We must be blind to the lessons of reason and experience not to see that the more a government interferes with the labor and wealth of a community, the more it exacts from one portion and bestows on another. . . .

—Vice President John C. Calhoun, protesting tariffs collected by U.S. Customs agents, 1832

### States’ Rights and the Economy

#### Section Focus Question

**How did old issues take a new shape in the conflict over a national bank and tariffs?**

Before you begin the lesson for the day, write the Section Focus Question on the board. (Lesson focus: The issue of national powers versus state rights resurfaced in the struggle between Andrew Jackson and the Bank of the United States and Jackson’s refusal to allow states to nullify the tariff laws of the federal government.)

#### Build Background Knowledge

Invite students to preview this section by looking at the headings and visuals and making predictions about what they will learn. Provide examples to get students started. Use the Idea Wave technique (TE, p. T24) to generate a list.

#### Set a Purpose

- Read each statement in the Reading Readiness Guide aloud. Ask students to mark the statements True or False.
- Have students discuss the statements in pairs or groups of four, then mark their worksheets again. Use the Numbered Heads strategy (TE, p. T24) to call on students to share their group’s perspectives. Students will return to these worksheets later.

#### Objectives

- Describe the disagreement over the Bank of the United States.
- Discuss the differing viewpoints on the balance of federal and state powers.
- Explain why South Carolina threatened to secede from the Union.
- Describe the economic crisis that began in 1837.

#### Reading Skill

**Identify Multiple Causes** Just as events can have multiple effects, so too can they have multiple causes. Major events in history often have many causes. As you read Section 5, look for events that have multiple causes.

#### Key Terms and People

- nullification
- William Henry Harrison
- Martin Van Buren

#### Why It Matters

The issue of states’ rights versus the power of the federal government had been debated since the founding of the United States. The debate became more urgent when Americans disagreed on important economic measures.

**Section Focus Question:** How did old issues take a new shape in the conflict over a national bank and tariffs?

### The Bank War

Between 1816 and the early 1830s, the second Bank of the United States earned strong support from business people. They liked the fact that the Bank made loans to businesses. Moreover, the Bank was a safe place for the federal government to keep its money. The paper money it issued formed a stable currency. Its careful policies helped create confidence in banks all over the country.

On the other hand, many Americans disliked the Bank. They opposed the way the Bank restricted loans made by state banks. Fearing that state banks were making too many loans, Bank directors often limited the amount of money banks could lend. This angered farmers and merchants who wanted to borrow money to buy land. Many southerners and westerners blamed the Bank for the economic crisis that broke out in 1819. In that crisis, many people lost their farms.

The Bank’s most powerful enemy was Andrew Jackson, who called the Bank “the Monster.” According to Jackson, the Bank allowed a small group of the wealthy people to enrich themselves at the expense of ordinary people. Jackson believed that the wealthy stood for unfair privilege. Jackson especially disliked Nicholas Biddle, the Bank’s president. Biddle, who came from a wealthy Philadelphia family, was skilled at doing favors for powerful politicians.
Biddle got Congress to renew the Bank’s charter in 1832, although the charter still had four years to go. The news reached Jackson when he was sick in bed. The President vowed, “The Bank . . . is trying to kill me, but I will kill it!”

Jackson immediately vetoed the bill. The fight over the Bank became a major issue in the 1832 presidential election. Henry Clay, who ran against Jackson, strongly supported the Bank. But most voters stood solidly behind Jackson’s veto of the Bank bill. Jackson won reelection by a huge margin.

Jackson’s victory over the Bank helped to increase the powers of the presidency. It showed that a determined President could stir up the voters and face down powerful opponents in Congress.

The second Bank ceased to exist when its charter ran out in 1836. Unfortunately for Jackson’s successor, an economic crisis struck a few months after Jackson left office. Without a Bank of the United States, it was harder for the new President to end the crisis.

**Checkpoint** What were the arguments for and against the second Bank of the United States?

---

### Teach

#### The Bank War

**The Question of States’ Rights**

Since the founding of the United States, Americans had debated what should be the balance between the powers of the states and the powers of the federal government.

#### Instruction

- **Vocabulary Builder** Before teaching this lesson, preteach the High-Use Words *resolve* and *dissolve*, using the strategy on TE p. T21.

- **Key Terms** Have students complete the See It–Remember It chart for the key terms in this chapter.

- **Read** The Bank War and The Question of States’ Rights, using the Choral Reading strategy (TE, p. T22).

- **Ask:** What reasons did people have to be against the Bank or be in support of the Bank? (support the Bank—it was a safe place to keep money; against the Bank—it limited the amount of money available for borrowing)

- **Ask:** Why was there conflict over the powers available to state and federal governments? (The Constitution did not tell exactly where the federal government’s power ended and the states’ power began.)

#### Independent Practice

Have students begin filling in the study guide for this section.

---

### Monitor Progress

As students fill in the Notetaking Study Guide, circulate to make sure students understand the opposition to the Bank rights. Provide assistance as needed.

---

### Answers

- **Checkpoint** For: It helped business; it kept federal money safe; it issued a stable currency; it created confidence in U.S. banks. Against: It hurt farmers and small merchants; it restricted state banks; it helped the wealthy; it caused the economic crisis of 1819.

**Reading Political Cartoons** (a) Jackson is dressed like a king and he is stepping on a legal document; because he vetoed the bank bill. (b) No. The British supported their monarchy. Yes. The king had to uphold the law.
The Nullification Crisis

**p. 364**

**Instruction**
- Have students read The Nullification Crisis. Remind students to look for causes and effects.
- Ask: Why did South Carolina want to secede from the United States? (The state did not agree with the tariff laws. At a special convention, leaders said that the laws did not apply to South Carolina. If the federal government tried to forcibly impose the tariffs, South Carolina would secede.)
- Ask: How did John Calhoun and Daniel Webster symbolize the controversy? (Calhoun was from South Carolina, where anger over federal power was strongest, and he proposed that states had the right of nullification. Webster was from Massachusetts, and he argued that the United States had been formed not by states but by its people.)
- Discuss how the crisis was resolved. Ask students to predict other issues that might cause similar crises (slavery, opposition to war, civil rights).
- Distribute worksheet on Daniel Webster and have students answer the questions.
- Display the transparency Andrew Jackson Battles the Bank of the United States. Discuss the key figures in the political cartoon.

**Color Transparencies**, Andrew Jackson Battles the Bank of the United States
- Have students review the timeline. Ask: What is the cause of the states’ rights debates? (The Constitution divided the power between the states and federal government. When there was a difference of opinion, both sides claimed final authority.)

**Checkpoint** How does the Tenth Amendment limit federal powers?

**Milestones in the States’ Rights Debate**

- **1787**: The Constitution divided power between the states and federal government.
- **1814–1815**: At the Hartford Convention, opponents of the War of 1812 insist that states have the right to secede.
- **1817**: South Carolina claims the right to nullify tariffs, but it backs down when President Jackson threatens to use force against it.
- **1828**: The cotton gin makes slavery more profitable.
- **1832**: South Carolina claims the right to nullify tariffs.
- **1838**: The Fugitive Slave Act.

**Differentiated Instruction**

**Gifted and Talented**

**Political Cartoons** Students should use the timeline on this page to review other cases of states declaring their right of nullification. Then have students create political cartoons supporting or opposing the right of a state to nullify a federal law. Students should display their cartoons and offer brief explanations of each cartoon’s characters, symbols, and meaning.

**Answer**
It states that any powers not specifically given to the federal government are reserved to the state government.

The Constitutional Convention of 1787 had created a government based on federalism, the division of power between the national government and the states. The Constitution gave the federal government many significant powers. At the same time, the Tenth Amendment set limits on federal power. It states that any powers not specifically given to the federal government are “reserved to the States respectively, or to the people.”

Over the years, the issue of balancing federal and state power had come up repeatedly. The Alien and Sedition acts had raised the issue. So had the Virginia and Kentucky resolutions and the Hartford convention. The issue could never be fully resolved. During Andrew Jackson’s presidency, arguments over federal power and states’ rights caused a serious crisis.

**The Nullification Crisis**

The crisis erupted when Congress passed a law in 1828 raising the tariff on iron, textiles, and other products. The tariff helped manufacturers in the North and some parts of the West. But it made southerners pay more for manufactured goods. It seemed to southerners that the federal government was forcing them to obey an unfair law.

Vice President John C. Calhoun of South Carolina argued that the states had the right of nullification, an action by a state that cancels a federal law to which the state objects. If accepted, Calhoun’s ideas would seriously weaken the federal government.

**Arguments for Nullification** To many southerners, the tariff issue was part of a much larger problem. If the federal government could enforce what they considered an unjust law, could it also use its power to end slavery?

John C. Calhoun had based his theory of nullification on his view of how the Union was formed. He said the Union grew from an agreement between the various states. After the Union was formed, each state kept certain powers. One of them was the power to nullify federal laws the people of the state considered unfair.
Federal Power Versus States' Rights

President Andrew Jackson and Vice President John C. Calhoun took opposing views on states’ rights and nullification. They had once been friends. However, by 1830, the two men were fierce enemies. Critical Thinking: Detect Points of View How may Andrew Jackson’s views about nullification have been affected by his responsibility as President of the United States?

Arguments Against Nullification

The clearest argument against nullification came from Massachusetts Senator Daniel Webster. He argued that the United States had not been formed by the states, but by the entire American people. In a dramatic speech on the floor of the Senate in January 1830, Webster defended his belief, saying “We are all agents of the same supreme power, the people.”

A few months later, President Jackson dramatically defended the Union. At a banquet, Jackson stared directly at Vice President Calhoun and said, “Our Federal Union—It must be preserved.” Ominously, Calhoun responded: “The Union—next to our liberty, the most dear.” The challenge was clear. To Calhoun, states’ rights was more important than saving the Union.

South Carolina Threatens to Secede

In 1832, Congress passed another tariff law. Although it lowered some tariffs, it passed high tariffs on iron and textiles. South Carolina then called a state convention, which voted to nullify the tariffs. The tariffs of 1828 and 1832, it said, did not apply to South Carolina. The state also warned the federal government not to use force to impose the tariffs. If it did, South Carolina would secede from the Union.

A furious Jackson responded strongly. In December 1832, he put federal troops in South Carolina on alert. Then he issued a “Proclamation to the People of South Carolina.” It said that the Union could not be dissolved. It also warned that “disunion by armed force is treason.” With tensions running high, Calhoun resigned as Vice President.

Early in 1833, Jackson asked Congress to allow the federal government to collect its tariff in South Carolina by force if necessary. At the same time, he supported a compromise bill that would lower the tariffs. In March 1833, Congress passed both laws.

Unable to win support for its position from other states, South Carolina then repealed its tariff nullification. Many Americans breathed a sigh of relief. The crisis had been settled peacefully.

History Background

Proclamation to the People of South Carolina Andrew Jackson felt that John C. Calhoun’s argument for nullification by South Carolina was a threat to the federal union and to national authority. He said, “I consider, then, the power to annul a law of the United States, assumed by one state, incompatible with the existence of the Union, contradicted explicitly by the letter of the Constitution, unauthorized by its spirit, inconsistent with every principle on which it was founded, and destructive of the great object for which it was formed.” South Carolina retreated due to lack of support from other southern states and Jackson’s threat to employ military force.

Answer

Detect Points of View As president, Jackson had to preserve the Union, so he could not support the right of states to nullify federal laws.

Independent Practice

Have students continue filling in the study guide for this section.

Interactive Reading and Notetaking Study Guide, Chapter 10, Section 5 (Adapted Version also available.)

Monitor Progress

As students fill in the Notetaking Study Guide, circulate to make sure students understand the Nullification Crisis. Provide assistance as needed.

Vocabulary Builder
dissolve (dih ZAHL V) v. break up into smaller parts

Chapter 10 Section 5 365
The End of the Jackson Era
p. 366

**Instruction**
- Have students read The End of the Jackson Era. Remind students to look for causes and effects.
- Ask: What strategy did the Whigs use to try to upset Martin Van Buren, Jackson’s handpicked candidate for President? (They ran three candidates, each of whom might appeal to a different region of the country.)
- With the Panic of 1837, Van Buren quickly lost popular support. Have students discuss how an economic downturn in Britain affected the U.S.

**Independent Practice**
Have students complete the study guide for this section.

*Interactive Reading and Notetaking Study Guide, Chapter 10, Section 5 (Adapted Version also available.)*

**Monitor Progress**
- As students fill in the Notetaking Study Guide, circulate to make sure students understand how the Jackson Era came to an end. Provide assistance as needed.
- Tell students to fill in the last column of the Reading Readiness Guide. Probe for what they learned that confirms or invalidates each statement.
- Have students go back to their Word Knowledge Rating Form. Rerate their word knowledge and complete the last column with a definition or example.

*Teaching Resources, Unit 3, Reading Readiness Guide, p. 84; Word Knowledge Rating Form, p. 79*

**Answers**

*Link Past and Present* Similar: both try to appeal to patriotism and the majority of people. Different: Today we have television, radio, and the Internet for campaigning.

*Checkpoint* Calhoun believed that nullification was a right that individual states had.

---

**The End of the Jackson Era**

A weary Andrew Jackson retired from office after two terms. Martin Van Buren was Andrew Jackson’s choice to succeed him. Van Buren, the son of a New York tavern owner, had played a central role in organizing Jackson’s first election victory in 1828. He had been secretary of state during Jackson’s first term and Vice President during his second term. He had long been a close political adviser to Jackson.

In the election of 1836, the Whigs ran three candidates, each from a different region of the country. Their goal was to prevent any candidate from receiving a majority of electoral votes. This would throw the election into the House of Representatives. However, the strategy did not work. Van Buren received a majority of both the electoral and the popular vote.

Jackson had successfully defended federal power, while states’ rights supporters had suffered a setback. However, the issue of states’ rights would not go away. Americans would continue to debate the balance between states’ rights and federal powers until the Civil War broke out in 1861.

*Checkpoint* What was the position of Vice President John C. Calhoun on nullification?

---

**Differentiated Instruction**

*Advanced Readers*

**Speculating** Have students work in pairs. Have each select a major event from this chapter and assume either it had not occurred or that it had had a different outcome. Have each group give a brief newscast in which they speculate how subsequent events in American history might have been different.
The Panic of 1837  
Van Buren took office at a time when the American economy was beginning a severe slump. Because Britain was experiencing an economic slowdown, British manufacturers were buying less cotton. This caused cotton prices to fall sharply. American banks could not collect on the loans they had made to cotton growers. As a result, hundreds of banks went bankrupt. 

The result was an economic collapse in the United States called the Panic of 1837. The economic hard times that followed lasted six years. The hardships of those years ruined Van Buren's presidency.

The Election of 1840  
Van Buren ran for reelection in 1840 against the Whig candidate, William Henry Harrison. This time the Whigs ran a skillful campaign. They used parades, barbecues, and other forms of entertainment to reach ordinary voters. They portrayed Harrison as a "man of the people" who would feel right at home in a simple log cabin. Helped by his "log cabin" campaign, Harrison easily defeated Van Buren. The Whigs were in power and the Age of Jackson was over.

Check Your Progress  
What was the main cause of the Panic of 1837?

Looking Back and Ahead  
Throughout the administrations of John Quincy Adams, Andrew Jackson, and Martin Van Buren, Americans continued to push westward. By the 1830s, Americans had settled most of the land east of the Mississippi River. By the 1840s, they were crossing the Mississippi in large numbers. You will read about this movement in the next unit.

Section 5 Check Your Progress

Comprehension and Critical Thinking
1. (a) Recall Why did states' rights become an issue in the 1820s?  
(b) Distinguish Relevant Information  Agree or disagree with the following statement and provide relevant facts to support your position: "The issue of states' rights had plagued the nation from the time of the Constitutional Convention."
2. (a) Summarize What were John C. Calhoun's and Daniel Webster's positions on nullification?  
(b) Detect Points of View  What did John C. Calhoun mean when he said, "The Union—next to our liberty, the most dear."

Reading Skill
3. Identify Multiple Causes  After the nullification crisis, South Carolina repealed its nullification of the federal tariffs. What were two causes of the state's action?

Key Terms
4. Write two definitions for the key term nullification. First, write a formal definition for your teacher. Second, write a definition in everyday English for a classmate.

Writing
5. Correct the errors in grammar, spelling, and punctuation in the following passage. Passage: The Nullification Crisis represent a conflict between the South and the federal government. President Jackson at a banquet said that the Union must be preserved. John Calhoun answered "The Union—next to our liberty, the most dear."

Answers

Reading Skill  Accept any two of these: Britain experienced an economic slowdown; British manufacturers bought less cotton; American banks could not collect on loans.

Checkpoint  The main cause was an economic crisis in Britain.

Section 5 States' Rights and the Economy 367

Assess and Reteach

Assess Progress  
Have students complete Check Your Progress. Administer the Section Quiz.

Progress Monitoring Transparencies, Chapter 10, Section 5  
Reteach  
If students need more instruction, have them read this section in the Interactive Reading and Notetaking Study Guide and complete the accompanying question.

Progress Monitoring Online  
Students may check their comprehension of this section by completing the Progress Monitoring Online graphic organizer and self-quiz.

Extend  
Students can interview members of their family or community and ask them how their businesses and lives would be affected if they found themselves unable to get a bank loan, as happened to many people during the Panic of 1837. Invite them to share their findings with the class.