy was to eliminate the national debt, then such investments did not serve the public interest. Jackson's Maysville Road veto made this clear. But the President elaborated on his thoughts concerning public investment in the private economy in his December, 1830, message to Congress. Objecting to means as well as substance, he challenged the “practice which has obtained to some extent . . . that of subscribing to the stock of private associations. Positive experience, and a . . . thorough consideration of the subject, have convinced me of the impropriety as well as inexpediency of such investments.” He argued that they did not benefit all the American people as the Constitution required. He asserted that they led to federal consolidation of power at the expense of the states. He pointed out that appropriating taxpayer dollars to private companies placed “a portion of the public funds” under the “management and control” of “an authority unknown to the Constitution, and beyond the supervision of our constituents.” He added: “this mode of aiding” companies involved in improvement projects “is . . . deceptive, and in many cases conducive to improvidence in the administration of national funds.”²⁶

Good money will inevitably follow the bad. Jackson offered an example. “The bill authorizing a subscription to the Louisville and Portland canal affords a striking illustration of the difficulty of withholding additional appropriations for the same object, when the first erroneous step

has been taken by instituting a partnership between the Government and private companies. It proposes a third subscription on the part of the United States, when each preceding one was at the time regarded as the extent of the aid which Government was to render.” The same reasoning, of course, could be applied to all for-profit enterprises, not merely those employed in infrastructure development. Jackson concluded, saying that all appropriations for improvement projects should be “deferred until the national debt is paid.”²⁷

All this—the Maysville Road veto and the subsequent broader policy statement concerning federal investments in private companies—bore an important result. It divorced government from the business sector generally, in the same way that Martin Van Buren’s Independent Treasury system divorced government from banking several years later. Indeed, the Independent Treasury system simply applied an already established policy to a specific enterprise. Here rests the deep significance of the Maysville Road veto. With the exception of stock purchases in the Chesapeake and Ohio Canal Company between 1829 and 1833, ever since the Jackson era the government of the United States has not exercised its right—its sovereign right—to invest in corporate securities.²⁸ The origin of this longstanding policy rests as much in the Jacksonian determination to extinguish the public debt and to avoid future borrowing as in its concerns about constitutional propriety. To risk the public’s money in the stock market was to risk perpetuating the public debt (or raising taxes). Jackson would have none of it. Had it been otherwise, it is interesting to speculate what the face of American capitalism would look like today. In any event, if *laissez faire* characterized the Jacksonian economy, it arrived at that condition out of as much deference to debt-freedom as to Adam Smith.

Aside from the divorce of government and business, Jacksonians were unsure exactly what conditions debt-freedom would create. For some this uncertainty justified postponing legislative action on the bill to recharter the Bank of the United States in 1832. Delay would buy time to grasp the nature and parameters of the new era into which the nation was heading. During the debate over the bank bill John C. Bell of Tennessee declared: “If we recharter the bank now, we shall be wilfully rejecting the proffered lights of experience. We are upon the eve of a great event—an event most extraordinary in the history of nations . . . I allude to the payment of the public debt.” He added: “this event will take place within a period sufficiently in advance of the expiration of the charter of the bank, to afford us some experience of its effects before” addressing charter renewal. “The great amount of capital which has always been accumulated, and must continue to accumulate, in the

hands of individuals by the rapid discharge of the public debt, and which must find some new modes of investment, cannot be without its effects upon the general interests of the country.” But what would those “effects” be?

No one knew the impact of debt elimination because it had never happened before. Bell observed that “the precise nature and character of the effect this state of things must soon exhibit, upon the general currency of the country, upon the local banks, foreign and domestic exchange, and upon the trade and commerce of the country, internal and external, none can now foresee.” Little could be safely said except that the impact “will probably be very great and striking, and it is of no little importance that we should know something more from experience upon this subject than we do now” before taking action on the Bank of the United States. The bank, after all, was “intended to regulate the effects of this new state of things.” Bell cautioned Congress to wait and to see what debt-freedom really meant before dealing with the bank. “Shall we,” he asked, “recklessly fling away, or disregard the lights which the next three years must shed upon this subject?”²⁹

Bell was not alone in this view. Augustus Clayton of Georgia, a severe critic of the bank, urged postponement of the recharter bill for the same reason as his Tennessee colleague: “We are now upon the eve of a change in our condition.” Soon “the public debt will be paid.” Like Bell, Clayton could not predict the results of debt-freedom. “The prospect is favorable, cheering, but made up of so many contingencies, that no presumption dares to determine what will be its aspect.”³⁰

Although the Bell-Clayton line of reasoning failed to deter congressional action on the bank bill, it is nonetheless revealing. No one, it was true, could predict what the specifics of debt-freedom would be, but, at the same time, no one doubted that the specifics, whatever they were, were going to be good as well as significant. A beneficent future lay ahead. America was going to become a better place. In this sense the determination to secure national freedom from debt constituted one of the great reform movements with which the age of Jackson is associated. The drive to extinguish the debt, in fact, shared some of the characteristics of abolitionism, temperance, education reform, and the other leading causes of the era. All identified themselves with freedom—freedom from debt, freedom from bondage, freedom from alcohol addiction, freedom from ignorance, and freedom from other dependencies. All rooted themselves in morality: Debt corrupted, slavery was sin, intemperance affronted both God and man, and ignorance played into the hands of Satan. All were driven by a sense of urgency; these evils needed to be conquered now, not at some unspecified time in the distant future.

Unlike abolitionism and other crusades of the era, which required the time, labor, and funds of private citizens organized in voluntary associations, the crusade to liberate the nation from debt was led by the government itself—especially the executive branch—which used all its constitutional muscle to assure success. It is interesting to note that the movement to abolish imprisonment for debt was one of the first to emerge during this period.³¹ Whether any connection exists between the mounting attack on imprisonment for debt and the anticipated extinction of the national debt is an issue that merits investigation. A possible relationship exists. In the years after the Treaty of Ghent the belated recognition that individuals often fell into debt not from moral defect but from overwhelming and unavoidable circumstances emerged. Necessity, in other words, was often the mother of debt. Such had been the predicament of the United States during the War of 1812. The conflict forced government borrowing. The alternative was military defeat and, possibly, the loss of national independence. Necessity, therefore, and not some moral failing embedded in republicanism or the Constitution, justified the national debt. In a democratic society should the nation and the citizen be judged by different criteria? If not, then incarcerating citizens for debt made no sense. Rather, indebted citizens of the republic needed to emulate their government and pursue honest and consistent debt reduction. Imprisonment, of course, did not permit this. Freedom was a precondition for freedom from debt.

In any event, as 1835 drew nearer and nearer, Americans became increasingly inclined to boast about their national financial situation. In 1833, for example, T.M. McKennan, a Pennsylvania representative, declared debt-freedom an “extraordinary and astonishing spectacle.” He asserted that “the extinguishment of the public debt will be hailed by our citizens as an era of exultation, and of mutual congratulation.”³² Senator Isaac Hill of New Hampshire concurred: “The extinction of our national debt presents this nation in an attitude to excite the admiration of the world,” he maintained. “There is probably on record no other instance of the kind.”³³ According to Augustus Clayton of Georgia, debt elimination “makes this nation the envy and admiration of all other nations.”³⁴ It demonstrated not only the success of republicanism but also its superiority over other forms of government. After all, what other nation had paid off its debt and liberated its people from its burdens? None. Moreover, the Founders, for all their extraordinary success in transforming republican theory into reality—the Constitution and its separation of powers, small government and a small military establishment, and more—had been unable to secure debt-freedom. This essential element of true republicanism had remained elusive until the Jacksonians came to power. Their generation achieved what their parents and grandparents could not—all the more reason for effusive

national pride. The unattainable would be attained on January 1, 1835. If, as Marvin Meyers has argued, Jacksonian Democracy constituted a nostalgia for the seemingly lost values of the very early republic, then the Jacksonians had good reason to pride themselves on accomplishing what their forbears could not.³⁵ Impending debt-freedom seemed to prove that the United States was not simply free and virtuous but also unique and special in ways no other nation could match. It meant that the United States was indeed about to become God's "chosen" nation. In brief, the elimination of the national debt confirmed American exceptionalism.

Debt-freedom also implied a new international role for the United States. As early as 1827 a writer for the *North American Review* observed that the United States "has already risen as if by magic from the state of extreme exhaustion, to which she was reduced in 1815, to a high degree of prosperity; she is rapidly throwing off the burden of her public debt, and providing for the increase of her navy and fortifications, with a liberality from which freer and more favored nations, might derive a useful lesson." Debt-freedom enhanced national security. "A nation thus circumstanced has nothing to fear from the aggressions of any continental power."³⁶

Debt-freedom provided more than defense. It offered an opportunity to participate more fully and effectively in world affairs. It allowed departure from the so-called isolationism recommended by George Washington in his Farewell Address. James A. Hamilton, for example, son of the distinguished Treasury Secretary and confidante of Andrew Jackson, believed that debt-freedom and overflowing federal coffers justified establishing more United States diplomatic missions abroad. Moreover, according to Hamilton, debt-freedom warranted greater American energy in foreign affairs. The United States could exercise its exceptionalism by becoming the beacon of freedom in the world. "We have no right," he said, "to hold back in the great struggle for the political regeneration of the world."³⁷ National debt-freedom, it seems, helped sow the seeds that Manifest Destinarians would reap a decade later, but whatever relationship may exist between American expansionism and Jacksonian finance requires, like the issue of imprisonment for debt, much extended research.

Jackson's "memorable and happy event" arrived on time in 1835. No one knew that it would constitute only a very brief shining moment in American history. Yet it was not without consequence. Its anticipation affected the course of major issues of the Jackson era: internal improvements, the bank war, and the nullification crisis. If these matters factored into and reflected the content of Jacksonian Democracy, then the status of the national debt played a significant role.

But there was more. Impending debt-freedom also helped shape the nature of subsequent government-business relationships by pulling federal investment out of the private sector. By shoving American capitalism into a different direction, anticipated elimination of the debt had important long term economic and social consequences: undiluted laissez faire and infrastructure development confined to the states and to the private sector. In addition, although usually overlooked by historians, the relentless Jacksonian drive to eliminate the public debt constituted one of the great reform movements of the era. The United States was going to become a better place because Jackson's generation achieved a vital republican goal that had eluded the Founders. Eliminating the national debt meant eliminating a perennial source of corruption within the body politic. It seemed to prove that the nation was as free and as virtuous as Jefferson's farmer, and it underscored notions of American exceptionalism. No other nation had ever paid off its public debt. Lastly, debt-freedom encouraged a more active American foreign policy and promoted the idea that America had a unique role to play in the world.

Debt-freedom ended in 1837, killed by the financial Panic that year. Although of short duration, it served as an important ingredient in that mix of circumstances called Jacksonian Democracy.

NOTES

1. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1957: A Statistical Abstract Supplement* (Washington, DC: GPO, 1960), 721. The official records document \$38,000 of outstanding debt still on the books for 1835 and 1836. Congress, however, had appropriated this sum, but the Treasury had had no claimants for it. Therefore the real debt stood at \$00.00.

2. Historians generally agree that the years 1824–1840 witnessed an upsurge in 1990; Daniel democracy—Jacksonian Democracy—and they have explained it in a variety of ways: as the “era of the common man” resulting from almost universal white male suffrage and the emergence of mass political parties; as the triumph of the west over the eastern establishment; as a struggle for ascendancy between agriculture and industry; as a conflict between capital and labor; as a victory of laissez faire economics over government interventionism; as a period of social and moral reform; as a manifestation of religious and ethnic demography upon American politics; and as a dissatisfaction with the seeming loss of the values and traditions of the very early republic. To

sample this rich historiography see Glyndon G. Van Deusen, *The Jacksonian Era, 1828-1848* (New York, 1959); Richard P. McCormick, *The Second American Party System: Party Formation in the Jacksonian Era* (New York, 1966); Frederick Jackson Turner, *Rise of the New West, 1819-1829* (New York, 1906;1962); Charles Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (New York & Oxford, 1992); Arthur M. Schlesinger, Jr., *The Age of Jackson* (Boston & Toronto, 1945); Richard Hofstadter, *The American Political Tradition* (New York, 1948), ch. III; Harry L. Watson, *Liberty and Power, The Politics of Jacksonian America* (New York, Feller, *The Jacksonian Promise: America, 1815-1840* (Baltimore & London, 1995); Alice Felt Tyler, *Freedom's Ferment: Phases of American Social History from the Colonial Period to the Outbreak of the Civil War* (New York, 1944); Lee Benson, *The Concept of Jacksonian Democracy: New York as a Test Case* (Princeton, 1961); Marvin Myers, *The Jacksonian Persuasion: Politics and Belief* (Stanford, 1957).

3. James Monroe, Annual Message, December 7, 1824, James D. Richardson, ed., *A Compilation of the Messages and Papers of the Presidents, 1789-1897*, 10 vols.(Washington, D.C., 1896-99), II, 823. Hereafter *Messages and Papers*.

4. See "An Act for the Redemption of the Public Debt," March 3, 1817, *Statutes at Large of the United States of America, 1789-1873* (Boston, 1850-73), 14:2, 379.

5. The impact of Adams' agenda on anticipated debt elimination and the failure of his administration remains a study in progress by this author.

6. Andrew Jackson, Inaugural Address, March 4, 1829, *Messages and Papers*, II, 1000.

7. Andrew Jackson, Veto, May 27, 1830., *Ibid.*, II, 1051.

8. Stephen Davis, *Notes of a Tour in America in 1832 and 1833* (Edinburgh, 1833), 94.

9. Simon A. O. Ferrall, *A Ramble of Six Thousand Miles through the United States of America* (London, 1832), 232-33.

10. Andrew Jackson, Veto, May 27, 1830, *Messages and Papers*, II, 1052.

11. Andrew Jackson, Veto, July 10, 1832, *Ibid.*, II, 1148.

12. *Ibid.*, II, 1149.

13. Carl Lane, "Andrew Jackson, the Bank War, and the Elimination of the National Debt." Unpublished paper presented at the annual conference of the Economic and Business Historical Society, High Point, North Carolina, April 28, 2005.

14. Andrew Jackson, Proclamation, December 10, 1832, Messages and Papers, II, 1205.
15. Carl Lane, "Payment of the U.S. National Debt Held Hostage: Another look at the Nullification Crisis, 1832-1833." Unpublished paper presented at the annual conference of the Economic and Business Historical Society, Anaheim, California, April 24, 2004.
16. Andrew Jackson, Annual Message, December 4, 1832, Messages and Papers, II, 1160.
17. Andrew Jackson, Inaugural Address, March 4, 1829, Ibid., II, 1000.
18. Ibid., II, 1000.
19. See, for example, Herbert E. Sloan, *Principle & Interest: Thomas Jefferson & the Problem of Debt* (New York & Oxford, 1995).
20. Thomas Jefferson, *Notes on the State of Virginia* (New York et. al: Harper Torchbook, ed., 1964), 157.
21. Thomas Hart Benton, *Thirty Years' View* (New York & London, 1854-56), I, 5.
22. Carl Lane, "For 'A Positive Profit:' The Federal Investment in the First Bank of the United States, 1792-1802," *William and Mary Quarterly*, 54 (July, 1997): 601-612.
23. See Treasury Department reports for the years 1821-1832 in Thomas C. Cochran, ed., *New American State Papers, 1789-1860*, 32 vols.(Wilmington, Del., 1972-73), General Reports.
24. Report of the Committee on Roads and Canals, February 6, 1825, *Register of Debates, House of Representatives*, 18:2, Appendix, 76.
25. Carl Lane, "Federal Investments in Private Canal Companies, 1825-1835." Unpublished paper presented at the annual conference of the Economic and Business Historical Society, Albany, New York, April 26, 2001.
26. Andrew Jackson, Annual Message, December 6, 1830, Messages and Papers, II, 1072-73.
27. Ibid., II, 1074.
28. Lane, "Federal Investments in Private Canal Companies," 12. Another possible exception is the Emergency Banking Act of March, 1933, which allowed the Reconstruction Finance Corporation to purchase stock of publicly owned banks.
29. *Register of Debates, House of Representatives*, 22:1, 2082.
30. Ibid., 2139-41.

31. See Bruce H. Mann, *Republic of Debtors: Bankruptcy in the Age of American Independence* (Cambridge and London, 2002).

32. *Register of Debates, House of Representatives*, 22:2, 1094.

33. *Ibid.*, *Senate*, 22:2, 197.

34. *Ibid.*, *House of Representatives*, 22:1, 2139-41.

35. Myers, *Jacksonian Persuasion*, especially 3-15.

36. *North American Review*, 25 (July, 1827): 174.

37. James A. Hamilton, *Reminiscences of James A. Hamilton* (New York, 1869), 176.