

Nationalism and Sectionalism

Lesson 4

States' Rights and the National Bank

Key Terms and People

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

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

sectionalism Putting the needs and wishes of one region over those of the whole

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 of the United States

panic of 1837 A series of financial failures that led to an economic depression

William Henry Harrison Ninth president of the United States

John Tyler Tenth president of the United States

Before You Read

In the last lesson you read about how Jackson dealt with Native Americans. In this lesson you will learn about Jackson's policies on other issues.

As You Read

Use a chart to take notes on the conflicts related to states' rights and banks.

A TARIFF RAISES THE STATES' RIGHTS ISSUE

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 to support industry in the North. It resulted in the reoccurrence of **sectionalism**, which is putting the needs and wishes of one region over those of the whole.

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

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that they felt were unconstitutional. Calhoun went even further. He believed that if the government forbade 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 had Congress pass the Force Bill, which allowed him to send troops to make South Carolina obey the law. Before any of this happened, 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

How did Jackson destroy the national bank?

South Carolina’s action wasn’t the only thing that stirred Andrew Jackson’s anger. President Jackson also took on the second national bank—the **Bank of the United States (BUS)** in Philadelphia. When Clay and Webster wanted the bank’s charter renewed, Jackson made sure the public knew he viewed the bank as an agent of the wealthy and elite.

Jackson tried to shut the bank down by taking money out of it and putting it

in other banks called “pet 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 some 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

What was the Panic of 1837?

Jackson’s vice-president, **Martin Van Buren**, won the presidential 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.

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

Fill in the chart with details about the conflict dealing with states' rights, the Nullification Conflict, and the conflict regarding the Bank of the United States.

NULLIFICATION CONFLICT	
1. Key Players:	2. Key Events:
3. Causes:	4. Results:
BANK OF THE UNITED STATES CONFLICT	
5. Key Players:	6. Key Events:
7. Causes:	8. Results: