

Andrew Jackson and the Bank War



Terms of the Second BUS

1. 80% stock owned privately
2. 80% of directors privately appointed
3. 20-year charter (1816-1836)

Nicholas Biddle, the active director, was accused of providing gifts and loans to the BUS supporters in the 1828 election.

Biddle was thinking of asking Congress to renew the charter years before it expired—before the elections of 1832.

Andrew Jackson offered Biddle a truce. He proposed that the renewal of the charter be dropped until after that election, after which, Jackson would allow Congress to do what it wished with the renewal.

Biddle rejected this offer, and pressed for the renewal anyways. Jackson vetoed the renewal, even though Congress approved it.

At this point, Biddle called in loans from state banks, and redeemed their currency for the gold and silver specie that they had on hand, which reduced their ability to loan out more money.

Both of these actions caused a collapse of the economy, as loans were foreclosed. When Congress met in December 1833, it was called the Panic Session.

In March 1834, the Senate first moved to censure Jackson for his moving federal funds into state banks. But just a few days later, the House moved to investigate Biddle, and to support Jackson's moves with four resolutions

1. not to remove the deposits from the state banks
2. not to recharter the BUS
3. to retain the deposits in the state banks
4. to investigate Biddle

Jackson then refused to accept checks drawn on the BUS for payment of taxes, the last use of the BUS. Without a charter, it closed its doors in 1836, although Biddle kept it going as a state bank until 1841, when it was declared insolvent after he wasted investor's money speculating on cotton.