

A short history of the Bank of the United States

by Fred Reed

THE REVOLUTIONARY WAR LEFT THE U.S. in debt. Some states were bankrupt. We needed one unified currency and Treasury Secretary Alexander Hamilton suggested a central bank.

The First Bank's charter was drafted in 1791 by the Congress and signed by George Washington. The Bank was chartered for a period of 20 years to serve as the government's fiscal agent and depository of federal funds.

The First Bank of the United States came about while Philadelphia was still the nation's capital. From 1791 to 1795, the bank was housed in Carpenters' Hall. Then a neo-classical building was erected, designed to recall the democracy and splendor of ancient Greece. Built 1795-97, it was erected on Third Street, between Chestnut and Walnut Streets. Architects: were Samuel Blodgett and



First Bank of the United States, the first building in America with a classical facade recalling the Greek and Roman ideal.

James Windrim. The building cost \$110,168.05 to build.

In 1811, Congress voted to abandon the Bank and its charter.

The Second Bank of the United States was chartered for similar reasons as its predecessor. The War of 1812 had left a large national debt. Inflation was fueled by the ever-increasing amount of notes issued by private banks. Specie was jealously hoarded.

For these reasons President James Madison signed a bill authorizing the Second Bank in 1816 with a charter lasting 20 years.

The Bank was located at 420 Chestnut Street between South 4th and South 5th Streets. It was built in the Greek Revival style by Architect William Strickland 1818-1824. The building is modeled on the Parthenon in Athens.

In the late 1820s a titanic clash erupted between U.S. President Andy Jackson and Bank President Nicholas Biddle. Jackson claimed the Bank was a threat to the republic due to its economic power. State bankers and western farmers stood with Jackson.

Ultimately Jackson triumphed. He considered his 1832 re-election over pro-bank candidate Henry Clay a mandate for his anti-bank policy. Jackson vetoed Congress' 1832 recharter of the Bank. Sixty thousand people in West Philadelphia protested Jackson's veto of the Bank's recharter. The Second Bank ceased to function in 1836.



Second Bank of the United States.

A short timeline on the Bank of the United States:

- Jan. 11, 1755, Treasury Secretary Alexander Hamilton (FR 1-5, 41) born
- June 21, 1759, Treasury Secretary Alexander James Dallas, instrumental in chartering Second Bank of U.S., born
- Mar. 15, 1767, President Andrew Jackson (FR 64-92) born
- Jan. 8, 1786, Nicholas Biddle, president of Second Bank of the U.S., born
- Sept. 11, 1789, Alexander Hamilton takes oath of office as first Secretary of the Treasury
- Dec. 14, 1790, Treasury Secretary Hamilton argues that Bank of the United States is Constitutional in report to Congress
- Jan. 9, 1790, Treasury Secretary Hamilton advocates assuming the states' debt
- Feb. 25, 1791, Congress incorporates First Central Bank of the United States with capital of \$10 million
- Dec. 12, 1791, First Bank of the United States opens its doors for business as the government's fiscal agent
- July 11, 1804, Treasury Secretary Alexander Hamilton (FR 1-5, 41) dies in duel with Aaron Burr
- Apr. 10, 1816, Congress passes Act to charter a Second Bank of the United States
- Jan. 16, 1817, Treasury Secretary Alexander James Dallas, instrumental in chartering Second Bank of U.S., dies
- Jan. 17, 1817, Second Bank of the United States opens for business in Carpenter's Hall
- Feb. 22, 1819 *McCulloch v. Maryland* argued before Supreme Court
- Mar. 3, 1819, Congress incorporates Second Bank of the United States with capital of \$35 million
- Mar. 6, 1819, *McCulloch v. Maryland* upholds Congress' power to charter Second Bank of the United States and the Bank's right to establish branches in any state
- July 10, 1832, President Andrew Jackson vetoes extension of Second Bank of the United States' charter
- Jan. 1, 1834, Satirical Glory Bank notes circulate in Washington, D.C. critical of Jackson and Treasury Auditor Amos Kendall
- Mar. 4, 1836, Third Bank of United States opens for business
- July 11, 1836, President Andrew Jackson issues Specie Circular
- Sept. 11, 1841, President's Cabinet resigns over Tyler's Third Bank of the U.S. veto
- Feb. 27, 1844, Nicholas Biddle dies
- June 8, 1845, President Andrew Jackson (FR 64-92) dies ❖