HOW THE JACKSONIANS OPPOSED INDUSTRIALIZATION: LESSONS OF DEMOCRATIC BANKING POLICIES

For many Libertarian writers, especially historians, the Jacksonians are frequently held up as heroes of the free market. In a recent article in this journal, Paul McGouldrick offered arguments on a series of topics, all of which suggested that the Jacksonians favored industrialization. Regardless of the Jacksonians' positions on tariffs or other industrial policies, the Democrats' approach to banking regulation deserves a hard look based on the evidence, not on romantic assumptions about what these supposed laissez-faire advocates should have favored. In fact, it is clear that especially at the state level—but even at the national level—the Jacksonians pursued activist policies that involved the government completely in the economy. Finally, they pursued only slightly less enthusiastically a national program of centralizing the banking system. Thus, using banking as a weather vane, in no way did the Jacksonian winds blow in the direction of *laissez-faire*.[1]

The antebellum South provides an excellent testing ground for any discussion of Jacksonian policies because the Democrats had relatively free reign in at least six of the eleven Confederate states for approximately forty years. In the remaining five states, the Whigs formed an effective counterbalance to the Jacksonians' policies. A clear comparison in cause and effect is then possible, based on what, exactly, the Jacksonian-controlled states did. These six states—Alabama, Arkansas, Florida, Mississippi, Tennessee, and Texas—will be referred to here as "New South," a term that captures the demographic shifts associated with the demand for agricultural land in the 1820s and 1830s. New South states certainly had their share of Whigs after 1830, but in general the Democrats controlled the statehouses rather consistently and in many cases dominated the national legislative delegations (Alabama elected none but Democratic senators in the antebellum period). More than their numerical superiority, the New South Jacksonians maintained consistent control over a period

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of time long enough to put their policies in effect. It cannot, therefore, be argued that the Whigs had a chance to "undo" or pervert Democratic programs.[2]

An examination of developments in New South states will clarify the nature and the extent of Jacksonian actions. Generally, the Jacksonians followed one of two policy programs toward banking: monopoly through creation of a state bank, or activist chartering through state extension of subsidy support. Alabama and Arkansas followed the first model (Texas tried, but failed), while Mississippi and Florida followed the second. Tennessee drifted toward the first model, but never fully established a monopoly with the Bank of Tennessee.

Alabama reacted to the control of credit by a group of Georgia immigrants (called the Royalists) who had established the first bank in Alabama, the Planters and Mechanics Bank at Huntsville. To extend credit to other groups, the anti-Royalist faction created the Bank of Alabama and its branches. As the legislature increasingly became dominated by Jacksonians, so did the bank. The Democrats attempted to eliminate competition, first by using the power of the legislature to drive the Huntsville bank out of business, then by not chartering any other private banks when the Tombeckbe Bank went into bankruptcy. That left only the small but extremely solid Bank of Mobile to compete with the state system. For almost twenty years, the only bank created that was not a part of the state system was the Planters and Merchants Bank in Mobile. Nevertheless, Alabama's credit needs far surpassed what the state system could provide, both because the state banks proved inflationary (as most government credit institutions tend to be), therefore proving unstable, and because the credit that the state banks extended was based on political rather than economic considerations.[3]

In Alabama, the first weakness became readily apparent during the Panic of 1837, when the state system saw its specie reserves drained. The total ratio of specie to circulation for all banks in the state stood at 0.11, whereas the private banks' ratio held at a level more than double that of the state total (0.28). William Stone, president of the Tuskaloosa branch of the Bank of Alabama, transferred all of his branch's bills of collection from the state branch in Mobile to the private Bank of Mobile, "indicating that, when the chips were down, the state bank administrators knew which banks were solvent." As if the state were not in enough trouble with its virtual banking monopoly, the legislators sought to spend their way out of the dilemma by issuing $2.5 million in new bonds to supplement the banks' capital. Instead of reducing circulation—the proper market response to declining specie reserves—the banks now had reason to issue additional notes. Eventually the state banks (but not the private banks) resorted to the ultra-inflationary tactic of speculating on cotton by issuing notes based on cotton reserves. Finally, the political pressures for lending directed capital away from industrializing areas of the state in the

1840s and early 1850s and transferred it to the plantation-dominated counties. Alabama's state bank semi-monopoly succeeded in retarding industrialization while at the same time it protected and nurtured a slave-based system that the market would not have sustained.[4]

Fortunately for Alabama, the citizenry recognized the evils associated with a dominant state bank, and the legislature began killing it and its branches in 1841. The state adopted a policy of chartering competitive banks, adding a free-banking law in 1850. Still, despite the virtues of free banking, there was no rush to take advantage of the free-banking regulations, because the chartering laws had been sufficiently relaxed that obtaining a charter was as easy as opening a bank under free-banking laws. Democrats had led the move into state banking; Whigs actually led the attacks against it. But it was not the Jacksonians who pressed for adoption of the free-banking laws. Rather, coalitions favored such legislation. In Arkansas, Tennessee, Alabama, and Florida Whigs joined Democrats in wielding the power of the state. For Whigs this was hardly unexpected, but arguments that the Democrats engaged in laissez-faire policies at the state level must be reexamined.[5]

Arkansas clearly demonstrates this need for revision. The legislature created the Real Estate Bank of the State of Arkansas in its first act, with Democrats joining the Whigs in voting for the bill. In activist fashion, the state furnished $2 million in bonds for capital but did not control the operations of the bank. It established branches in Helena, Little Rock, Columbia, and Washington, and its obvious goal was to help the agricultural interests in the eastern and southern sections of the state. A group of families, headed by the Sevier family (but referred to as the Bourbons) soon controlled the bank, dispensing its largesse to friends and political cronies. But Arkansas showed a clear difference in the results of Democratic policies as opposed to those of the Whigs that persists to this day between modern Democrats and Republicans: the antebellum Democratic policies relied on inflation as opposed to Whig legislation that utilized taxation as a means to pay for state intervention. For example, the Real Estate Bank permitted stockholders to borrow half of the maximum allowed $30,000 worth of stock based on the original collateral. Moreover, when bond sales flopped, the directors permitted unsold bonds to be used as collateral on a loan, a tactic of questionable legality. Consequently, the chief justice of the Arkansas Supreme Court ruled that the state had speculated in the bond market and was thus liable for the full par value of the bonds ($170,000 *more* than the bonds brought when sold).[6]

As serious as these problems were, they masked the real mischief created by Democratic state banking policies. Government control of banking usually involves some abuses, and the fact that the Jacksonians were the party in power proved no exception. In 1842, with the Real Estate Bank in a state of collapse, the directors transferred a deed of assignment to trustees, who demonstrated even greater generosity toward debtors (most of them friends) than had the bank's directors. Individuals had borrowed huge sums with virtually no collateral, and most of that of dubious value. Recognizing the monster it had created, for thirteen years the legislature tried desperately to regain control from the trustees, succeeding in 1855. At that time "the chancery court of Pulaski county [was] flooded with suits on behalf of the stockholders of the bank."[7]

Whatever disappointment with state regulation the Real Estate Bank caused, a second state bank, chartered with a thirteen-to-three bipartisan vote in the senate, promoted even less optimism. The Jacksonians were firmly entrenched in the state bank's organizational structure, outnumbering Whigs in positions of authority by a margin of 86 to 53. Directors demonstrated little concern with public funds, planning and building extravagant banking structures that were "splendidly furnished." The Fayetteville branch was a "superb building." Worse than their spendthrift habits, the directors of the state system showed complete ineptitude in simply policing the employees. One cashier made off with $46,000, while a second "failed in the discharge of his duties" by neglecting to keep books correctly. Minutes of a board meeting of October 15, 1841, reveal that the directors resolved to bring suit against the latter cashier only two weeks after they had tendered their thanks to him for his "fidelity and ability ... as clerk." Many other corruptions ate away at the system. After receivers were appointed to liquidate the affairs of the bank in 1852, one of them embezzled at least $14,000. Arkansas reacted to the ordeal of the Jacksonian state banking monopoly by banning all banks—in yet another anti-laissez-faire measure. At no time did the Arkansas Jacksonians permit competitive banking, even among banks that could have been chartered by, and regulated by, the state legislature.[8]

Where both Arkansas and Alabama Democrats established government monopolies in banking, the Jacksonians of other Southern states exercised activist powers in a different way. Florida, for example, wherein Democrats were powerful and often dominant, quickly shifted from a policy of creating only as many banks as the market would bear to one of issuing territorial bonds to finance private banks that would generate capital. Although laundering the money through "private" banks, the state (a territory until 1838) capitalized the financial community by pledging its "full faith and credit" to nearly $4 million worth of bonds. When the Panic of 1837 struck, Florida legislators found the state liable for the entire amount. Florida responded by simply repudiating the debt—a tactic quite prominent in Jacksonian rhetoric because those who held bonds were mostly the wealthy or foreigners. Equality, to the Jacksonians, meant confiscation, inflation, and breaking contracts, an attitude not conducive to laissez-faire economics or a healthy economy, and certainly not an attitude that would promote economic growth. This Floridians learned firsthand when they attempted to borrow money abroad in the Civil War, only to receive emphatic rejections.[9]

Mississippi, another Democratic-dominated state, copied Florida's pattern, again because planters found themselves dissatisfied with what they saw as an inadequate money supply. A strong, solvent bank, the Bank of Mississippi at Natchez, had acted under monopoly privilege since 1819, but in 1832 the legislature actively participated in credit generation by pledging the state's "faith and credit" to the Planter's Bank, as well as subscribing to $2 million worth of the stock and appointing a majority of its directors. As the land boom of the 1830s set in, however, even the credit generation of the Planter's Bank disappointed Mississippians, who demanded and received a bank at "every cross-road town." Nevertheless, of the total capital in Mississippi, the state loomed as the single largest participant, authorizing the massive Union Bank to be capitalized at $15.5 million backed by the state's "faith and credit." This meant that Jacksonian-led legislatures had directly pledged $17.5 million of the $30.4 million total banking capital in the state in 1840. But the impact of the legislature's actions was even deeper, because many investors who made up the $12.9 million of private capital were encouraged and influenced by the speculative frenzy caused by the flood of state funds.[10]

Mississippi's banking management proved no different than that of Arkansas, and easy lending terms contributed to the weak financial condition brought on by the Panic of 1837. Worse, bond sales sank, and a Democratic-led repudiationist movement took root. Democratic repudiators captured the 1842 election, and the state formally denied and ignored its contract with the bondholders. Banking confidence remained so low that no major bank returned to operations before the Civil War. Like Florida, Mississippi appealed to foreigners for a loan during the Civil War, with the same sharply negative results.[11]

These examples represent the most clearly illustrated cases, but the Jacksonians' pattern appeared consistently in other Southern states as well as in the North. Tennessee created a state bank with a bipartisan vote, and the Democrats controlled it; nevertheless, enough competition had existed from earlier administrations that the Jacksonians faced some major restraints in their attacks on laissez-faire. Wisconsin Democrats, who controlled early state politics, attempted to prohibit banks entirely. They succeeded only in driving out chartered banks; but the most stable and successful bank in the Old Northwest emerged outside of state regulation. George Smith, a Scotsman, opened an insurance company that issued its own money, redeemable in gold. While the frustrated Jacksonian legislators searched for a legal way to close the bank, Smith's money circulated throughout Wisconsin, Iowa, and Illinois, becoming the region's most dependable monetary standard because Smith without exception redeemed his notes in gold.[12]

It is time to stop assuming that the Jacksonians stood for certain principles and to look at their policies. Clearly, their policies in the states in which they held effective majorities reveal a party that believed in an activist state government. The Jacksonians did not hesitate to establish state monopolies, and they prohibited competition even to the point of prohibiting all banking activity in Arkansas, Wisconsin, and elsewhere. This evidence does not support an interpretation that the Jacksonians favored *either* laissez-faire or economic growth as it is defined by free-market economists.

Many historians have accepted Jacksonian rhetoric at face value and have then interpreted the evidence to support the rhetoric. In this essay, having begun with the evidence of Jacksonian policies, it is therefore useful to reevaluate Jacksonian rhetoric and monetary theory.[13]

Historians tracing the William Gouge-John Taylor stream of Democratic thought on banking overlook the serious inconsistencies in the ideology. Some Democrats railed against paper money, others indicted banks themselves, and yet others wanted "more banks and less governmental interference," or so they said. Yet this attitude hardly stands up to the postwar shifts of many Jacksonians into the Greenback party. Francis Blair, for example, once a hard-money man, asked in 1869, "Why may not the Government bank on its own credit.?" Moreover, large numbers of Jacksonians drifted into the Populist party, calling for a nationalized money supply. These groups "were not an aberration of Jacksonianism, but its essence."[14]

The best analysis of the Democrats' intentions appeared in articles by the economic historian David Martin, who showed that a national banking system was the final beam in a gold-based Jacksonian financial structure. The Gold Bill, passed in 1834, constituted the first plank. The, branch mints were established (all in the South), followed by passage of a bill to extend legal-tender status to foreign coins. All of these bills passed relatively easily because they expanded the nation's gold supply. However, the final two planks encountered much more difficulty. One measure—the prohibition of small notes—had always been on the Jacksonians "hit list," for good reason. If the government could control small-note issues, it could control *all* note issues. The Jacksonians' goal was not the denomination of money, but rather control of the money supply itself. Historians have traditionally glossed over the attempts to pass small-note-prohibition bills by admitting that they represented a fear of inflation without acknowledging the corresponding extension of governmental authority that such a prohibition would require.[15]

Prohibiting small notes, however, was less controversial than the fifth plank in the new Jacksonian structure, which was a new national bank. Whereas one Libertarian writer argued that the "attack on the [B.U.S.] was a fully rational and highly enlightened step toward . . . a laissez-faire metallic monetary system," the evidence of inflationary binges by Jacksonian state governments and the political intentions of national Jacksonians suggests just the opposite. First, the major body of literature on the Bank War concludes that it was political in nature—not economic—and that Jackson greatly expanded the power of the federal government, and especially the executive branch, through his actions. Second, Jackson received considerable second-hand prodding to centralize the banking system from Issac Bronson, who submitted a ... *Plan for a National Bank* ... to the House Ways and Means Committee in 1833. Bronson, in a private letter, said that the beauty of the plan lay in the fact that it would "remove that bugbear—constitutional scruples." Jackson told his cabinet in March 1833 that he would consider a new national bank if a "full and fair experiment" with the pet banks proved unsuccessful." Indeed, he had already embarked on a plan to sue the pet banks to suppress small notes.[16]

Certainly divisions within the party existed. "Hards" fought "softs" over the desirability of an all-metallic currency. In most Southern cases, Democratic governors such as Archibald Yell of Arkansas and Alexander McNutt of Mississippi shifted their positions as the Panic grew worse, often supporting or personally engaging in speculation before the Panic but moving into the "hard" camp later. What the Jacksonians found most difficult, however, was to maintain their rhetoric of equality in the face of evidence that not all would profit equally in a laissez-faire system. From the view of many Jacksonians, equality of opportunity meant availability of credit, whether the market would provide it or not. This required government activism, as each of the Southern case studies shows. Although the Washington *Globe* predicted "a man will soon be known as belonging to the *Gold party* or the *Paper party*," Francis Blair revealed that the real war would pit "the *bank* of the US against the *mint* of the US." Thus, the true battle was between market control (a private institution, the B.U.S.) and central government control. Nationalizing the money supply by making U.S.-minted gold coins the only circulating medium would not have been a blow for state's rights. Quite the contrary, it would have made it easier for the federal government by fiat to convert to an all-paper standard. Indeed, William C. Rives of Virginia suspected that the government's purpose was "to supply, thro' the national Treasury, a *government paper money*." That most Democrats *thought* they opposed a strong centralized government has little to do with what policies they enacted.[17]

Several reasons suggest that control over the money supply, and not its composition, remained central to the thinking of the Jacksonians. First, the apparently inconsistent adoption of Greenback principles by Democrats after the war, as well as the enthusiasm with which many of them embraced the Populists' programs of government control, shows that "hard money" itself constituted a relatively minor issue. Second, Jackson's personal request in 1829 that Amos Kendall design a *new* national bank plan *not* based on hard money (but permitting federal note issue) shows that Jackson himself favored a national bank as long as it was *his* national bank. Third, the egalitarian rhetoric of the party was at odds with the realities of any market economy. Fourth, the actual policies adopted by the Jacksonians were based on anything but laissez-faire principles. Finally, there is an internal dynamic toward centralization that enveloped *both* antebellum parties.[18]

Alexis de Tocqueville observed this final tendency, predicting that statism would be the promise of American life. His perception stemmed from his understanding of the party system created by the Jacksonians. Martin Van Buren and William Crawford had devised a program designed to substitute party loyalty for sectional allegiance by rewarding service to the party with patronage. Tocqueville, among others, understood that by its very nature this system would cause the federal government to grow with every election if only in the numbers of jobs it gave away. This also meant that the executive, in whom resided the appointment powers, would also increase in power. Jackson, for example, exercised the veto more than all of his predecessors combined, and in the nullification crisis he clearly stood for federal authority over states' rights. But Tocqueville also foresaw the tremendous appeal of equality, and the Jacksonians above all stood for equality. Appeals for equality, Tocqueville argued, would lead to the destruction of such intermediary institutions as the state government, the market, the church, and the family. In fact, the Jacksonians feared the market so much, as J. Mills Thornton showed in his study of Alabama, that the encroachment of commercialism and capitalism into that state threw the Jacksonians into chaos. The market threatened, for Southerners, to end slavery, something few Jacksonians would have tolerated. To summarize, then, in two separate ways the Democrats had generated unintended growth in the size and power of the federal government through the party system: to be elected each candidate had to offer more jobs; and the office of the executive accordingly gained power and influence. At the same time, the market forces challenged the Southern Jacksonians' peculiar institution. Whigs generally had no problem with the growth of the central government and were candidly committed to it. Thus, both parties rolled in the direction of growing federal power.[19]

No longer can the rhetoric of equality used by the Jacksonians be seen as a laissez-faire type of equality. It contained strong strains of egalitarianism for whites while maintaining bondage for blacks. Banking policy clearly stripped away the Democrats' pro-industrialization rhetoric and exposed their affinity for using the government as an agent of economic growth, especially through inflation. Whigs, even at their most active phase, never generated as much inflation through their policies. Industrialization did not prosper under these programs. On the contrary, as state studies show, especially that of Thornton, the Jacksonians opposed railroads, mines, and industry whenever they appeared. It was in their banking policies, however, that the Jacksonians fought the market the most. Whig legislatures never created state bank monopolies, nor did they pledge any state government's treasury to ensure bond sales. Even if unintentionally, at the national level the Democrats moved toward centralization. Quite intentionally, at the state level they used government to intervene in the market repeatedly. Before the Jacksonians are made into heroes of the free market, their actions should be more carefully examined.

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1. Paul McGouldrick, "How the Jacksonians Favored Industrialization," *Reason Papers*, Spring 1985, pp. 17-32. Also see Jeffery Hummel, "The Jacksonians, Banking and Economic Theory: A Reinterpretation," *Journal of Libertarian Studies*, Winter 1979.
2. See Larry Schweikart, "Banking in the American South, 1836-65" (Ph.D. dissertation, University of California, Santa Barbara, 1983).
3. Larry Schweikart, "Alabama's Antebellum Banks: New Evidence, New Interpretations," *Alabama Review*, July 1985, pp. 202-21; William Brantley, *Banking in Alabama, 1816-1860*, 2 vols. (Birmingham, Ala.: William Brantley, 1961, and Oxmoor Press, 1967); J. Mills Thornton, *Politics and Power in a Slave Society, Alabama, 1800-1860* (Baton Rouge: Louisiana State University Press, 1978).
4. "Consolidated Statement of Bank Reports, June 13, 1837," in Brantley, *Banking in Alabama*, appendix, p. 293; Schweikart, "Banking in the American South," p. 60; Thornton, *Politics and Power*, pp. 35-58, 281-321, and passim.
5. Schweikart, "Alabama's Antebellum Banks," pp. 213-14.
6. For material on Arkansas banking, see W. B. Worthen, *Early Banking in Arkansas* (Little Rock, Ark.: Democrat Printing and Litho Co., 1906); W. D. Blocher, *History of Arkansas Finances* (Little Rock, Ark.: Evening Star Office, 1976). Also see James Sharp, *The Jacksonians vs. the Banks: Politics in the States After the Panic of 1837* (New York: Columbia University Press, 1970); Blocher, *History of Arkansas Finances*, p. 10.
7. Ted Worley, "Arkansas and the Money Crisis of 1836-1837," *Journal of Southern History*, May 1949, pp. 178-91; Ted Worley, "The Control of the Real Estate Bank of the State of Arkansas, 1836-1855," *Mississippi Valley Historical Review*, December 1950, pp. 403-26.
8. *Arkansas Gazette*, June 19, October 30, 1839; Ted Worley, "The Arkansas State Bank: Ante-Bellum Period," *Arkansas Historical Quarterly*, Spring 1964, pp. 65-73. For instances of corruption, see the Letterbook of the Fayetteville Branch of the State Bank, 1840-1846, Arkansas History Commission, letters dated July 2(?), 1841, February 4, April 2, July 15, October 1, 15, December 12, 1842.
9. Material on Florida banking appears in Fred Marckhoff, "The Development of Currency and Banking in Florida," *The Coin Collector's Journal*, September-October 1947, pp. 118-23; J. E. Dovell, *History of Banking in Florida, 1828-1954* (Orlando, Fla.: Florida Bankers Association, 1955), pp. 1-40.
10. Charles Brough, "The History of Banking in Mississippi," *Mississippi Historical Society Publications* 3 (1960); Robert Weems, "The Bank of the Mississippi: A Pioneer Bank of the Old Southwest, 1809-1844" (Ph.D. dissertation, Columbia University, 1952); Sharp, *Jacksonians vs. the Banks*, pp. 55-109; Schweikart, "Banking in the American South," tables 3.4 and 6.6.
11. Sharp covers the repudiation movement well in *Jacksonians vs. the Banks*, pp. 73-88.
12. Thomas Abernethy, "The Early Development of Commerce and Banking in Tennessee," *Mississippi Valley Historical Review*, December 1927, pp. 311-25; Claude Campbell, *The Development of Banking in Tennessee* (Nashville: Vanderbilt University Press, 1932). Also see Larry Schweikart, "Tennessee's Antebellum Banks," Pts. 1 and 2, *Tennessee Historical Quarterly*, in press. For George Smith's banking activities, see Alice Smith, *George Smith's Money: A Scottish Investor in America* (Madison, Wis.: The State Historical Society of Wisconsin, 1964).
13. Among the historians who have accepted Jacksonian rhetoric and developed inter-

pretations to fit the rhetoric are Bray Hammond, *Banks and Politics in America from the Revolution to the Civil Way* (Princeton, N.J.: Princeton University Press, 1957); Arthur Schlesinger, Jr., *The Age of Jackson* (Boston: Little, Brown & Co., 1945); and even Libertarian writers such as Jeffery Hummel, "Jacksonians, Banking, and Economic Theory." Only Sharp and McFaul have presented alternative approaches, although both treated the Jacksonian policies as ambiguous and poorly conceived rather than as deliberate programs that resulted from the party's own ideology.

14. Sharp, *Jacksonians vs. the Banks*, pp. 6-7; McFaul, *Politics of Jacksonian Finance*, p. xi. See Robert Sharkey, *Money, Class and Party: An Economic Study of Civil War and Reconstruction* (Baltimore: Johns Hopkins University Studies in History and Political Science, 1969), pp. 104-7.

15. David Martin, "Metallism, Small Notes, and Jackson's War with the B.U.S." *Explorations in Economic History*, Spring 1974, pp. 227-47.

16. Hummel, "Jacksonians, Banking, and Economic Theory," pp. 161-62, n. 12; Abraham Venit, "Issac Bronson: His Banking Theory and the Financial Controversies of the Jacksonian Period," *Journal of Economic History* 5 (1944): 201-14; Bronson to G. Tomlinson, January 24, 1834, cited in ibid., p. 201, n. 21, and Bronson to Elisha Whittlesey, February 26, 1836, cited in ibid., p. 210; Andrew Jackson to James Hamilton, February 2, 1834, in James Hamilton, *Reminiscences of James A. Hamilton* (New York: C. Scribner, 1869), pp. 269-70.

17. Washington *Globe*, July 15, 1834; William C. Rives to David Campbell, October 31, 1837, David Campbell Papers, Duke University. See, for example, such perceptive editorialists as "Jefferson," who suspected Whig policy was to destroy local banks with the Democrats' help in order to establish a new national bank, while a writer to the Jackson *Mississippian* said the Democrats were "advocating a National Bank" (Richmond *Enquirer*, June 2, 1837; Jackson *Mississippian*, February 23, August 10, 1838, June 28, 1839).

18. "Plan for a National Bank," in Amos Kendall to Andrew Jackson, November 20, 1829, Box 1, File 6, Tennessee Library and Archives; Schweikart, "Banking in the American South," chap. 4. Also see Larry Schweikart, "Southern Bankers and Economic Growth," *Journal of Southern History*, in press.

19. The dynamics toward centralization are discussed in Alexis de Tocqueville, *Democracy in America*, 2 vols. (New York: Vintage Books, 1945), 1:3, 2:109, 204, 317; Harry Jaffa, *Crisis of the House Divided* (New York: Doubleday, 1959); Robert Loewenberg, *Equality on the Oregon Frontier: Jason Lee and the Methodist Mission* (Seattle: University of Washington Press, 1976).> David Kelley's