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SOUTH CAROLINA AND THE SECOND BANK OF THE
UNITED STATES:
CONFLICT IN POLITICAL PRINCIPLE OR ECONOMIC
INTEREST?

NORMAN GASQUE RAIFORD *

In the second decade of the nineteenth century, no state displayed more devotion to the Union or more ardent nationalism than did South Carolina. In 1812 South Carolinians figured prominently among War Hawks in Congress: John C. Calhoun, William Lowndes, Langdon Cheves, and David R. Williams were outspoken advocates of the American cause. Among the military leaders, Generals Ralph Izard, Wade Hampton, and David R. Williams headed the roster of South Carolina names.¹ Following the war, South Carolina notables, still imbibing of the high spirited nationalism, helped to design what Henry Clay later called the American system. More than simply binding up the country's wounds suffered in the second war with Great Britain, the goal of this system was to create an economically self-sufficient and powerful nation. The instruments for attaining this goal consisted of: high tariffs against foreign imports, a necessity if infant industries in the United States were to grow; internal improvements in the form of roads and canals to draw the states and sections together; and a national Bank of the United States to provide a common currency throughout the nation and to boost the national economy. Although at first South Carolinians heartily endorsed this spirit of what might well have been called "benevolent" economic nationalism, they later learned to abhor it. South Carolina's disenchantment with the tariffs culminated in the 1832-33 Nullification Crisis, a story well-known to students of American history. Less well known but quite as interesting was the Palmetto State's reaction to another component of the American system, the second Bank of the United States.

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¹ The enthusiastic Williams resigned his seat in Congress in order to participate on the field of battle. Becoming disgusted with the slow progress of the war, he retired to private life in 1814 but returned to public office as Governor of South Carolina in 1816.

LeBlanc, John ^D	1	Nov. 18, 1779	8,275	—	8,275
LesIllens, Monsieur de	1	Jan. 27, 1779	38,000	—	38,000
Lestergette, Carrier & Co.	2	Jan. 4-Feb. 16, 1779	300,000	—	300,000
Magens, Johannes	1	Jan. 4, 1779	4,875	—	4,875
Martens & Eytlewein	4	July 13, 1778-Mar. 31, 1780 ..	124,418	26,916	97,502
Mounier, Henry of Rochelle ...	1	Nov. 11, 1779	162,500	—	162,500
Penia, Don Gaupar & Co. of Havanna	2	Mar. 20-Nov. 13, 1779	141,700	—	141,700
Rhode, Levin Jorgen	1	Jan. 14, 1779	3,164	—	3,164
Salsus, Sam of Bermuda	1	Dec. 22, 1777	8,000	—	8,000
Smith, John of Antigua	1	Mar. 31, 1780	8,000	—	8,000
Smith, William of St. Eustatius	1	Jan. 27, 1779	7,630	—	7,630
Sneyder, Hendrick	1	Aug. 28, 1778	2,000	—	2,000
Stevenson, Cornelius of St. Eustatius	2	Feb. 3, 1779-Mar. 31, 1780 ..	6,979	3,772	3,207
Sylrieur, Marc	1	Aug. 15, 1778	3,050	—	3,050
Tilley & Thomas of Bermuda ..	2	Feb. 24, 1778-Mar. 18, 1779 ..	17,478	—	17,478
Tucker, Henry of Bermuda	2	Dec. 10, 1777-Mar. 31, 1780 ..	9,808	1,987	7,821
Zandre, Deme Julien Ann ^E	1	Oct. 17, 1778	20,700	—	20,700

^D The firm of North and Trescott was the agent for LeBlanc.

^E The only non-South Carolina woman to lend money to the Revolutionary cause.

For the United States economic stability was the most urgent need after the War of 1812. Focusing attention on the numerous currencies, the lax banking practices, and the suspension of specie circulation, President James Madison's Republican party, with the Young Republican nationalists in the lead, determined to make long overdue changes. In his December, 1815, State of the Union message, Madison again urged Congress to create a national banking institution. He proposed a bank on the order of the first Bank of the United States, the charter of which had expired in 1811.² The president found his principal supporter in the lanky form of a pensive, energetic South Carolina upcountry lawyer, Congressman John C. Calhoun. Calhoun's efforts on behalf of the president formed the beginning of the story of South Carolina's close relationship with the second Bank of the United States.

As Chairman of the Special Committee on National Currency, John C. Calhoun became "the best informed member in the House on the subject" of banking and finance.³ In accord with Madison's wishes, Calhoun offered a bill in February, 1816, for the incorporation of a national bank similar to the first Bank of the United States created by Alexander Hamilton. Notwithstanding opposition from the Old Republicans—the conservative wing of the Republican party—and from Daniel Webster, leader of the New England Federalists, Young Republicans of the House with Calhoun in the forefront steered the bank bill to a successful adoption by a vote of 80 to 71.⁴ The Senate, presided over by John Gaillard of Charleston, South Carolina, added its endorsement 22 to 12.⁵ President Madison gratefully signed the bill and looked favorably upon its sponsor, Calhoun.

As outlined in Calhoun's bill, the newly created Bank of the United States operated on a capital of \$35 million originally divided into 350,000 shares at \$100 each share. Dividends were paid to stockholders in accord with the profits of the bank. The federal government subscribed at all times to one-fifth of the stock and appointed five of the twenty-five directors of the bank at its headquarters in Philadelphia. To ensure a stable establishment, Calhoun suggested that the bank's debts not exceed its capital. To ensure national operation the government empowered the

² The Republicans had been content to allow the charter of the first Bank of the United States to expire in 1811. Realizing their mistake, they unsuccessfully endeavored throughout the war to create another national banking institution.

³ Charles M. Wiltse, *John C. Calhoun, Nationalist, 1782-1828* (Indianapolis, 1944), 111.

⁴ *Annals of Congress*, Fourteenth Congress, First Session, 1206-1207.

⁵ *Ibid.*, 281.

Philadelphia mother bank to open branches through the United States. The federal government also provided for close scrutiny of the bank's practices by the Secretary of the Treasury. In return for having a monopoly on all government business and for being granted a federal charter, the bank was required to pay a \$1.5 million bonus to the national treasury. Calhoun had made this stipulation in the bill hoping that the government would use the bonus money to launch a massive nation-wide program of internal improvements—one of the three major components of the American system. For his vision and leadership, fellow-nationalists looked upon Calhoun as heir to the Hamiltonian philosophy. Certainly Calhoun was quite as important as Henry Clay in bringing about the American system.

South Carolinians found the bank directly in their economic interest. They willingly gave visible evidence of their enthusiasm for the new institution when in July, 1816, the Charleston offices sold \$2,598,000 of the capital stock, surpassing sales in New York and Boston, trailing those only in Philadelphia and Baltimore.⁶ What lay behind this large investment by South Carolinians? The post-war economy in the state was booming. Profits of Charleston's East Bay and King Street merchants rivaled those of Baltimore, Philadelphia, New York, and Boston. Rice planters of the coastal region sold their crops at an all-time pre-Civil War high—six to seven cents per pound.⁷ Short staple cotton joined the Sea Island or long staple variety in creating flush times for Carolina planters. To this bright picture the appearance of the bank added an opportunity for safe and profitable investment, an opportunity of which planters, merchants, traders, and politicians alike joined in taking advantage. Within only a few months, however, this enthusiasm for the bank came face to face with a serious challenge.

An institution so promising as the Bank of the United States could have had few men more unfortunately selected as its first president than William Jones, former Secretary of the Navy under President James Madison. Under Jones' inept leadership, lax managers openly violated provisions of the bank's charter. At the Baltimore branch alone, losses reached \$1,700,000. Jones and the Philadelphia directors speculated in stock in a manner injurious to their integrity—though not to their

⁶ John G. Van Deusen, *Economic Bases of Disunion in South Carolina* (New York, 1928), 146 (quoting Charleston, South Carolina, *City Gazette* of September 4, 1816).

⁷ John H. Tucker to Robert F. W. Allston, January 22, 1818, and again November 23, 1818. Allston Family Papers, South Carolina Historical Society, Charleston, South Carolina.

pockets. More serious, Jones' policies had permitted an over-extension of credit especially in the West and South. By August, 1818, the alarmed bank president began curtailing loans and instigating a general contraction of credit much to the detriment of debtor farmers, merchants, and speculators. The bank's happy and successful beginning appeared short-lived, for though it may not have caused the Panic of 1819, in the popular mind it was responsible for widespread depression and defaulting on debts.

John C. Calhoun, having become Secretary of War in 1817, could do little to salvage the institution he had created. However, other South Carolinians figured prominently in saving the bank from destruction. Under heavy popular pressure, Congress authorized in November, 1818, an investigation of the bank's activities. As vice-chairman of the committee of inquiry, Representative William Lowndes of Charleston, a mastermind of the state of the American economy, eloquently defended the bank. His demand for proof of actual fraud at the Baltimore branch brought forth only half-hearted contentions from his opponents. His expressed convictions that the bank was of nearly indispensable value for the nation encountered only unconvincing denials. Lowndes' mastery of facts and arguments overwhelmed his weak and vague opposition. Testifying to Lowndes' persuasive defense, a House resolution to force the bank to show cause as to why its charter should not be immediately revoked failed 116 to 39.⁸

Lowndes' victory for the bank momentarily lessened criticism of the Philadelphia institution. Equally important, William Jones resigned his office. The subsequent nomination of a South Carolinian to replace Jones further strengthened the ties between the Palmetto State and the bank. In January, 1819, one of Charleston's foremost lawyers, a former Speaker of the national House of Representatives, Langdon Cheves (pronounced Chivis) took office as the president of the Bank of the United States. An astute man of many abilities and of far reaching reputation, he first emerged before the public eye as a War Hawk before the War of 1812. This South Carolinian's national outlook and his talents for finance prompted President Madison to offer him the treasury portfolio, but Cheves had turned down the office, preferring to return to the private practice of law. In 1819 only the insistent pressure of respected friends convinced him to give up the Charleston life in exchange for the heavy executive duties awaiting him in Philadelphia.⁹

⁸ *Annals of Congress*, Fifteenth Congress, Second Session, 142.

⁹ Cheves' correspondence reveals the pressure put upon him by friends and by the directors of the bank. See Henry Middleton to Langdon Cheves, January 21,

Cheves' presidency was not a dynamic one. He had not been selected for dynamism. His charge was to make the bank fulfill its obligations and to redeem it from disaster. In adhering to what he considered his duty, Cheves sacrificed personal popularity. For he did not remove the bank from the center of public controversy. He retained the stringent contraction measures of his predecessor. In addition to reducing his own salary in an attempt to economize, Cheves went so far as to forbid the declaring of dividends from July, 1819, to July, 1821.¹⁰ This was no small matter to South Carolinians heavily invested in bank stock. More significant to South Carolina, however, Cheves' policies drained specie out of the South and West. Robert Y. Hayne, attorney for the Charleston branch of the bank, informed his friend and mentor, Cheves, "The people of Charleston are suffering severely from the draft of mother bank."¹¹ In his authoritative history of the second bank, Ralph Catterall has credited Cheves' firm resolve and conservative policies with returning the bank and the nation to economic stability. Suggesting a different interpretation, Bray Hammond in *Banks and Politics in America* has claimed that the bank's "survival damned it worse than failure would have done."¹² Yet there is no doubt that Cheves, resigning in 1822, left behind him a rehabilitated although somewhat unpopular Bank of the United States. He considered his duty fulfilled and returned once again to his law practice.

In South Carolina the bank's popularity had suffered, but not unduly, during the panic lasting from 1819 into the early 1820's. Near the height of the depression, Hayne assured Cheves, "But in South Carolina I think the U. S. Bank not unpopular in the backcountry and nothing is to be feared from the Legislature of this state unless unfavorable representations should be made by the President and Directors of our own State Bank in Charleston."¹³ Try as he might Stephen Elliot, president of the Bank of the State of South Carolina, failed to damage the image of the Bank of the United States in the Palmetto State. Praise

1819; Directors of the Bank of the United States to Langdon Cheves, February 4, 1819; and several other letters at about this time from friends of Cheves, in the Langdon Cheves Collection, South Carolina Historical Society.

¹⁰ Charleston, South Carolina, *Carolina Gazette*, January 23, 1819; Ralph C. H. Catterall, *The Second Bank of the United States* (Chicago, 1903) Appendix V, 504.

¹¹ Robert Y. Hayne to Langdon Cheves, February 22, 1819. Langdon Cheves Collection, South Carolina Historical Society.

¹² Bray Hammond, *Banks and Politics in America from the Revolution to the Civil War* (Princeton, 1957), 259.

¹³ Robert Y. Hayne to Langdon Cheves, October 9, 1819. Langdon Cheves Collection, South Carolina Historical Society.

for Cheves during his tenure as president of the bank outweighed criticism.¹⁴ Stock investment grew. South Carolinians' 47,458 shares, an investment of \$4,745,800, represented the largest block of holdings next to the Federal government's 70,000 shares.¹⁵ Citizens of no other state owned more stock than South Carolinians despite the greater overall financial resources in several other states. If investment may be considered a proper measure of popularity, then the bank was becoming more rather than less popular with Carolinians.

South Carolinians supported the Bank of the United States for two reasons. One, investment in bank stock was in their economic interest. Two, South Carolinians found the bank fully in accord with their principles of "benevolent" economic nationalism. Unlike other Southern states, South Carolina remained undisturbed by the Supreme Court decision in *McCulloch v. Maryland*.¹⁶ Speaking for the unanimous court in March, 1819, Chief Justice John Marshall declared the bank constitutional and denied the power or right of any state to tax branches of the national bank. Though fully aware that many sister states blamed the bank for the panic of 1819 and abhorred the nationalist decision in *McCulloch v. Maryland*, the South Carolina legislature in December, 1821, almost unanimously voted for a resolution approving the constitutionality and the expediency of the Bank of the United States.¹⁷ In thus echoing the Marshall Court's opinion, South Carolina went on record as opposed to strict constructionist, narrow, literal interpretations of the Constitution, the very mark of state rightism. In 1821 the Palmetto State still clung tightly to nationalist, not sectionalist, views.

South Carolinians' loyalty to the bank remained steadfast long after the 1821 resolution. With the assumption of the bank presidency in 1822 by Nicholas Biddle, a wealthy, brilliant, ambitious Philadelphian, the bank advanced along a prosperous course provided for by Cheves' groundwork. Honest management and sound banking practices removed the bank from the center of public debate. Faith in the bank was restored. Dividends rose. Stock values soared. Although the number of

¹⁴ John Potter to Cheves, March 26, 1819; J. S. Richardson to Cheves, September 9, 1819; Henry DeSaussure to Cheves, October 9, 1819. Langdon Cheves Collection, South Carolina Historical Society.

¹⁵ Catterall, *Second Bank*, Appendix IX, 508.

¹⁶ David Duncan Wallace, *The History of South Carolina* (4 vols. New York, 1934), II, 473 claims that there is reason to believe that the *McCulloch vs. Maryland* decision displeased South Carolinians. Dissidents do not seem to have been many, however.

¹⁷ Van Deusen, *Economic Bases*, 147.

shares held by South Carolinians fell from 40,000 in 1821 to 33,000 in 1822 due largely to hard times in the state, South Carolina investors advanced their holdings to 35,495 shares in 1828; by 1831 they again owned more than 40,000 shares.¹⁸ With the exception of Pennsylvania, South Carolina stockholders outnumbered those of any other state throughout nearly all of the bank's history. In a sense financial investment quantitatively indicated the Palmetto State's endorsement, especially when it is remembered that the Carolina investors were not simply an elite few. Their numbers ranged from 600 to better than 700.¹⁹ Their attachment to the bank probably would have remained absolute except for changing political trends in the late 1820's. Those trends made it increasingly difficult for Carolinians to remain loyal to the bank which they so ardently supported at the beginning of the decade.

The smiling countenances of South Carolinians in 1828 revealed boastfulness and self-congratulation. For in November of that year two natives of the Palmetto State became, respectively, President and Vice-President of the United States. Andrew Jackson and John C. Calhoun were both born in frontier western South Carolina. Both came from Scotch-Irish families of the Presbyterian faith. The studious Calhoun had gone North to New Jersey and Connecticut for formal education and training in law. The adventuresome Jackson had gone West to Tennessee to seek his fortune. The paths of the two men crossed in 1818 when General Jackson carried out Secretary of War Calhoun's orders for dealing with warring Creeks and Seminoles along the Georgia and Florida frontier. Ten years later Jackson chose Calhoun as his running mate in the presidential campaign. Jackson's popularity supported by Calhoun's long record of successful public service as Congressman, Secretary of War and Vice President made an unbeatable combination. With favorite sons in the highest public offices of the nation, proud South Carolinians entertained high hopes of direct benefits to their state.

Much did they need that hope, for by the late 1820's economic distress had settled upon the state. In the wake of booming prosperity of the immediate post-war years had followed the unnerving panic of 1819; worse for South Carolinians was the agricultural depression of the mid-1820's, brought on by overproduction and dangerously low prices for cotton planters. Sea Island cotton which had brought 47 to 50 cents

¹⁸ Catterall, *Second Bank*, Appendix, IX, 508.

¹⁹ New Bern, North Carolina, *Spectator and Literary Journal*, October 4, 1828, St. Louis, Missouri, *Republican*, October 11, 1831.

a pound in the period 1816 to 1818 fell to 25 cents by 1828.²⁰ Upland or short-staple cotton had fallen from as high as 30 cents a pound in 1818 to about nine cents in 1828-1829, a price which made even vice president Calhoun's plantation nearly profitless.²¹ Not fully aware of the causes of their distress, South Carolinians unhesitatingly blamed their fiscal ills on the Federal protective tariffs. The rates enacted in 1824 and 1828 made the cost of American imports high, and South Carolina planters accustomed to importing both necessities and luxuries felt the pinch severely. Carolinians had championed Jackson in 1828 largely because his tariff views seemed to agree with theirs. However, his statement "I'm for a *judicious* tariff," was open to differing interpretations by low tariff men of the planting South and high tariff men of the manufacturing North. Nevertheless, Jackson's native state placed much trust in the new President's administration to relieve economic suffering by lending influence to the cause of low tariffs.

South Carolina political feeling was already moving toward the state rights doctrine when Jackson carried the state's vote in 1828. On the whole the "benevolent" economic nationalism advocated by Calhoun, Lowndes, Cheves and others during and after the War of 1812 no longer served the economic or political interests of South Carolina. The grandiose plans for national internal improvements, aside from being costly, had brought no visible benefits to the Palmetto State. The protective tariffs, favorable to industrial interests, proved burdensome to Carolina agricultural interests. Clearly economic interest had dictated an exchange of political principles: after the mid-1820's South Carolinians took up strict constructionist and state rights constitutional views quite as ardently as they had once championed loose construction and nationalist views. The bank alone among the nationalists' economic programs still apparently served the economic interests of Carolinians in the late 1820's. How long would this service preserve the bank from attack? Would the new political principles of state rights and strict construction, the growing sectionalism and anti-nationalism prevail over the bank's usefulness to South Carolinians? Presidential politics helped Carolinians to answer these questions.

Jackson's first administration (1829-1833) made plain his strict constructionist leanings. In 1830 he vetoed the Maysville Road bill and

²⁰ The best account of South Carolina's economic distress during this period is found in William W. Freehling's *Prelude to Civil War, The Nullification Controversy in South Carolina, 1816-1836* (New York, 1965).

²¹ Account sheet of Florida Bonneau Colhoun, John C. Calhoun's mother-in-law, with the firm of Matthew Bonneau. John C. Calhoun Papers, Clemson University.

thus dealt a serious blow to the nationalists' program of internal improvements.²² Jackson's State of the Union messages contained pleas for a readjusted tariff. Of more than casual interest, the President in his first State of the Union address attacked the Bank of the United States. He charged the bank with failure to stabilize the currency and he questioned the power of the Federal government to charter the monopolistic Bank in the first place.²³

In response to the President's message, Congress appointed committees of investigation. South Carolina Congressman George McDuffie headed the House of Representatives committee. Chairman McDuffie, producing one of the ablest state papers of the times, re-affirmed the constitutionality and the expediency of the bank. South Carolinians kept a watchful silence on the bank issue; unlike McDuffie, most Carolinians were increasingly charmed by the President's championship of what appeared to be agrarianism, limited government, and state rights.

Jackson stepped up attacks on the bank in his 1830 and 1831 State of the Union messages. The force of these attacks began to undermine South Carolina's longtime friendship with the bank. In 1831 South Carolina's comptroller-general reported:

The supposition that this institution [the Bank of the United States] is useful because it keeps all other banks in check by controlling their issues and thereby preserving a sound currency, concedes at once its absolute power . . . It possesses the power of destroying the state banks without regard to their solvency.²⁴

Stephen Elliot, President of the Bank of the State of South Carolina, used Jacksonian descriptions in reporting to the state legislature in 1831 that the Bank of the United States was nothing less than a "moneyed aristocracy" designed for the advantage of the few.²⁵ That same year the South Carolina General Assembly (as the legislature was called) levied a tax of one per cent *per annum* on bank dividends. This act was contested by the bank but upheld in the Court of Appeals. Notwithstanding

²² Jackson gave as his reason for the veto that the Maysville road served not national but local interests only. Yet he had approved bills for other roads quite as local as the Maysville road. One difference was, however, that the Maysville road lay almost entirely within Kentucky, home-state of Senator Henry Clay, Jackson's foremost political rival.

²³ Bank stock fell from \$125 $\frac{1}{4}$ to \$120 per share immediately following the presidential message. Greensboro, North Carolina, *Patriot*, January 20, 1830.

²⁴ Quoted in Hammond, *Banks and Politics*, I, 410.

²⁵ *Ibid.*, 409.

their heavy investments in bank stock, South Carolinians began to view the bank as a violation of their changed political principles. The dividend tax of 1831, in a state where owners of bank stock were no small group, emphasized dramatically how political principles of state rightism had come to outweigh direct economic interest in the bank.

An opportunity for malcontents to destroy the bank surfaced in the summer of 1832. Bank President Nicholas Biddle was fully aware of the dangers of Jackson's hostility toward the bank. Although he attempted without success to reshape the President's views, Biddle remained hesitant to accept the reality that his and Jackson's opinions were irreconcilable. Into the breach stepped "Young Harry of the West," the affable, carefree and charismatic Henry Clay, United States Senator from Kentucky. Long a friend to economic nationalism, the persuasive Clay convinced a reluctant Biddle to place the bank's existence squarely on the line in the upcoming 1832 presidential campaign.²⁶ Inasmuch as the bank's charter would automatically expire in 1836, Clay proposed that a bill for recharter be introduced in Congress in 1832 prior to the November election. Clay was sure that the bill would pass; the issue would then hang on Jackson's approval or veto. With Jackson's approval of recharter, Biddle would have his bank, and Clay, as a contender for the White House against the incumbent Jackson, could at least attack Jackson's inconsistency for having approved a bill to recharter the very institution the President had previously pronounced unconstitutional and inexpedient. Should Jackson dare veto the recharter bill and thereby fly in face of Congressional and public opinion, Clay could pledge himself to the bank in the 1832 campaign, and if elected president, the Kentuckian would seek the rechartering of the bank.

Biddle consented to take this gamble. In so doing he realized that he would alienate "Old Hickory" for all time. Needless to say, Biddle cared little to think of the consequences of a Jacksonian veto of the recharter bill followed by a Jacksonian victory over Clay in the fall presidential race. Should the "Hero of New Orleans" win re-election, he would be President until March, 1837, several months beyond the expiration date of the bank's original charter. Consequently, if Jackson vetoed the bill to recharter the bank in 1832, the bank's only hope for continued existence lay either with Congress' over-riding the veto, or barring that, with the successful elevation of Henry Clay to the White

²⁶ Clay had not always championed economic nationalism. In 1811 he steadfastly opposed renewal of the charter of the first Bank of the United States. His views, like those of many other politicians of the age, underwent dramatic changes.

House. Thus before the election of 1832, the bank was made strictly a partisan issue.²⁷

Henry Clay and Nicholas Biddle planned their strategy meticulously, as well they should have. Among the first men they enlisted in the bank fight was South Carolina Congressman George McDuffie. On January 9, 1832, McDuffie presented to the House the memorial of the Philadelphia mother bank for renewal of its charter. The Carolina congressman thereupon moved that the memorial be sent to the Ways and Means Committee. Not coincidentally, McDuffie was chairman of the powerful Ways and Means. Indicative of the feeling of the Carolina representatives, six voted against McDuffie's motion, one with McDuffie, and two Carolinians were absent.²⁸ The McDuffie motion carried nevertheless.

As the Senate prepared to consider the charter renewal, the two Carolinians, Robert Y. Hayne and Stephen D. Miller, joined Missouri's Thomas Benton in fighting the recharter bill step by step. Hayne tried to cripple the bill with a state rights amendment providing that any state could tax branches of the national bank within the state's boundaries. This was clearly an effort to circumvent the Supreme Court decision in *McCulloch v. Maryland*. Over-riding these and other obstructions, on June 9, 1832, the Senate approved the bill to recharter the bank in a vote of 28 to 20.²⁹

The House of Representatives concurred in the Senate's action on July 3, 1832. Among the Carolina delegation in the House, only McDuffie and William Drayton were for rechartering the bank. Against were James Blair, Warren R. Davis, John Griffin, Thomas R. Mitchell, and William Nuckolls. Robert Barnwell and James Felder were absent.³⁰ The new life granted to the bank was of short duration, for on July 13 President Jackson flung the bill back to Congress hurling with it his defiant message in which he claimed: "I sincerely regret that in the act before me I can see none of those modifications of the bank charter which are necessary in my opinion, to make it compatible with justice, with sound policy, or with the Constitution of our country."³¹

²⁷ Accounts of the "bank war" may be found in Arthur M. Schlesinger, Jr., *The Age of Jackson* (New York, 1945); Glyndon G. Van Deusen, *The Jacksonian Era* (New York, 1959); and Thomas Payne Govan, *Nicholas Biddle, Nationalist, and Public Banker, 1786-1844* (Chicago, 1959).

²⁸ *Register of Debates in Congress, 1825-1837*, Twenty-second Congress, First Session, 1529.

²⁹ *Ibid.*, 1073.

³⁰ *Ibid.*, 3852.

³¹ *Messages and Papers of the Presidents, 1789-1897*, ed. James D. Richardson (10 vols. Washington, 1907), II, 576.

Mounting a final offensive, pro-bank men pursued a vote for overriding the veto. The tally, very much along party lines, sustained the President's decision.³² For all practical purposes the bank war had ended as a triumph for Jackson and anti-bank men. There remained, of course, the fall presidential election. Jackson won that contest handily also, much to the chagrin of not only Henry Clay but also Nicholas Biddle. The bank's charter stood no chance of renewal before expiring in 1836, for it was unlikely that Jackson would approve, even if Congress dared pass, a bill in any form to extend its life. Jackson had dealt harsh blows first to the internal improvements, and then to the bank. The President had completely undermined the essentials of the American system of "benevolent economic" nationalism.

Reaction in the state of South Carolina to the veto of the recharter bill was decidedly favorable to President Jackson. On first learning of the veto, the Charleston *Mercury* praised the President's action as "highly creditable to himself and acceptable to the advocates of state rights principles in every section of the Union."³³ Of the approximately 118 memorials to Congress urging renewal of the charter, only one came from South Carolina.³⁴ Wherever expressed, popular opinion in the Palmetto State was against the bank. This was the same state whose congressmen and prominent citizens had been chiefly responsible for creating and preserving the bank in its difficult early years.

In withdrawing their support, South Carolinians were obviously acting partly counter to their own economic interest, for even in 1832 they remained heavily invested in bank stock. To explain this shift, one must look at the overall economic picture as well as into the realm of political philosophy. At some indefinable point during the mid-1820's, South Carolinians made a wholesale exchange of their earlier national outlook, with its accompanying loose interpretation and broad construction of the Constitution, for a narrow state rights outlook, with the accompanying strict construction views of constitutional interpretation.³⁵

³² Jean Alexander Wilburn, *Biddle's Bank* (New York, 1967), 122-123. This recent study brings to light the political activities of the second bank.

³³ Charleston, South Carolina, *Mercury*, July 17, 1832. Letters to the editor revealed popular discontent with the bank.

³⁴ Wilburn, *Biddle's Bank*, 53.

³⁵ There was nothing new about the state rights outlook. It had held sway in New England before and during the War of 1812. Moreover, in South Carolina state rights and strict construction had a following long before the mid-1820's. William Smith, state legislator and later United States Senator, consistently opposed the nationalist programs of Calhoun and other Young Republicans following the War of 1812.

The reason for this exchange of political principles lay primarily though not altogether in the area of economic interest. As envisioned by Calhoun and other nationalists at the time of the War of 1812, the American system ideally should have benefitted the entire nation. In reality two of the three major components of the American system proved detrimental to South Carolina: the protective tariffs fell hard on Carolina importers; aside from being costly, Federal internal improvements somehow bypassed South Carolina's boundaries altogether.³⁶ The third component of the system, the Bank of the United States, had, however, benefitted the Palmetto State. Why then throw out the good along with the bad?

President Jackson, espousing strict constructionist principles, fairly crippled the internal improvements program with his veto of the Maysville road bill in 1830. South Carolinians applauded loudly and embraced Jackson's stand and philosophy fully. Two years later when the President battled with the bank on the grounds that Congress had no constitutional right to charter the institution. South Carolinians faced a decision: should they vote for the direct economic interest and support the bank, or should they be loyal to their recently adopted political beliefs of state rights and support the President against the bank? They chose the latter course. In so doing they entertained hopes that Jackson would strike a blow at the protective tariffs, the only component of the American system he had not squarely confronted by 1832, and the prime target of South Carolina's criticism.

Only after it became apparent that Jackson was satisfied with the protective tariff bill passed by Congress shortly after the bank bill in 1832 did South Carolina become completely disenchanted with her native son in the White House.³⁷ The result was the Nullification Crisis of

³⁶ It has often been said that South Carolina expected to industrialize after the War of 1812 and therefore gave approval to the protective system. The state did not industrialize, however, and at least one writer has concluded that South Carolinians never really envisioned industrializing nor did they give approval to the protective system in the first place. See Norris W. Preyer, "Southern Support of the Tariff of 1816—A Reappraisal," *Journal of Southern History*, XXV (August, 1959), 306-322. In regard to internal improvements, South Carolinians became furious when they thought that Federal tariffs were paying for canals and roads that could never benefit South Carolina.

³⁷ The Tariff of 1832 was in fact somewhat lower than the Tariff of 1828. But the rates were still high, too high as far as South Carolinians were concerned. See Freehling, *Prelude to Civil War*, for an excellent account of the nullification controversy in which Freehling sees fear of Northern anti-slavery as a motivating force behind nullification.

the winter of 1832-33 in which the President was pitted against his native state over the right of a state to declare null and void federal tariff laws. Hindsight revealed that support of South Carolinians for the President's veto of the bank's recharter bill in the summer of 1832 had been self-defeating. In the end South Carolinians had served neither their political nor their economic interests, for abolishing the tariffs had been their primary purpose, and Jackson was clearly unwilling to go that far—to do so would mean severing his following in Northern industrial centers, especially in vote-heavy Pennsylvania. The bank itself had never been in direct conflict with the economic interest of South Carolina, nor at first had it conflicted with political principles of the majority of South Carolinians. But by 1832 two of three elements of the American system were economically harmful to Carolina, and with the state's adoption of new political principles—strict constitutional construction and state rights—South Carolina rejected out of hand the entire program of economic nationalism, including the one segment which had proved beneficial to the Palmetto state, the second Bank of the United States. South Carolina's rejection of the bank, therefore, hardly less than the nullifying of the tariffs, dramatically demonstrated the extremism of the Palmetto State's about-face from nationalism at the time of the War of 1812 to state rights in the 1830's, a short span of less than two decades.

EARLY LABOR UNION ORGANIZATIONAL EFFORTS IN SOUTH CAROLINA COTTON MILLS, 1880-1905

MELTON A. McLAURIN *

The role of organized labor in the Southern cotton textile industry during the late nineteenth century has received scant attention from historians of the South. Compared with the numerous writings on the industry's development and the conditions encountered by the early mill workers, this inattention is the more striking, and results primarily from the assumption that only inconsequential union activity occurred in the South until well into the twentieth century. A close study of the industry reveals that, contrary to this assumption, organized labor twice made serious, but unsuccessful, attempts to penetrate Southern cotton mills before 1900. Their failure revealed to labor and management the difficulties involved in seeking to organize unskilled, uneducated workers in a surplus labor market, and in doing so established a pattern of labor relations within the industry, vestiges of which are still apparent in some Southern textile firms even today. The development of this pattern is clearly discernible in the history of union activity in the mills of post-Reconstruction South Carolina.

Between 1880 and 1900, the rapid growth of the state's cotton textile industry earned South Carolina the title of "The Massachusetts of the South." During that period the state's textile firms increased from 14 to 80, capital invested in the industry soared from \$2,776,100 to \$39,258,946, spindles increased in number from 82,334 to 1,431,349, and looms from 1,676 to 42,663.¹ Mill presidents such as Henry P. Hammett of Piedmont Mills, Dexter E. Converse of Glendale and Clifton Mills, Ellison A. Smythe of Pelzer Mills, and John Montgomery of Spartan Mills replaced the planters as the economic, social, and political arbiters of the state.

Caught in the grinding despair and poverty of the crop-lien system, thousands of white tenant farmers and small farm owners flocked to the mills in search of a better life, providing a seemingly endless supply of native operatives. Those who fled from farm to factory often improved their material condition, but at appreciable cost to their social status and agrarian individualism. Mill village housing was often an improvement

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¹ U. S. Bureau of the Census, *Twelfth Census of the United States: Special Reports on Selected Industries*, 56-57.