

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

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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. Jacksonians believed that achieving national debt freedom would help realize the Jeffersonian vision of a nation truly free, self-sufficient, virtuous, and administered by small and uncorrupted government. In short, debt freedom would transform the entire nation into the image of Jefferson's proverbial farmer and would achieve an objective which had eluded the Founders. Yet there was more. Anticipation of debt freedom altered existing government-business relationships, fostered what Jacksonians perceived as progress, underscored American exceptionalism, and justified a more active foreign policy. In short, securing national debt freedom was a core element of Jacksonian Democracy.

On January 1, 1835, the United States paid off entirely its longstanding public debt. For that year and the next, the nation enjoyed debt freedom, the only two years in its entire history when it held no obligation to creditors. For this reason the years 1835-1836 are unique and significant, but, oddly enough, historians of Jacksonian America have overlooked what this financial circumstance and its anticipation meant to the era.¹ This historiographical oversight is particularly striking because the Jacksonians themselves and their opponents made much of the extraordinary financial situation which materialized during Andrew Jackson's second term. National debt freedom was, in fact, a core element of what is commonly called Jacksonian Democracy.²

The elimination of the national debt caught no one by surprise on New Year's Day, 1835. It 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, in fact, been working toward debt elimination ever since the Treaty of Ghent and, after 1824, aggressively adhered to Monroe's timetable, refinancing debt whenever it could and making sure that the Sinking Fund Commission had the resources to meet interest and principal payments on time. The Second Bank of the United States made the actual disbursements to creditors.⁴ Consensus, it seemed, existed regarding the need to eliminate the debt. However, in December, 1825, when President John Quincy Adams presented Congress 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 according to Monroe's schedule, and this suspicion helped cripple his administration.⁵

No one doubted Andrew Jackson's determination 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 Jackson kept his word. Not only did debt steadily decline until elimination in 1835, but Jackson's policies aimed at assuring that no new debt would be contracted. The great public issues of the Jackson years—internal improvements, re-charter of the Bank of the United States, and nullification—were all debated on the elevated plane of the Constitution. In each case, however, was a flip side to the lofty legal argumentation: the status of the public debt, a matter often obscured by constitutional analysis and which factored into the Maysville 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 [of debt extinction] is dependent upon the policy which may be pursued in relation to measures of the character as [the Maysville Road bill] now under consideration must be obvious to all"⁷ Indeed, the relationship between internal improvements and debt elimination was obvious. Even foreign visitors sometimes commented on the linkage. One traveler, for example, touring the United States from 1832-1833, observed: "the republic does not overpay its principal officers, and as its national debt is now [sic] extinguished, it would unquestioningly soon become rich, if the extent of its territories did not call for a very considerable outlay for internal improvements."⁸ An English tourist, S. A. Ferrall, made the same point but in a different way. He 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 Ferrall, "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 twenty million dollars the revenue of the current year.”⁹ Whatever the truth of these specific allegations, the fact was that federally funded internal improvements and debt elimination were contradictory policies, and Jackson understood that. 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 “war” against 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 “the 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 government’s role, in other words, was not 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 1816 law establishing the bank required it to pay the government a \$1,500,000 bonus in exchange for its charter privileges. The 1832 recharter bill, however, doubled the bonus fee. 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 reason also 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 provide the government two services: to establish a national currency and to meet interest and principal payments on the national debt. With the debt winding down, however, half the reason for the bank’s existence was evaporating. Nicholas Biddle, astute banker that he was, nonetheless failed to grasp this underlying reality. In fact, 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.¹³

Anticipated debt freedom also factored into the Nullification Crisis of 1832-1833. Protectionism contradicted the notion that, after elimination of the national debt, the federal government would restrict revenues to operating costs. In 1828 the so-called “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, in short, threatened not only new and extended public debt but also financial disaster. Jackson, while sympathetic to free trade, had signed the 1832 tariff bill into law and refused to abandon protectionism in the face of South Carolina's threats, including the threat to debt freedom. 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 The latter, of course, was resolved violently three decades later.

In any event, the elimination of the public debt factored into the major public issues of the Jackson era—internal improvements, the Bank of the United States, and tariff nullification—and constituted a significant element in the unfolding and growing democratic tradition.

But 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?

To answer these questions, Jackson himself serves as a useful starting point. On one occasion he predicted that the elimination of the national debt would be "a memorable and happy event." ¹⁶ In his first inaugural he explained why, arguing 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 contradiction 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 too apt to engender." ¹⁸ Public debt, in other words, constituted a moral danger. It raised the specter of unrestrained self-indulgence, unembarrassed vice, and recklessness. Borrowing tempted the 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, Thomas Jefferson 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, it was hoped, would mold the entire nation into the image of Jefferson’s farmer—self-sufficient, virtuous, and secure in its freedom: in brief, a “chosen” nation. Thomas Hart Benton of Missouri, an ardent Jacksonian, summed the matter up: paying off 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. Debt freedom enhanced individual liberty because individuals would become less and less likely to encounter federal 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: South Carolina used it as a weapon in the nullification crisis. Here, debt freedom and state rights theory intersected. Restricting federal expenditures to revenues implied a decreasing federal and an increasing state role in the lives of the American people. Perhaps this reality helps explain South Carolina’s willingness to accept a compromise, but protectionist, tariff in 1833. But the idea that debt freedom would reduce the role of the federal government and enhance that of the states was only one facet of the developing financial situation. Another dimension of debt freedom directly affected government-business relationships for the long term.

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 outstanding 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 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 the bank investments, the canal investments were losers, costing the public almost \$1,850,000 in the decade and a half 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 veto of the Maysville Road Bill

made this clear. Yet 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 Unprofitable companies in which the United States held stock kept coming back to Congress for more money, and Congress, hoping to save prior investments, was inclined to appropriate the solicited funds. Jackson offered an example: “the bill authorizing a subscription to the Louisville and Portland canal,” then before Congress, “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

The Maysville Road veto and the subsequent broader policy statement of 1830 concerning federal investments in private companies bore an important result. They divorced government from the business sector. Since the Jackson era the government of the United States has not invested taxpayer dollars in corporate securities, with the sole exception of several stock purchases in the Chesapeake and Ohio Canal Company between 1829 and 1833.²⁸ 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 the pre-Jackson policy of investing federal funds in corporate stock endured, it is interesting to speculate what the face of American capitalism would look like today. In any event, *laissez-faire* characterized the Jacksonian economy, and it arrived at that condition more from deference to debt freedom than 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 House debate over the bank bill John C. Bell of Tennessee, who enjoyed the respect of his colleagues (he became Speaker of the House two years

later), declared: “if we recharter the bank now, we shall be wilfully [sic] 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.” What would those “effects” be? Bell pointed out that no one really knew the impact of debt elimination because it had never happened before. He said, “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 specific 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 beneficial. America was going to become a better place. Debt freedom meant progress. In this sense the determination to eliminate the public 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 abolition, 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. However, 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 first emerged 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. To wage the War of 1812, the United States had been compelled to borrow. The alternatives were military defeat and, possibly, loss of national independence. Necessity, not some moral defect embedded in republicanism or the Constitution, had justified the national debt. The moral danger that national indebtedness represented was derived not from its origin but from its perpetuation and increase after the necessity ended. Reflecting this understanding, after the Treaty of Ghent more and more Americans reassessed the meaning of individual indebtedness. While earlier generations had attributed unmet financial obligations to moral turpitude—dishonesty, fraud, intemperance, laziness and other failings—and had assigned recalcitrant debtors to jail, the War of 1812 generation increasingly recognized that individuals often fell into debt from unavoidable and overwhelming circumstances. Necessity, in other words, was often the mother of individual indebtedness, just as it had been of national indebtedness during the recent conflict with England. Questions inevitably arose. Did imprisoning debtors make sense? Or should debtors be accorded the opportunity to emulate their government and to pursue, through their own hard work, honest and consistent debt reduction? The Jeffersonian tradition, always in favor of liberty and virtue, suggested the answer. Eliminating imprisonment for debt became the republican thing to do.

In any event, as 1835 drew nearer, American politicians 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 [sic], 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. No other nation had ever paid off its debt and liberated its people from its burdens. 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 to

Americans 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 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 reaped a decade later.

Jackson's "memorable and happy event" arrived on time in 1835, redeeming the commitment he had made to debt extinction in his 1829 inaugural address. Economic theory, it is worth noting, had little, if anything, to do with his determination to achieve debt freedom, and it is doubtful that Jackson and his inner circle even knew about the wealth-creating functions of debt. Instead, the Jacksonian commitment to debt elimination was ideological to its core. It sprung from the inherited revolutionary era republicanism as understood and articulated by Thomas Jefferson: limited government, a virtuous citizenry, and other elements of the Virginian's worldview. In this sense the elimination of the public debt in 1835 constituted an attempt to realize the Jeffersonian vision of what the United States could be.

Although debt freedom was achieved on January 1, 1835, no one knew that it would constitute only a very brief moment in American history. It ended in 1837, killed by the financial panic that year. The Jeffersonian worldview failed to materialize. Oddly enough, however, although eliminating the public debt ushered in no republican utopia, the anticipation of debt freedom was not without consequence. Indeed, the anticipation affected the course of the major issues the Jackson administration confronted: internal improvements, the Bank War, and the Nullification Crisis. Since these matters factored into and reflected the content of Jacksonian Democracy, impending debt freedom helped shape the unfolding democratic tradition. But there was more. The determination to eliminate the debt also helped mold the nature of subsequent government-business relationships. Pulling federal investment out of the securities market to secure debt freedom shoved American capitalism into a new and different direction, resulting in important long term social and economic consequences: undiluted *laissez-faire* and the

abandonment of infrastructure development 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 eradicating a perennial source of corruption within the body politic. It aimed to prove that the nation was as free and as virtuous as Jefferson's farmer, underscoring 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. Although the period of actual debt freedom was brief (and never to recur), its anticipation served as an important ingredient in that mix of circumstances called Jacksonian Democracy.

NOTES

The author thanks George Castellitto, Thomas R. Chevraux, Marc LaBella, and the anonymous referees whose comments, questions, and suggestions helped improve the quality of this essay. All deficiencies, of course, are the responsibility of the author.

1. U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1957: A Statistical Abstract Supplement* (Washington, D.C.: U.S. Government Printing office 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 actual debt stood at \$0.00.
2. Historians generally agree that the years 1824-1840 witnessed an upsurge in 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: Harper & Row, 1959); Richard P. McCormick, *The Second American Party System: Party Formation in the Jacksonian Era* (New York: W.W. Norton & Co., 1966); Frederick Jackson Turner, *Rise of the New West, 1819-1829* (New York: Collier Books, 1962 [originally published in 1906]); Charles Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (New York & Oxford: Oxford University Press, 1992); Arthur M. Schlesinger, Jr., *The Age of Jackson* (Boston & Toronto: Little, Brown and Company, 1945); Richard Hofstadter, *The American Political Tradition*, (New York: Alfred A. Knopf, 1948), ch. III; Harry L. Watson, *Liberty and Power, The Politics of Jacksonian America* (New York: Hill and Wang, 1990); Daniel

- Feller, *The Jacksonian Promise: America, 1815-1840* (Baltimore & London: Johns Hopkins University Press, 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: Harper & Brothers, 1961 [originally published by University of Minnesota Press, 1944]); Lee Benson, *The Concept of Jacksonian Democracy: New York as a Test Case* (Princeton: Princeton University Press, 1961); Marvin Myers, *The Jacksonian Persuasion: Politics and Belief* (Stanford: Stanford University Press, 1957).
3. James Monroe, Annual Message, 7 December 1824, James D. Richardson, ed., *A Compilation of the Messages and Papers of the Presidents, 1789-1897*, II (Washington, D.C.: Bureau of National Literature, 1897), 823. [Hereafter, simply Messages and Papers.]
 4. See "An Act for the Redemption of the Public Debt," 3 March 1817, *Statutes at Large of the United States of America, 1789-1873*, III (Boston; Little, Brown and Company, 1846): 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, 4 March 1829, *Messages and Papers*, II, 1000.
 7. Andrew Jackson, Veto, 27 May 1830., *Ibid.*, II, 1051.
 8. Stephen Davis, *Notes of a Tour in America in 1832 and 1833* (Edinburgh: Waugh & Innes, 1833), 94.
 9. Simon A.O. Ferrall, *A Ramble of Six Thousand Miles through the United States of America* (London: Effingham Wilson, Royal Exchange, 1832), 232-33.
 10. Andrew Jackson, Veto, 27 May 1830, *Messages and Papers*, II, 1052.
 11. Andrew Jackson, Veto, 10 July 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, 10 December 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, 4 December 1832, *Messages and Papers*, II, 1160.
 17. Andrew Jackson, Inaugural Address, 4 March 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: Oxford University Press, 1995).
 20. Thomas Jefferson, *Notes on the State of Virginia* (New York et. al: Harper Torchbook, 1964), 157.
 21. Thomas Hart Benton, *Thirty Years' View*, I (New York & London: D. Appleton & Co., 1854), 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*, LIV (July, 1997), 601-12.

23. See Treasury Department reports for the years 1821-1832 in Thomas C. Cochran, ed., *New American State Papers, 1789-186: General Reports*, (Wilmington, Del.: Scholarly Resources, Inc., 1972-73).
24. Report of the Committee on Roads and Canals, 6 February 1825, *Register of Debates in Congress I* (Washington, D.C.: Gales and Seaton, 1824-37), House of Representatives, 18:2, Appendix, 76. [Hereafter, simply Register of Debates.]
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, 6 December 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. For a recent treatment of this subject, see Bruce H. Mann, *Republic of Debtors: Bankruptcy in the Age of American Independence* (Cambridge and London: Harvard University Press, 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: Charles Scribner & Co., 1869), 176.