

1837 Brings New President, Financial Crisis **The Making of a Nation – Program No. 49** **Martin Van Buren, Part One**

From VOA Learning English, welcome to The Making of a Nation — our weekly history program of American history for people learning American English. I'm Steve Ember.

Last time, we talked about the election of Martin Van Buren as the eighth president of the United States.

Van Buren had served as President Andrew Jackson's secretary of state, and later his vice president. Jackson asked his political party, the Democrats, to nominate Van Buren as their presidential candidate in the 1836 election. The Whig party was against him, but their opposition was divided. Van Buren won the election easily.

Jackson stood beside Van Buren as the new president was sworn in at the Capitol building in Washington. Physically, the two men were very different. Jackson was tall, with long white hair that flowed back over his head. Jackson's health had been poor during the last few months he spent in the White House. He seemed tired. There was almost no color in his face.

Van Buren was much shorter than Jackson and had much less hair. His eyes were brighter than those of the old man next to him.

In his inaugural speech, Van Buren noted that he was the first American born after the revolution to become president of the United States. He was also the first president who was not from a British family; his family was Dutch.

Van Buren said he felt he belonged to a later age. He called for more unity among Democrats of the North and South. He said better times were ahead for the country.

Martin Van Buren had a poor education as a boy. He went to school only for a few years. His father was a farmer and hotel keeper at a small town in New York State. Politicians, including Alexander Hamilton and Aaron Burr, had sometimes visited the hotel. By listening to them and others, the future president learned about politics.

Eventually, Van Buren studied in a law office and became a lawyer. In the first years of his career he defended tenants and renters who were fighting large plantation owners for their land. As a result, he developed a reputation for helping the common man. Van Buren became a local official, and then a senator and governor of New York.

When he was 24, he married a young woman he had grown up with. But she died of tuberculosis after 12 years, leaving him with four sons.

“And after that, he was known as quite charming among the ladies, as they said in those days.”

Historian Joel Silbey is an expert on Martin Van Buren. Mr. Silbey says most people who knew Van Buren liked him. He seemed warm and friendly. He tried to keep his political life and his social life separate. It was not unusual to see him exchange handshakes, smiles and jokes with men who were his political enemies. But, he did not have a national reputation like Andrew Jackson had.

“What he was known for, and what got him into the vice presidency, and then the presidency, was that he was Jackson’s right hand man.”

Van Buren had been president for just a few days when an economic crisis struck the country. The crisis had been building for months. It really began with the death of the Bank of the United States more than a year before.

The bank had been so strong that it was able to control the economy throughout most of the country. It also helped control smaller state banks. It refused to accept the notes, or paper money, of these banks, unless the state banks could exchange the paper for gold or silver money.

President Jackson had opposed the Bank of the United States. He vetoed a bill that would have continued it. After the powerful bank closed, a number of new state banks opened. All of them produced large amounts of paper money — many times the amount they could exchange for gold or silver. Business speculators used much of this paper money to buy land from the government. These men bought the land, held it for a while, then sold it for more than they paid.

The government soon found itself with millions of dollars of paper money of questionable value. To stop these activities, Jackson had ordered only gold or silver payments for government land. But many banks did not have enough gold to cover the paper notes.

At the same time, American agriculture was having trouble. In 1835 and 1837, many crops failed. American traders had to import farm products from Europe. And they had to pay for them in gold or silver.

In the spring of 1837, just as Martin Van Buren was taking office, the demand on banks for gold and silver grew too heavy. The banks stopped honoring their promises to exchange their paper money for gold. They said the suspension was just temporary. That it was necessary to stop — for a while — all payments in gold or silver. The crisis became worse.

Many of the weaker state banks closed. Those that stayed open had almost no money to lend. Businessmen could not pay back money they owed the banks. And they could not get loans to keep their businesses open. Many factories closed. Great numbers of people were out of work. And prices rose higher and higher. Most people struggled to buy food and other necessities. The price of flour and meat doubled between 1835 and 1837. Even coal, the fuel people used to heat their homes, cost two times as much.

Violence finally broke out at a protest meeting in New York City. Some in the crowd demanded action against the rich traders. About 1,000 people marched to a store, forced their way into it, and destroyed large amounts of flour and grain.

Businessmen blamed the government for the economic depression. They said the biggest reason was a decision former President Jackson made. Jackson's order required the government to accept only gold or silver for government land.

Opponents said the order had caused fear and mistrust. Even some of Jackson's strongest supporters said it should be lifted. They said the measure had done its job of ending land speculation. Now, they said, it was hurting the economy.

Two of President Van Buren's closest advisers urged him to continue the order. Lifting it, they argued, would flood the federal government with worthless paper money.

Van Buren was troubled. The federal government had already lost nine million dollars because of bank failures. The president wanted to make sure the government had enough money. And he wanted this money safe until needed.

Yet he did not believe the federal government had the responsibility for ending the depression. And, historian Joel Silbey says Van Buren did not believe the government had the right to interfere in any way with private business.

“He said that over and over again. That the federal government doesn’t have the power to do this.”

Mr. Silbey adds that Van Buren's political philosophy grew out of the beliefs of former president Thomas Jefferson. All of his life, he claimed to be a Jeffersonian Democrat.

"That had a specific meaning to him: limited government, freedom for people — meaning white males. He was an egalitarian within the limits of those years."

Van Buren also shared Jackson's suspicion of bankers. In general, he believed no group — neither the government, nor the wealthy — should have too much power, not even to help the economy.

So Van Buren decided to continue Jackson's order. No government land could be bought with paper money.

The American economy got worse. The president called a special meeting of Congress. In a message to lawmakers, Van Buren said "over-banking and over-trading" had caused the depression. He proposed several steps to protect the government. One of them was for Congress to pass a law permitting the government to keep its own money in the Treasury.

America's Treasury Department received money when it collected import taxes and sold land. It used this money to pay what the government owed. The Treasury did not, however, hold the money from the time it was collected to the time it was paid out.

The Treasury put the money in private banks. President Van Buren wanted to end this custom. He wanted a law to let the Treasury keep government money in its own secure places.

The Whigs criticized Van Buren for thinking only of protecting the federal government and not helping businessmen, farmers and the states. Some Democrats who believed strongly in states' rights also opposed Van Buren's idea. All these opponents provided enough votes in Congress to defeat the proposal.

Van Buren tried again the following year to get approval for an independent Treasury. Again, the proposal was defeated.

Finally, in June 1840, Congress passed a law enabling the Treasury Department to hold government money itself. Van Buren signed what was called the "Independent Treasury" bill. But the economic depression continued.

Martin Van Buren also faced an international challenge from a surprising place. The president's troubles with Canada will be our story next week.

I'm Steve Ember, inviting you to join us next time for The Making of a Nation — American history from VOA Learning English.