

**AP United States History**  
**Unit 4- The New Republic**  
**Topic: Politics and Regional Interests**

## **The Era of Good Feelings**

### **Shifting Political Values**

Traditionally, the Republican Party stood for limited government, states' rights, and a strict interpretation of the Constitution. By 1815, however, the party had adopted former Federalist positions on a national bank, protective tariffs, a standing army, and national roads. In a series of policy recommendations to Congress at the end of the War of 1812, President Madison revealed the extent to which Republicans had adopted Federalist policies. He called for a program of national economic development directed by the central government, which included creation of a second Bank of the United States to provide for a stable currency, a protective tariff to encourage industry, a program of internal improvements to facilitate transportation, and a permanent 20,000-man army. In subsequent messages, he recommended an extensive system of roads and canals, new military academies, and establishment of a national university in Washington. Old-style Republicans, who clung to the Jeffersonian ideal of limited government, dismissed Madison's proposals as nothing but "old Federalism, vamped up into something bearing the superficial appearance of Republicanism." But Madison's program found enthusiastic support among the new generation of political leaders. Convinced that inadequate roads, the lack of a national bank, and dependence on foreign imports had nearly resulted in a British victory in the war, these young leaders were eager to use the federal government to promote national economic development.

Henry Clay, John C. Calhoun, and Daniel Webster were the preeminent leaders of the second generation of American political life--the period stretching from the War of 1812 to almost the eve of the Civil War. All shared similar backgrounds. Each was born on a poor or modest farm. Each became a lawyer. Each arrived in Washington, D.C., around the beginning of the War of 1812 and became the preeminent spokesman of his region--Clay of the West, Calhoun of the South, Webster of the North. Each possessed extraordinary oratorical talent. Each served in the cabinet as secretary of state or secretary of war. They died within a few months of each other in the early 1850s.

The leader of this group of younger politicians was Henry Clay, a Republican from Kentucky. Named Speaker on his very first day in the House of Representatives in 1811, Clay was one of the "War Hawks" who had urged President Madison to wage war against Britain. After the war, Clay became one of the strongest proponents of an active federal role in national economic development. He used his position as Speaker of the House to advance an economic program that he later called the "American System." According to this plan, the federal government would erect a high protective tariff to keep out foreign goods, stimulate the growth of industry, and create a large urban market for western and southern farmers. Revenue from the tariff, in turn, would be used to finance internal improvements of roads and canals to stimulate the growth of the South and West.

Another leader of postwar nationalism was John C. Calhoun, a Republican from South Carolina. Calhoun, like Clay, entered Congress in 1811, and later served with distinction as secretary of war under Monroe and as vice president under both John Quincy Adams and Andrew Jackson. Later, Calhoun became the nation's leading exponent of states' rights, but at this point he seemed to John Quincy Adams, "above all sectional and factious prejudices more than any other statesman of this Union with whom I have ever acted."

The other dominant political figure of the era was Daniel Webster. Nicknamed "Black Dan" for his dark hair and eyebrows, and "the Godlike Daniel" for his magnificent speaking style, Webster argued 168 cases before the Supreme Court. When he entered Congress as a Massachusetts Federalist, he opposed the War of 1812, the

creation of a second national bank, and a protectionist tariff. But, later in his career, after industrial interests supplanted shipping and importing interests in the Northeast, Webster became a staunch defender of the national bank and a high tariff, and perhaps the nation's strongest exponent of nationalism and strongest critic of states' rights. He would insist that the United States was not only a union of states but a union of people. His words--that the United States was a "people's government, made for the people, by the people, and answerable to the people"--would later be seized on by Abraham Lincoln.

### **Strengthening American Finances**

The severe financial problems created by the War of 1812 led to a wave of support for the creation of a second national bank. The demise of the first Bank of the United States just before the war had left the nation ill-equipped to deal with the war's financial demands. To finance the war effort, the government borrowed from private banks at high interest rates. As demand for credit rose, the private banks issued bank notes greatly exceeding the amount of gold or silver that they held. One Rhode Island bank issued \$580,000 in notes backed up by only \$86.48 in gold and silver. The result was high inflation. Prices jumped 40 percent in just two years. To make matters worse, the United States government was unable to redeem millions of dollars deposited in private banks. In 1814, after the British burned the nation's capital, many banks outside of New England stopped redeeming their notes in gold or silver. Soldiers, army contractors, and government securities holders went unpaid, and the Treasury temporarily went bankrupt. After the war was over, many banks still refused to resume payments in gold or silver.

In 1816, Congress voted by a narrow margin to charter a second Bank of the United States for 20 years and give it the privilege of holding government funds without paying interest for their use. In return, it required the bank to pay a bonus of \$1.5 million to the federal government and let the president name 5 of the bank's 25 directors. Supporters of a second national bank argued that it would provide a safe place to deposit government funds and a convenient mechanism for transferring money between states. Supporters also claimed that a national bank would promote monetary stability by regulating private banks. A national bank would strengthen the banking system by refusing to accept the notes issued by over speculative private banks and ensuring that bank notes were readily exchangeable for gold or silver. Opposition to a national bank came largely from private banking interests and traditional Jeffersonians, who considered a national bank to be unconstitutional and a threat to republican government.

### **Protecting American Industries**

The War of 1812 provided tremendous stimulus to American manufacturing. It encouraged American manufacturers to produce goods previously imported from overseas. By 1816, 100,000 factory workers, two-thirds of them women and children, produced more than \$40 million worth of manufactured goods a year. Capital investment in textile manufacturing, sugar refining, and other industries totaled \$100 million. Following the war, however, cheap British imports flooded the nation, threatening to undermine local industries. In Parliament, a British minister defended the practice of dumping goods at prices below their actual cost on grounds that outraged Americans. "It is well worthwhile," the minister declared, "to incur a loss upon the first exportation, in order, by a glut, to stifle in the cradle those rising manufacturers in the United States which the war had forced into existence." So severe was the perceived threat to the nation's economic independence that Thomas Jefferson, who had once denounced manufacturing as a menace to the nation's republican values, spoke out in favor of protecting manufacturing industries: "We must now place the manufacturer by the side of the agriculturalist." Congress responded to the flood of imports by continuing a tariff set during the War of 1812 to protect America's infant industries from low-cost competition. With import duties ranging from 15 to 30 percent on cotton, textiles, leather, paper, pig iron, wool, and other goods, the tariff promised to protect America's growing industries from foreign competition. Shipping and farming interests opposed the tariff on the grounds that it would make foreign goods more expensive to buy and would provoke foreign retaliation.

## Judicial Nationalism

The decisions of the Supreme Court also reflected the nationalism of the postwar period. With John Marshall as chief justice, the Supreme Court greatly expanded its powers, prestige, and independence. When Marshall took office, in the last days of John Adams's administration in 1801, the Court met in the basement of the Capitol and was rarely in session for more than six weeks a year. Since its creation in 1789, the Court had only decided 100 cases. In a series of critical decisions, the Supreme Court greatly expanded its authority. *Marbury v. Madison* (1803) established the Supreme Court as the final arbiter of the Constitution and its power to declare acts of Congress unconstitutional. *Fletcher v. Peck* (1810) declared the Court's power to void state laws. *Martin v. Hunter's Lessee* (1816) gave the Court the power to review decisions by state courts.

After the War of 1812, Marshall wrote a series of decisions that further strengthened the powers of the national government. *McCulloch v. Maryland* (1819) established the constitutionality of the second Bank of the United States and denied states the right to exert independent checks on federal authority. The case involved a direct attack on the second Bank of the United States by the state of Maryland, which had placed a tax on the bank notes of all banks not chartered by the state. In his decision, Marshall dealt with two fundamental questions. The first was whether the federal government had the power to incorporate a bank. The answer to this question, the Court ruled, was yes because the Constitution granted Congress implied powers to do whatever was "necessary and proper" to carry out its constitutional powers--in this case, the power to manage a currency. In a classic statement of "broad" or "loose" construction of the Constitution, Marshall said, "Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional." The second question raised in *McCulloch v. Maryland* was whether a state had the power to tax a branch of the Bank of the United States. In answer to this question, the Court said no. The Constitution, the Court asserted, created a new government with sovereign power over the states. "The power to tax involves the power to destroy," the Court declared, and the states do not have the right to exert an independent check on the authority of the federal government.

During this period, the Supreme Court also encouraged economic competition and development. In *Dartmouth v. Woodward* (1819) the Court promoted business growth by denying states the right to alter or impair contracts unilaterally. The case involved the efforts of the New Hampshire legislature to alter the charter of Dartmouth College, which had been granted by George III in 1769. The Court held that a charter was a valid contract protected by the Constitution and that states do not have the power to alter contracts unilaterally. In *Gibbons v. Ogden* (1824), the Court broadened federal power over interstate commerce. The Court overturned a New York law that had awarded a monopoly over steamboat traffic on the Hudson River, ruling that the Constitution had specifically given Congress the power to regulate commerce.

Under John Marshall, the Supreme Court established a distribution of constitutional powers that the country still follows. The Court became the final arbiter of the constitutionality of federal and state laws, and the federal government exercised sovereign power over the states. As a result of these decisions, it would become increasingly difficult in the future to argue that the union was a creation of the states, that states could exert an independent check on federal government authority, or that Congress's powers were limited to those specifically conferred by the Constitution.

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**Thought Question Assignment**

a. What major policy proposals which had been influenced by the Federalists did President Madison make after the conclusion of the War of 1812?

b. Name and discuss the policy proposals by the following prominent members of Congress during this period after the conclusion of the War of 1812.

- Henry Clay:

- John C. Calhoun:

- Daniel Webster:

c. What major financial problems plagued the nation during the War of 1812 and after its conclusion? Who supported the creation of a second national bank? Who opposed it?

d. How did American industries grow as a result of the War of 1812? How did American policymakers begin the process of protecting these early industries?

e. What was the importance of the following rulings from the Supreme Court during this period after the conclusion of the War of 1812?

- McCulloch v. Maryland (1819):

- Dartmouth v. Woodward (1819):

- Gibbons v. Ogden (1824):

