appeared first in New York city, in the *Sun,* the *Herald,* and the *Tribune* (1833, 1835, and 1841). Swift and energetic in gathering news, and fearless, sometimes reck­less, in stating it, they brought into American life, with very much that is evil, a great preponderance of good.

1. The chaos into which a part of American society had been thrown had a marked effect on the financial institutions of the country, which went to pieces before it for a time. It had not been meant to make the public lands of the United States a source of revenue so much as a source of development. The sales had touched their high-water mark during the speculative year 1819, when receipts from them had amounted to $3,274,000 ; in other years they seldom went above $2,000,000. When the rail­road set the stream of migration moving faster than ever, and cities began to grow like mushrooms, it was natural that speculation in land should feel the effects. Sales rose to $3,200,000 in 1831, to $4,000,000 in 1833, to $5,000,000 in 1834, to $15,000,000 in 1835, and to $25,000,000 in 1836. In 1835 the president announced to Congress that the public debt was extinguished, and that some way of dealing with the surplus should be found. Calhoun’s proposal, that after the year 1836 all revenue above $5,000,000 should be divided among the States as a loan, was adopted, though only one such loan was made. The States had already taken a hand in the general speculation by beginning works of public improvement. Foreign, particularly English, capital was abundant ; and States which had been accustomed to think a dozen times over a tax of a hundred thousand dollars now began to negotiate loans of millions of dollars and to appropriate the proceeds to the digging of canals and the construction of railroads. Their enterprises were badly conceived and badly managed, and only added to the confusion when the crash came. If the Federal Government and the States felt that they were rich, the imaginations of individuals ran riot. Every one wanted to buy; prices rose, and every one was growing rich on paper. The assessed value of real estate in New York city in 1832 was $104,000,000; in 1836 it had grown to $253,000,000. In Mobile the assessed value rose from $1,000,000 to $27,000,000. Fictitious values were the rule everywhere.
2. When Jackson (1833) ordered the Government revenues to be deposited elsewhere than in the Bank of the United States (§ 204), there was no Government agent to receive them. The secretary of the treasury selected banks at various points in which the revenue should be deposited by the collecting officers ; but these banks were organized under charters from their States, as were all banks except that of the United States. The theory of the dominant party denied the constitutional power of Congress to charter a bank, and the States had not yet learned how to deal with such institutions. Their grants of bank charters had been based on ignorance, intrigue, favouritism, or corruption, and the banks were utterly unregulated. The democratic feeling was that the privilege of forming banking corporations should be open to all citizens, and it soon became so. Moreover it was not until after the crash that New York began the system of com­pelling such deposits as would really secure circulation, which was long afterward further developed into the pre­sent national bank system. In most of the States banks could be freely organized with or without tangible capital, and their notes could be sent to the West for the purchase of Government lands, which needed to be held but a month or two to gain a handsome profit. “ Wild-cat banks ” sprang up all over the country ; and the “ pet banks,” as those chosen for the deposit of Government revenues were called by their rivals, went into speculation as eagerly as the banks which hardly pretended to have capital.
3. The Democratic theory denied the power of Con­gress to make anything but gold or silver legal tender. There have been “ paper-money heresies ” in the party ; but there were none such among the new school of Demo­cratic leaders which came in in 1829; they were “ hard- money men.” In 1836 Jackson’s secretary of the treasury ordered land agents to take nothing in payment for lands except gold or silver. In the following spring the full effects of the order became evident ; they fell on the administration of Van Buren, Jackson’s successor. Van Buren had been Jackson’s secretary of state, the repre­sentative man of the new Democratic school, and, in the opinion of the opposition, the evil genius of the Jackson administration ; and it seemed to the Whigs poetic justice that he should bear the weight of his predecessor’s errors. The “ specie circular ” turned the tide of paper back to the East, and, when it was presented for payment most of the banks suspended specie payment with hardly a struggle. There was no longer a thought of buying; every one wanted to sell ; and prices ran down with a rapidity even more startling than that with which they had risen. Failures, to an extent and on a scale unprecedented in the United States, made up the “ panic of 1837.” Many of the States had left their bonds in the hands of their agents, and, on the failure of the latter, found that the bonds had been hypothecated or disposed of, so that the States got no return from them except a debt which was to them enormous. Saddled suddenly with such a burden, and unable even to pay interest, many of the States “re­pudiated ” their obligations ; and repudiation was made successful by the fact that a State cannot be sued except by its own consent (§ 65). Even the Federal Government felt the strain, for its revenues were locked up in suspended banks. A little more than a year after Congress had authorized the distribution of its surplus revenues among the States Van Buren was forced to call it into special session to provide some relief for the Government itself.
4. Van Buren held manfully to the strictest con­struction of the powers of the Federal Government. He insisted that the panic would best right itself without Government interference, and, after a four years’ struggle, he succeeded in making the “ sub-treasury scheme ” law (1840). It cut off all connexion of the Government with banks, putting collecting and disbursing officers under bonds to hold money safely and to transfer it under orders from the treasury, and restricting payments to or by the United States to gold and silver. Its passage had been preceded by another commercial crisis (1839), more limited in its field, but more discouraging to the people. It is true that Jackson, in dealing with the finances, had “ simply smashed things,” leaving his successor to repair damages ; but it is far from certain that this was not the best way available at the time. The wisest scheme of financial reform would have had small chance of success with the land-jobbers in Congress ; and Van Buren’s firm­ness found the way out of the chaos.
5. Van Buren’s firmness was unpopular; and the Whig party now adopted methods which were popular, if somewhat demagogical. It nominated Harrison in 1840 ; it contrasted his homely frontier virtues with Van Buren’s “ostentatious indifference to the misfortunes of the people ” and with the supposed luxury of his life in the White House ; and, after the first of the modern “ cam­paigns ” of mass meetings and processions, Harrison was elected. He died soon after his inauguration (1841), and the vice-president, Tyler, became president. Tyler was of the extreme Calhoun school, which had shown some disposi­tion to grant to Van Buren a support which it had refused to Jackson ; and the Whigs had nominated Tyler to retain his faction with them. Now he was the nominal leader of