Toward the Age of Jackson

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The War of 1812
THE WAR OF 1812
A FORGOTTEN CONFLICT
BICENTENNIAL EDITION
DONALD R. HICKEY
THE CIVIL WAR
OF 1812
American Citizens, British Subjects, Irish Rebels, & Indian Allies

Alan Taylor

The War of 1812

Writings from America’s Second War of Independence
The road to war, I

- Non-intercourse legislation expires in early 1810 and Madison wants it replaced by an embargo.
- Instead, Congress restores open trade to both Great Britain and France.
- However, with a provision: If either Great Britain or France reinitiate their policy of harassing U.S. shipping, the U.S. will resume nonimportation against the other party.
- The depressed trade also depresses revenue and the government runs a deficit.
When France hints that it will stop harassment, Madison imposes non-importation on Britain in March, 1811.

French don not follow through, but Madison keeps the non-importation policy against Great Britain.

*Little Belt* affair on May 16, 1811.

The Battle of Tippecanoe on November 7, 1811: William Henry Harrison of the Indiana Territory against Native American forces associated with Shawnee leader Tecumseh and his brother Tenskwatawa.
The War Congress

- Regional political tensions surface. Non-importation hurts New England shippers and New York merchants, but allowing exports served mid-Atlantic grain and flour producers and southern staples producers.

- Secessionist sentiments reappear in New England over non-importation with Great Britain.

- 12th Congress (the “War Congress”), which convened on November 4, 1811, has an entirely different attitude.

- Populated by the “war hawks” such as Henry Clay and John Calhoun who wanted to take military action against Great Britain.

- Henry Clay and John Calhoun (together with Daniel Webster) will shape much of the U.S. political and economic life during the next few decades.
"A historical spellbinder... A lively, vivid, and thoroughly researched account of a time when discord gripped the nation and wouldn't let go."
—The Christian Science Monitor

Heirs of the Founders

Henry Clay, John Calhoun, and Daniel Webster,

The Second Generation of American Giants

H. W. Brands

Author of The First American, Pulitzer Prize Finalist
The nationalist program

- Patriotic rhetoric about redeeming the nation’s honor.
- Sparked by continued impressment of sailors and confiscation of goods.
- Blame the low price of southern staples on British trade policies.
- Want direct trade to the continent and West Indies.
- Growing nationalism and antagonism with British support for Native Americans on the western frontier.
- Push Britain, who is engaged in all out war with France, out of North America once and for all:
  1. Wrest Florida from Spain and Canada from Britain.
  2. End British control of fishing grounds off Newfoundland.
Additional points

- The war is seen as the outcome of the repeated failed peaceful coercions.

- The U.S. has been in commercial warfare with Great Britain and France since 1806.

- Nationalists feel the need to assert the U.S. right to unrestricted access to foreign markets. A long held Republican philosophy.

- “We have exhausted every means in our power to preserve the peace. We have tried negotiations until it is disgraceful to think of renewing it, and commercial restrictions have operated to our injury. War or submission alone remain.” (Wilson Cary Nicholas to Jefferson in 1810).

- War will revitalize the national character: a second war for independence.

- Also, it will unify the Democratic-Republican party. Growing resentment against preponderance of the “Virginia dynasty.”
The situation in the U.S.

- Federalists and antiwar Democratic-Republicans argue that starting a war will not improve the price of staples: war will make matters worse.

- But they are a minority: majority thinks the U.S. will win concessions from Great Britain, gain power and land.

- Monroe (Secretary of State) gives assurances in late 1811 the administration will support a declaration of war by May 1812 if the situation with Britain does not improve.

- April 1812: Congress enacts a 90 day total embargo on trade with Great Britain, to get U.S. ships out of harms way.
The situation in Britain

- At the moment the British economy is in a slump, and manufacturers believe an end to non-importation would increase the demand for goods.

- Unemployed workers in British industrial towns petition Parliament demanding a repeal of the Orders in Council.

- Given heavy taxes and the burden of war with France, they do not want another war in North America.
The outbreak of the war

- June 16, Orders in Council are suspended.
- June 18, U.S. declares War: Madison’s reason for asking for a Declaration of War include impressment, seizure of ships, Orders in Council, and arming of Native Americans in the West.
- June 23, new British Government provisionally repeals the orders (Prime Minister Spencer Perceval was assassinated in London on May 11).
- Great Britain learns of U.S. declaration on July 29, 41 days after war was declared and Madison learns of the repeal on August 12, 51 days after the repeal.
- U.S. does not halt hostilities because it does not know how Britain will react to the declaration of war.
- Respective ships bearing the news passed each other in the north Atlantic.
- Better communications would have avoided war.
Opposition to the war

- All 39 Federalists in Congress oppose the war: “Mr. Madison’s war.”

- Federalists are appalled that the U.S. would rashly start a war the country is unprepared for.

- Unimaginable that the U.S. would take the side of a French despot against a constitutional government and country that happened to be an important customer.

- Decision for war is sectional: Supported in South and West, while Northern Republicans and Federalists opposed.

- Voting is rather strange. The region suffering most from ships being seized and seamen impressed, does not want war, and the West, which is little affected by trade is the most vocal for war. Pennsylvania provides the most votes for war.

- This suggests that the economic cost of the Orders in Council was not sufficient to merit war.
The military balance

- The U.S. is woefully overmatched.
- An army of fewer than 7,000 men compared to Great Britain with 250,000 men.
- A navy of 16 ships compared to almost 1,000 in the Royal Navy.
- Also, the U.S. wants to fight a war based on republican principles. In particular, the Congress does not want to incur debt, perpetual taxation, or create a military establishment.
- Gallatin’s proposals for financing the war through taxes and debt are watered-down.
The lack of preparations

- The U.S. never seriously prepares for battle.

- Finally, in January, 1812, Congress authorizes completing the existing 10,000 army, adding 25,000 new regular troop, 50,000 one-year volunteers with the states appointing their officers, and in April authorized the President to call out 100,000 six-month militia, run by the states in a highly decentralized way.

- No building of a navy: Langdon Cheves’ proposal to build 10 new frigates is defeated.

- No general staff. Situation confuses British minister: Can a country go to war with a war department consisting of a secretary and a dozen clerks?

- No Bank of the United States to raise funds and issue debt.
The outcome

- War goes badly.
- Fail to annex Canada.
- By years end, growing sentiment to end war.
- War drags on for 2 years.
- Pretty much ends in a draw with the neither side accomplishing its objectives.
- U.S. economy suffers terribly.
The economic consequences of Mr. Madison, I

- To help fund the war, Congress doubles all import duties until one year after the cessation of hostilities.

- Additionally, a 10% surcharge imposed on goods arriving in foreign ships.

- Tonnage duties on foreign ships quadrupled.

- Non-importation of British goods continued and restrictions were placed on exports to Canada.

- December, 1813 a complete embargo enacted and U.S. ships are required to remain in port.


- U.S. trade squeezed to lowest level in history, with perhaps the exception of Revolutionary War.
The economic consequences of Mr. Madison, II

- Between 1811-1814 exports drop by 90% ($108m in 1807 to $7m in 1813). Imports shrink by 80% ($138 to $13m).

- Customs revenue shrivels and debt triples between 1812 and 1816.

- After initial British victory against Napoleon, European ports reopened to U.S. ships.

- Not much of an effect, because with Napoleonic wars winding down, Britain shifts its forces to confront the U.S. and continues its blockade. Now includes New England.

- Sail up the Potomac and burns the White House and Capitol.

- At this point both sides have no interest in prolonging the conflict.
However, with British failure at Baltimore and the inability to gain access to the Great Lakes, U.S. succeeds in getting *status quo ante bellum* at Treaty of Ghent without any mention of impressment or neutral rights.

In that sense the U.S. does not get the recognition it sought. It just gets peace and the British abandon the land captured in Maine.

Madison already resigned to this: tells his negotiators not to insist. Just get peace.

In terms of men lost, the war was not costly. More die in a typical battle in the Napoleonic War.

Jackson victory at New Orleans, after treaty already signed, lets Americans believe they actually won the War.

Country feels vindicated.
ANDREW
Jackson
H. W. BRANDS
NATIONAL BESTSELLER

"Jackson was an American original, a wholly fascinating figure whom H. W. Brands brings to
life in a big, rich biography. ... Brands weaves together keen political history with anecdote
and a marvelous sense of place to produce a vivid tale." — The Houston Globe
The costs of the war

- Other costs of the War involved regional opposition of New England where both seditious and treasonous activities occurred.
  - Bought British bonds and smuggled goods.
  - Withheld militia requests from national Government.
  - By not overreacting and believing that most Federalists remained loyal, Madison was able to hold the country together.
- Talk of New England seceding. Many rethinking the breakup with Great Britain. But recall Massachusetts is the most rebellious of colonies.
- Britain seemed more and more “the country of our forefathers, and the country to which we are indebted for all the institutions held dear to freemen.” Timothy Pickering
- Democratic-Republicans horrified at such thoughts. They see war with Great Britain as a second war for independence.
A final assessment

- The War of 1812 does not seriously jeopardize the U.S. experiment in limited republican government.

- Madison cognizant of this and it was a continued goal of his. He resisted relaxing the axioms of republican politics. War does not infringe on rights: not one trial for treason or one suit of libel.

- 57 counties and towns are named after Madison, the most of any U.S. president.

- Madison’s administration had “acquired more glory, and established more Union than all his three predecessors…” John Adams to Jefferson in 1817.

- Firmly establishes the nationhood of the United States. Gives the beginning of a national character. People “are more American; they feel and act more as a nation.” (Albert Gallatin)
The postwar
Financial constraints

- With no Bank of the United States, government cannot transfer funds across the country and Federalist investors refuse to lend to the government.

- Government is essentially bankrupt. Debt has risen to $127m in 1815.

- Proliferating state banks suspended specie payment on large amount of notes issued since the demise of the Bank of the United States.

- $115 million in notes between 1811-15.

- Invest in war bonds.

- When Government begins to default on treasury notes, there are bank runs and notes trading at 70-85% of par.

- Treasury has to rely on depreciated notes to make payments.
The Bank of the United States

Promises to pay to J. W. Galvin

One Thousand Dollars

on New York

Philadelphia Dec 15th 1840

arbitrarily

Thoupam Egan Longstreet & Co.

United States
State banks cannot be relied on to help fund the debt.

Madison is now in favor of reestablishing the Bank of the United States. One of few times Madison and Jefferson are at odds.

“If the operation of the State banks can not produce this result, the probable operation of a national bank will merit consideration; “ James Madison.

“It is, however, essential to every modification of the finances that the benefits of an uniform national currency should be restored to the community.” James Madison.

As well, Madison believes the constitutional question had been settled by the precedent of the First Bank.
• Initially cannot get a bill through Congress, but the Federal Government’s financial condition deteriorates and with state banks in trouble the economy deteriorates.

• Need for a more uniform currency and the Second Bank is signed into law in April 10, 1816 and opens its doors January 7, 1817 capitalized at $35m.

• The chartering of the Bank represents a large departure in Republican thinking, especially for Madison. But it is the pragmatic solution to the governments fiscal problems.
Manufactures

- The trade disruptions between 1807-1814 gave rise the production of many domestic goods.

- Promotion of infant industries was not the primary goal of the trade policies of Jefferson and Madison.

- Nevertheless they stimulated domestic manufacturing.

- Jefferson assumed the embargo would provide “indirect encouragement” to small domestic manufacturers making the country more economically independent.

- Madison feels the same.

- But he wants to avoid the commercial troubles that plagued the nation and led to war in 1812.

- Become more self-sufficient with less reliance on Great Britain.
A new winning coalition

• A large shift in Democratic-Republician attitudes from those held in the 1790s, when they opposed Hamilton's efforts to support manufacturing.

• Trade policies do more than Hamilton’s direct support ever could have done. A bit ironic.

• Manufacturers shift allegiance to Democratic-Republican party.

• The two political factions pit commercial interests against manufacturing interests.
An old dream gone forever

- Recall the early “republican” vision of a predominantly agricultural community: hard working, diligent, and economically relatively equal.

- In particular, U.S. would be a society without the permanent classes of privilege and classes of dependent poor (this vision “forgets” about slavery).

- Vision based on the vast amounts of land yet to be put into productive farming that allows escaping the Malthusian dilemma for at least a century.

- But due to the war and what Madison believes will be insufficient European demand for rapidly growing U.S. agricultural output, he foresees a scenario where prices plummet and the lack of profitability of many farms.

  1. That will lead to idleness and poverty and destroy the republican dream.

  2. An alternative must be found.
A new protectionism
Madison’s view of a new economy

• Madison aims to balance the sensitive relationship between demographics, foreign markets, and the U.S. social character.

• He comes to believe that, with proper policies (those not based on mercantilism), the poverty in European societies can be avoided.

• Madison’s new way is to support industry, adopting much of Hamilton’s viewpoint.

• Large-scale manufacturing would provide a domestic sector that would demand agricultural products.

• The U.S. economy would now have 3 legs: agriculture, commerce, and manufacturing.
A move away from free trade

- The earlier Jeffersonian model required free trade and the years during and prior to the War of 1812 indicated that was not something to be relied on.

- After 1814, the focus is on building a more balanced economy that will provide greater insulation from Europe.

- The lure of cheap land would place a floor on the wages that manufacturers could offer (reservation wage or outside option), avoiding the worst excesses of the British Industrial Revolution.

- Madison remains optimistic that institutional arrangements can be created that will let the U.S. avoid the corruption and poverty of Europe.
A new Report on Manufactures

• In Secretary of the Treasury Gallatin’s April 10, 1815 *Report on Manufactures*, he argued that bounties were the best vehicle for supporting exporters as high tariffs would tax the consumer and divert capital from its most profitable uses.

• This echoes Hamilton who argued that tariffs were inefficient because they raised prices, but importantly benefitted both efficient and inefficient producers.

• Gallatin recommends that Government create a stock of investment money for loans to new manufacturers in the range of $5-$20 million.

• Idea goes nowhere in Congress.
Madison’s proposal

- Contrary to Gallatin's advice, Madison proposes high tariffs in his December 1815 address to Congress.

- Applauds the growth in manufacturing due to disruption of trade with Great Britain.

- A change that Madison believes is justified given the policies of European belligerents. “How far it may be expedient to guard the infancy of this improvement in the distribution of labor by regulations of the commercial tariff is a subject which cannot fail to suggest itself to your patriotic reflections.”

- But there are tradeoffs. Industries involved in exporting such as shipbuilding suffered, while import competing industries benefitted.

- Further, the gain to import competing industries was largely reversed after the war.
Jefferson’s change of heart

- The change in Democratic-Republican philosophy is summarized by Jefferson: “I have not formerly been an advocate for great manufactories. I doubted whether our labor, employed in agriculture, and aided by spontaneous energies of the earth, would not procure more than we could make ourselves of other necessaries. But other considerations entering into the question, have settled my doubts.”

- Within the thirty years that have elapsed [since the publication of Notes on Virginia], how circumstances have changed. To be independent for the comforts of life we must fabricate them ourselves. We must now place the manufacturer by side of the agriculturalist...Experience has taught me that manufacturers are now as necessary to our independence as to our comfort.”

- Now commerce and agriculture are joined by the interest of manufacturers.
Jefferson’s late age doubts

• However, later in life it appears that Jefferson became increasing alarmed and believes there is a Hamiltonian conspiracy afoot.

• Fear of corruption led by conniving aristocrats under the command of Chief Justice John Marshall.

• He opposes Henry Clay’s American System.

• Drew McCoy: “Jefferson’s frantic retreat to a sectional, narrowly agrarian outlook was fueled by a mixture of fear, bitterness, and paranoia.”
The tariff, I

- Reiterating, Madison and the Republicans do not want the new industries to disappear with renewed competition from Great Britain.

- Congress approves and the Madison administration enacts the first truly protective tariff in U.S. history setting off many trade policy battles in the decades to come.

- Trade policy debate shifts from securing neutral trading rights to whether import duties should be used to protect domestic producers from foreign competition rather than to set them only as high as necessary to secure the needed revenue.

- With the end of the War, staple producers see large volumes of trade return and sharp price rises for their goods.
  
  - Exports surge, but imports increase even more.
  
  - These imports were subject to duties averaging 49%, but even that could not stem the pent up demand for British manufactured goods.
• Customs duties are large enough to enable the government to start paying down wartime debts.

• Imports are a shock to the fledgling domestic mfg. sector.
  
  • Especially devastating to producers of iron, cotton, and woolen goods.
  
  • Import prices fall 28% from 1814 to 1816.
  
  • Set off numerous bankruptcies.
  
  • Britain accused of dumping its goods.

• The effects of increased trade are anticipated.

• Madison requested Congress to consider “means to preserve and promote the manufactures which have sprung into existence...”
Enacting the tariff is politically easy since the Federalist party has collapsed.

Since high wartime duties are not set to expire until 1816, there is no need for any legislation in 1815.

Madison also maintains the belief that a liberal trade policy could only be adopted if other nations reciprocated.

“experience teaches that so many circumstances must concur in introducing and maturing manufacturing establishments...”

Because the war gave a “powerful impulse to manufacturing”, there was good reason to think that if they were given protection domestic manufacturers would be safe against occasional competitors and be a source of wealth.
In 1816, Treasury Secretary Alexander Dallas proposes a new tariff schedule. The tariffs should be sufficient to pay down the debt incurred during the war, and satisfy three other main objectives:

- Promote commerce, agriculture, and industry.
- Difficult as their interests were competing.
- Farmers want low tariffs and manufacturers high ones.
- Commercial interests want policies that increase trade.
- Dallas points out that the country had recently been almost entirely cut off from foreign supplies such as weapons, munitions, clothing, and a range of goods.
- Jeopardizes the country’s security.
- Manufacturing needed for the independence of the country.
Dallas places manufactures into 3 broad categories.

- Those firmly established: cabinets, hats, iron castings, muskets, window glass....

- Those recently and partially established, but in the longer run with help will succeed: cotton and woolen goods, iron manufacturers, spirits...

- Those that barely exist such as finer cottons and linens, silk, chinaware and other glass products.

Strangely, the tariff schedule is highest on the first set of goods and lowest on the last.

- On the first set the supply of goods would not be endangered by high tariffs since we produce those goods.

- Third deserve no support. Policy is one of protection not creation.
The tariff, VI

- On middle set, just enough for domestic producers to meet foreign competition on equal terms. Duties in the 20-33 and 1/3% range.

- High tariffs should be temporary. Future advantages will outweigh current costs.

- For the first time the tariff debate focuses on protection.
  - Henry Clay: “The revenue was only an incidental consideration...”
  - Ways and Means Committee reflecting the southern views of its Chairman, William Lowndes, marks down many of the suggested duties.
  - Debate exposes the sectional differences. Low tariff south, high tariff Mid-Atlantic, divided New England.
Henry Clay’s American System

• Greatest proponent of the tariff is Henry Clay: national security requires reducing the U.S. dependence on critical supplies.

• Also, Clay believes there will be broad economic benefits.

• Clearly articulated on Henry Clay’s speech on the Senate, February 2, 3, and 6, 1832.

• Four pillars:
  1. High tariff to protect U.S. industries and generate revenue for the federal government.
  2. High public land prices to generate federal revenue.
  3. Defend the Second Bank of the United States to stabilize the currency and rein in risky state and local banks.
  4. Internal improvements (such as roads and canals) to knit the nation together and be financed by the tariff and land sales.
Opposition in the South

- John Randolph of Virginia denounces tariffs as a way of promoting northern manufacturing at the expense of southern agriculture.

- After recent events, the South could not oppose a moderately protective tariff because of concerns for national defense.

- The lack of supplies had hampered the war effort.

- Bill passes with strong support from Pennsylvania, New England (cotton textiles), and a split South (strong anti-British sentiment).

- However, as time passes by, the South will become solidly anti-tariff: Ordinance of Nullification by South Carolina in 1833.
Summary

- Ironically protectionism originates in the Madison administration.

- However not an infant industries policy. These industries are those that arose as a byproduct of trade policies designed to hurt countries belligerent to U.S. commercial interests.

- These industrial interests then argue for protection.
Internal improvements
An infrastructure plan

- The final piece of the Madisonian program is internal improvements through the establishment of roads and canals.

- Economic benefits of improved transportation.

- Political benefits in “binding together the various parts of our political confederacy.”

- Importantly, however, Madison believes that doing so will require a constitutional amendment.

- Fourteenth Congress extremely capable and inclined toward strong government.

- Led by Henry Clay and John Calhoun.

- Old line republicans like John Randolph view themselves as standing for party’s original principles and look at Madison’s proposals with suspicion.
The old guard equate the program with that of the Federalists.

But there are distinct differences.

Unlike Hamilton, the debt is viewed to be a temporary means to finance national defense and infrastructure.

Madison’s tariff is primarily protective and designed to make country immune from British commercial and naval interests.

Hamilton’s outlook was Atlanticist, Madison’s continentalist.

The program was also intended to powerfully cement the Union together.
Congressional action

- Progress is made on internal improvements.

- Appropriate $100,000 to build a national road that will eventually link Baltimore and St. Louis. Madison signs.

- Clay and Calhoun proposed to use the $1.5 million bonus owed by the Second Bank along with the government’s share of the dividends to be earmarked for roads and canals: “Let us conquer space.” (Calhoun)

- Opposed in New England and the South, who have little to gain and supported in the mid-Atlantic and West who have a lot to gain. Bill passes 86-84.

- On March 3, 1817, on his last day in office, Madison vetoes the bill: he believes Constitution could not be stretched that far.
The reaction to Madison’s veto

- Madison wants an amendment.
- Also, Madison was suspicious of the type of funding created in the so called “Bonus Bill”. It was an invitation to corruption and he refers an integrated national plan.
- Madison’s veto stuns Clay and Calhoun.
- They consider Madison’s position impractical. Implied the need for an amendment every time some power was called into question. Amending is tedious and protracted.
- Madison chooses theoretical consistency over practicality.
- Most voters agree with him: they are suspicious of grand national plans.
BUILDING THE EMPIRE STATE
POLITICAL ECONOMY IN THE EARLY REPUBLIC

Brian Phillips Murphy
Consequences

- From an economic standpoint, Madison’s veto is a missed opportunity.

- The Democratic-Republican alternative to the Hamiltonian program follows a rather circuitous route:
  1. From a policy promoting small farms to an energetic industrial policy.
  2. From a disdain for finance to the reauthorization of a national bank.
  3. From a low tax small government to one considerably more vigorous and unafraid to provide funding for broad projects.
  4. From local economies to creating policies that will economically and politically unify the nation.

- Quite a road. Laid the path for Clay’s American System.
A coda
The issue of the protective tariffs and internal improvements were one of the main cleavages between democrats and whigs from the 1830s to the Civil War.

We have an interesting example in the Confederate Constitution.

Democrats controlled the Constitutional Convention at Montgomery during February and March 1861 (democrats control 5 states vs. 2 controlled by whigs; vote by states).

Democrats impose their majority.

Both a protective tariff and federal funding for internal improvements (with a small exception) are prohibited by the new Constitution due to amendments tabled by Robert Rhett (1800-1876).