

CHAPTER 7 Section 4 (pages 230–235)

States' Rights and the National Bank

BEFORE YOU READ

In the last section, you read about how Jackson dealt with Native Americans.

In this section, you will learn about Jackson's policies on other issues.

AS YOU READ

Use the chart below to take notes on how President Jackson responded to major issues facing his presidency.

TERMS AND NAMES

John C. Calhoun Vice-President and congressional leader from South Carolina

Tariff of Abominations Henry Clay's name for an 1828 tariff increase

Daniel Webster A Senate leader from Massachusetts

Bank of the United States National bank established by Congress first in 1791 and then in 1816

Whig Party Political party formed in 1834 to oppose policies of Andrew Jackson

Martin Van Buren Eighth president
panic of 1837 A series of financial failures that led to an economic depression

William Henry Harrison Ninth president

John Tyler Tenth president

| ISSUES/EVENTS | JACKSON'S RESPONSE |
|--|--------------------|
| <i>South Carolina nullifies 1832 tariff passed by Congress</i> | |
| <i>The Bank of the United States</i> | |
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A Tariff Raises the States' Rights Issue

(pages 230–232)

What *is the principle of nullification?*

Jackson's vice-president was **John C. Calhoun** of South Carolina. The two men opposed each other over the Tariff of 1816. This was a tax that increased the price of foreign-made goods. By 1828, the tariff had been raised twice. Although

Calhoun supported the tariff at first, he came to oppose it. He called it a **Tariff of Abominations**, because he believed that it hurt the South. Southerners had little industry of their own. They believed that they were paying more for goods in order to support industry in the North.

Calhoun believed the South had the right to disobey the tariff based on the principle of nullification. This principle held that states could *nullify*

federal laws that they felt were unconstitutional. Calhoun went even further. He believed that if the government *forbid* a state from nullifying a federal law, that state had the right to leave the Union.

In 1830, the Senate debated the tariff—as well as the issue of nullification. Senator **Daniel Webster** of Massachusetts opposed states' efforts to nullify a federal law. Senator Robert Hayne of South Carolina defended nullification.

In 1832, Congress passed a new tariff. The issue of nullification erupted again. South Carolina declared the new tariff invalid. The state threatened to secede, or leave the Union. This made President Jackson furious. He threatened to send troops to make South Carolina obey the law. Henry Clay worked out a compromise that kept South Carolina in the union.

1. Why did South Carolina threaten to leave the union?

Jackson Attacks the National Bank (pages 232–234)

How did Jackson destroy the national bank?

South Carolina's action wasn't the only thing that stirred Andrew Jackson's anger. The President also took on the second national bank—the **Bank of the United States** (BUS) in Philadelphia. Jackson viewed the bank as an agent of the wealthy and *elite*—a group he deeply distrusted.

Jackson tried to shut the bank down by taking money out of it and putting it in other banks. In an attempt to save the bank, the bank's president called for all loans to be repaid. This caused many businesses to go *bankrupt*. As a result, the bank lost much support. In 1836 the national bank went out of business.

Jackson's actions against the bank angered a number of people—including some from his own party. They thought that the president had become too powerful. As a result, these people formed a new political party. Known as the **Whig Party**, it tried to limit the power of the presidency.

2. What was a political consequence of Jackson's fight against the national bank?

Van Buren Deals with Jackson's Legacy (pages 234–235)

What was the Panic of 1837?

Jackson's vice-president, **Martin Van Buren**, won the election in 1836. He inherited another Jackson *legacy*: a financial mess brought on by the bank fight.

By 1837, many of the banks Jackson had put money in during the bank fight had failed. This helped cause the **panic of 1837**. During this time, many banks closed and people lost their savings. As a result, the country sank into a *depression*.

In the 1840 presidential election, Van Buren lost to Whig candidate **William Henry Harrison**. Harrison died soon after taking office. His vice-president, **John Tyler**, became president. Tyler did not agree with many of the Whig policies. As a result, the party was unable to enact many of its programs.

3. What helped caused the nation's depression during the Van Buren presidency?
