

territory. U.S. forces withdrew from Florida, but negotiations resumed with the knowledge that the United States could retake Florida at any time.

With the fate of Florida a foregone conclusion, John Quincy Adams turned his eye to a larger purpose, a definition of the ambiguous western boundary of the Louisiana Purchase and—his boldest stroke—extension of its boundary to the Pacific coast. In lengthy negotiations with Spain, Adams gradually gave ground on claims to Texas but stuck to his demand for a transcontinental line for the Louisiana Territory, extending its boundary to the Pacific. Agreement on what came to be called the Transcontinental Treaty was reached early in 1819. Spain ceded all of Florida in return for the U.S. government's agreement to pay Americans who had sued Spain for financial losses resulting from Spanish actions. The western boundary of the Louisiana Purchase would run along the Sabine River and then, in stair-step fashion, up to the Red River, along the Red, and up to the Arkansas River. From the source of the Arkansas, it would go north to the 42nd parallel and thence west to the Pacific coast. A dispute over land claims held up ratification for another two years, but those claims were revoked and final ratifications were exchanged in 1821. Florida became a U.S. territory; and its first governor, albeit briefly, was Andrew Jackson. In 1845, Florida would achieve statehood.

## CRISES AND COMPROMISES

**THE PANIC OF 1819** John Quincy Adams's Transcontinental Treaty of 1819 (also called the Adams-Onís Treaty) was a diplomatic triumph and the climactic event of the postwar nationalism. Even before it was signed, however, two thunderclaps signaled the end of the brief Era of Good Feelings and gave warning of stormy weather ahead: the financial panic of 1819 and the controversy over Missouri statehood. The occasion for the panic was the sudden collapse of cotton prices. At one point in 1818, cotton had soared to 32.5¢ per pound. The high prices prompted British textile mills to turn from American plantations to cheaper East Indian cotton, and by 1819, cotton was averaging only 14.3¢ per pound. The price collapse set off a decline in the demand for other American goods and suddenly revealed the fragility of the prosperity that had begun after the War of 1812.

New American factories struggled to find markets for their goods. Even the Tariff of 1816 had not been a strong enough force to eliminate British competition. Moreover, businessmen, farmers, and land speculators had recklessly borrowed money to fuel their entrepreneurial schemes. The sources of this

credit were both government and the banks. Under the Land Act of 1800, the government had extended four years' credit to those who bought western land. After 1804, one could buy as little as 160 acres at a minimum price of \$1.64 per acre (although in auctions the best land went for more). In many cases, speculators purchased large tracts, paying only a fourth down, and then sold them to settlers with the understanding that the settlers would pay the remaining installments. With the collapse of crop prices and, subsequently, land values, both speculators and settlers saw their income plummet.

The reckless practices of the state banks compounded the inflation of credit. To enlarge their loans, the state banks issued more bank notes than they could redeem with gold or silver coins. Even the second Bank of the United States, which was supposed to introduce some order to the chaotic financial arena, got caught up in the easy-credit mania. Its first president yielded to the contagion of the get-rich-quick fever that was sweeping the country. The proliferation of branches, combined with little supervision by the central bank, carried the national bank into the same reckless extension of loans that state banks had pursued. In 1819, just as alert businessmen began to take alarm, newspapers revealed a case of extensive fraud and embezzlement in the Baltimore branch of the Bank of the United States. The disclosure prompted the appointment of Langdon Cheves, a former congressman from South Carolina, as the bank's new president.

Cheves reduced salaries and other costs, postponed the payment of dividends, restrained the extension of credit, and presented for redemption the state bank notes that came in, thereby forcing the state-chartered banks to keep specie reserves. Cheves rescued the bank from near ruin, but only by putting pressure on the state banks. State banks in turn put pressure on their debtors, who found it harder to renew old loans or get new ones. In 1822, considering his task completed, Cheves retired and was succeeded in the following year by Nicholas Biddle of Philadelphia. The Cheves policies were the result rather than the cause of the panic, but they pinched debtors. Hard times lasted about three years, and many people blamed the bank. After the panic passed, resentment of the national bank lingered in the South and the West.

## Tindall & Shi

**THE MISSOURI COMPROMISE** Just as the financial panic spread over the country, another cloud appeared on the horizon: the onset of a fierce sectional controversy over slavery. By 1819 the country had an equal number of slave states and free states—eleven of each. The line between them was defined by the southern and western boundaries of Pennsylvania and the Ohio River. Although slavery lingered in some places north of the





What caused the sectional controversy over slavery in 1819? What were the terms of the Missouri Compromise? What was Henry Clay's solution to the Missouri constitution's ban on free blacks in that state?

line, it was on its way to extinction there. Beyond the Mississippi River, however, no move had been made to extend the dividing line across the Louisiana Territory, where slavery had existed since the days when France and Spain had colonized the area. At the time, the Missouri Territory encompassed all of the Louisiana Purchase except the state of Louisiana and the Arkansas Territory. The old French town of St. Louis became the funnel through which settlers, largely southerners who brought their slaves with them, rushed westward beyond the Mississippi.

In 1819 the House of Representatives was asked to approve legislation enabling the Missouri Territory to draft a state constitution, its population having passed the minimum of 60,000. At that point, Representative James Tallmadge Jr., a New York congressman, proposed a resolution prohibiting the transport of more slaves into Missouri, which already had some 10,000, and providing freedom at age twenty-five to those slaves born after the territory's admission as a state. After brief but fiery exchanges, the House passed the Tallmadge amendment on an almost strictly sectional vote. The Senate

rejected it by a similar tally, but with several northerners joining in the opposition. With population growing faster in the North, a balance between the two sections could be held only in the Senate. In the House, slave states had 81 votes while free states had 105; a balance was unlikely ever to be restored there.

Maine's coincidental application for statehood made it easier to arrive at an agreement. Since colonial times, Maine had been the northern province of Massachusetts. The Senate linked its request for separate statehood with Missouri's and voted to admit Maine as a free state and Missouri as a slave state, thus maintaining the balance between free and slave states in the Senate. A senator further extended the compromise by an amendment to exclude slavery from the rest of the Louisiana Purchase north of 36°30', Missouri's southern border. Slavery thus would continue in the Arkansas Territory and in the new state of Missouri but would be excluded from the remainder of the area. People at that time presumed that what remained was the Great American Desert, unlikely ever to be settled. Thus the arrangement seemed to be a victory for the slave states. By a very close vote it passed the House on March 2, 1820.

Then another problem arose. The pro-slavery faction that dominated Missouri's constitutional convention inserted in the proposed state constitution a proviso excluding free blacks and mulattoes from the state. This clearly violated the requirement of Article IV, Section 2, of the federal Constitution: "The Citizens of each State shall be entitled to all Privileges and Immunities of Citizens in the several States." Free blacks were citizens of many states, including the slave states of North Carolina and Tennessee, where until the mid-1830s they also enjoyed voting privileges.

The renewed controversy threatened final approval of Missouri's admission as a state until Henry Clay formulated a "second" Missouri Compromise: admission of Missouri as a state would depend upon assurance from the Missouri legislature that it would never construe the offending clause in such a way as to



Henry Clay

Clay entered the Senate at twenty-eight despite the requirement that senators be at least thirty years old.



sanction the denial of privileges that citizens held under the Constitution. It was one of the more artless dodges in American history, for it required the legislature to affirm that the state constitution did not mean what it clearly said, yet the compromise worked. The Missouri legislature duly adopted the pledge while denying that the legislature had any power to bind the people of the state to it. On August 10, 1821, President Monroe proclaimed the admission of Missouri as the twenty-fourth state. For the moment the controversy subsided. "But this momentous question," Thomas Jefferson wrote to a friend after the first compromise, "like a fireball in the night awakened and filled me with terror. I considered it at once as the knell of the Union."

### JUDICIAL NATIONALISM

**JOHN MARSHALL, CHIEF JUSTICE.** Meanwhile, the spirit of nationalism still flourished in the Supreme Court, where Chief Justice John Marshall preserved Hamiltonian Federalism for yet another generation, establishing the power of the Supreme Court by his force of mind and crystalline logic. During Marshall's early years on the Court (he served thirty-four years altogether), he affirmed the principle of judicial review of legislative actions. In *Marbury v. Madison* (1803) and *Fletcher v. Peck* (1810), the Court struck down first a federal law and then a state law as unconstitutional. In the cases of *Martin v. Hunter's Lessee* (1816) and *Cohens v. Virginia* (1821), the Court assumed the right to consider appeals from state courts on the grounds that the Constitution, the laws, and the treaties of the United States could be kept uniformly the supreme law of the land only if the Court could review decisions of state courts. In the first case the Court overruled Virginia's confiscation of Loyalist property after the Revolution because it violated treaties with Great Britain; in the second the Court upheld Virginia's right to forbid the sale of lottery tickets.

**PROTECTING CONTRACT RIGHTS** In the fateful year of 1819, John Marshall and the Supreme Court made two more decisions of major importance in checking the states and building the power of the central government. One of them, *Dartmouth College v. Woodward*, involved an attempt by the New Hampshire legislature to alter a provision in Dartmouth's charter, under which the college's trustees became a self-perpetuating board. In 1816 the state's Republican legislature, offended by this relic of monarchy and even more by the Federalist majority on the board, placed Dartmouth under a new board named by the governor. The original trustees sued and

lost in the state courts but, with Daniel Webster as counsel, won on appeal to the Supreme Court. The college's original charter, Marshall said, was a valid contract that the legislature had impaired, an act forbidden by the Constitution. This decision implied a new and enlarged definition of *contract* that seemed to put private corporations beyond the reach of the states that chartered them. Thereafter states commonly wrote into the charters incorporating businesses and other organizations provisions making them subject to modification. Such provisions were then part of the "contract."



John Marshall

Chief Justice and pillar of judicial nationalism.

**STRENGTHENING THE FEDERAL GOVERNMENT** The second major Supreme Court case of 1819 was John Marshall's single most important interpretation of the constitutional system: *McCulloch v. Maryland*. James McCulloch, a clerk in the Baltimore branch of the Bank of the United States, had failed to affix state revenue stamps to bank notes as required by a Maryland law taxing the notes. Indicted by the state, McCulloch, acting for the bank, appealed to the Supreme Court, which handed down a unanimous judgment upholding the power of Congress to charter the bank and denying any right of the state to tax it. In a lengthy opinion, Marshall rejected Maryland's argument that the federal government was the creature of sovereign states. Instead, he argued, it arose directly from the people acting through the state conventions that had ratified the Constitution. Whereas sovereignty was divided between the states and the national government, the latter, "though limited in its powers, is supreme within its sphere of action."

Marshall went on to endorse the doctrine of the federal government's having implied constitutional powers. The "necessary and proper" clause of the Constitution, he argued, did not mean "absolutely indispensable." The test of constitutionality was, in his view, a practical one: "Let the end be legitimate, let it be within the scope of the Constitution, and all means which are appropriate, which are plainly adapted to that end, which are not prohibited, but consistent with the letter and spirit of the Constitution, are constitutional."

Maryland's effort to tax the national bank conflicted with the supreme law of the land. One great principle that "entirely pervades the Constitution,"



