The term "pet banks" is one of the pejorative benchmarks in the history of American political warfare. It refers to the state institutions used by the federal government as depositories for public funds during the 1830's, and the words serve as both description and indictment. For pet banking is suspect—an air of imprudence, if not corruption, hangs over most historical allusions to these banks, as though historians had accepted the denigration implied in the word "pet." This has tended to inhibit serious study of the Treasury and its relations with the deposit banks in the middle 1830's, with the pull of the Jackson vs. Biddle struggle acting as one polar attraction for the early thirties, and the aftermath of the Panic of 1837 doing the same for the final years of that decade. But "the experiment" of deposit banking deserves considerably closer scrutiny, if we are to bridge the gap between the financial policies of Jackson and Van Buren.¹

A central and controversial figure, the man who more than any other became identified with deposit, or pet banking, was Reuben M. Whitney—Philadelphia merchant, bank director, polemicist, kitchen cabinet politician, and pet banks agent. His role merits analysis, not merely in order to fill a biographical gap in Bank War historiography, but because of the significance of Whitney's principles and practices as deposit banks agent. If the word "principles" seems out of place in discussing a man excoriated as a perjurer and bankrupt scoundrel, and dismissed by contemporaries (and by most historians), perhaps the pages which follow will demonstrate that between 1834 and 1837, Whitney acted responsibly and capably as pet banks agent.

Whitney was born in Massachusetts in 1791. At age seventeen he went to Canada as the Montreal clerk for a Boston merchant. His commercial apprenticeship lasted through the War of 1812. Whitney remained in Montreal, and as an enemy alien he signed a pledge of good behavior which satisfied the British authorities. Nicholas Biddle later claimed that he did more than sign a document to satisfy them, that Whitney often boasted of how he had smuggled specie into Canada from the United States during the war, and that "the bayonets that were at Detroit and the [Battle of the River] Raisin, were forwarded by the funds thus furnished by Whitney."2 A year after the war ended, Whitney returned to his own country. The eight years he spent in Canada were to become a recurrent item in the subsequent indictment of Whitney's conduct and character by his enemies.

Back in the United States, Whitney established himself in Philadelphia. He became a leading merchant, importing large quantities of foreign merchandise, and rising quickly in the ranks of the Philadelphia commercial community. The process inevitably brought him to the attention of the men who managed the Bank of the United States: they asked him to join the BUS board in 1822.

For three years Whitney served the BUS at Philadelphia, and served it well. He held a seat on the board of the "Mother Bank," as the Philadelphia headquarters of the BUS was often called, from 1822 to 1824. In addition to the routine of discount day, Whitney

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advised the Bank's new president, Nicholas Biddle, on matters of greater scope, particularly on questions dealing with specie importations from Europe and Mexico, and international financial operations generally.\(^3\) Whitney's activity and competence earned him a seat next to Biddle at board meetings, and the trusted director often spoke of Biddle and the BUS in the most complimentary terms.\(^4\)

Whitney closed his BUS career in impressive fashion. Biddle sent him to New York City in December, 1824, to protect the Bank's interests there, while the president journeyed to Washington to negotiate a government loan which several New York City investment bankers wished to handle. Whitney's first report to Philadelphia identified the potential rivals and indicated the confidential nature of his delicate mission of pursuing BUS policy without permanently antagonizing the New Yorkers: "I find it prudent as well as necessary to keep out of sight of the Wall Street people as much as I can, for fear my appearance may excite a suspicion detrimental to my operations."\(^5\) The BUS weathered this minor storm easily, underwriting a five-million-dollar loan to the federal government, while Whitney skillfully and quietly disposed of many of the securities. The affair ended euphorically. "Now, My Dear Sir," Whitney assured Biddle, "you know I have always spoken, and I now write the same, as if to my Brother. I shall shortly go out of the [BUS] Board, yet I feel the same interest as if I was to remain in." He advised that the BUS should avoid raising the hostility of state bank interests, but must always be ready to protect itself, for "we are the B.U.S. and being so—should be perfectly Independent—and give the tone to others at all times." Biddle returned the sentiments. Whitney's suggestions "shall be most particularly weighed & examined, with the utmost respect for the intelligence of the writer, & the warmest feelings of regard for the candid and friendly temper which dictated them."\(^6\) Thus by the end of his BUS term in 1825, Whitney

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\(^3\) Whitney to Biddle, Dec. 2, 1823, Nov. 29 [1824], \textit{ibid.}

\(^4\) Testimony of John Andrews and Joshua Lippincott, 22nd Cong., 1st Sess., House of Representatives, Report No. 460 (cited hereinafter as: 22:1, HR #460), 123, 139-140.

\(^5\) Whitney to Thomas Wilson, Dec. 11, 1824, Biddle Papers.

was among the most steadfast and valuable friends the BUS had in the Philadelphia commercial community.

Within a year of the mission to New York, R. M. Whitney & Co. failed. As Whitney explained it, “ruinous speculations” in foreign merchandise and inability to collect money from his debtors caused the bankruptcy in December, 1825. He marshalled his remaining assets, and proudly recounted later that he paid large amounts in government duty bonds as they came due. Private creditors did not fare so well, of course, but the BUS was not then in this category—a situation which surprised friends of the Bank in other cities in view of Whitney’s intimacy with Biddle.7

Demonstrating the resiliency of many of the merchants of the day, to whom an occasional bankruptcy was little more than an occupational hazard, Whitney was soon back in business. He continued to ask occasional favors of Biddle, and he discounted paper at the Bank, although his failure in 1825 undoubtedly hampered his access to credit. In 1830 he signed a petition for a man seeking a clerkship at the BUS. Whitney’s name on this list of petitioners indicates that no break in his relations with Biddle had yet occurred.8 But, once again, Whitney could not sustain himself. Whether or not it was another instance of “ruinous speculations” that a more prudent merchant would have avoided is not clear, but by late 1831 Whitney was in trouble. This time there was an overdraft at the BUS, which he desperately tried to cover, promising to submit a plan for gradual repayment. The BUS board which met in December, 1831, apparently would indulge Whitney no further, for in January, 1832, he went down for the second time.9 The BUS had declined to sustain him at the very moment of its greatest political vulnerability. Whitney’s failure coincided with the opening of the great Bank War battle over recharter, and the Bank’s “treachery” toward a friend of

7 Testimony of Whitney, 22:1, HR #460, 152; Whitney to Joel R. Poinsett, Dec. 9, 1825, June 30, 1827, Poinsett Papers, Historical Society of Pennsylvania (HSP); Robert Gilmor to Biddle, Jan. 9, 1826, Biddle Papers.
8 Whitney to Biddle, May 21, 1827, Nov. 11, 1829, ibid.; Whitney to John Andrews, Aug. 6, 1829, Dreer Collection, HSP; Petition, Oct., 1830, Etting Collection, HSP.
9 Whitney to John Andrews, Nov. 16, 1831, BUS Correspondence, John Cadwalader Papers, HSP; William McLlvaine to Biddle, Nov. 23, 1831, Biddle Papers; William D. Lewis to John D. Lewis, Feb. 5, 1832, Lewis-Neilson Papers, HSP.
long standing undoubtedly helped to make an anti-Biddle crusader out of Reuben Whitney.

Glancing backward over five tumultuous years, Whitney in 1837 dated the start of his open political activity as 1832, and he claimed to have always been a Democrat. In 1828 he supported a nonpartisan anti-auction movement (which suggests that Whitney was no longer a heavy importer), and in 1829 he engaged in a more fleeting association with the Philadelphia Workingmens Party. In the second instance, Whitney joined in a “large meeting of working men and others” (including broadcloth reformer Roberts Vaux, the William Duanes, father and son, Condy Raguet, and William M. Gouge) opposed to the chartering of any additional banks by the legislature. The meeting’s resolutions attacked the “bank paper system,” but not the BUS specifically.

Any doubts about Whitney’s political commitment ended in the spring of 1832. When most Pennsylvania Democrats pulled back fearfully from any crusade against the BUS, Whitney, armed with a recommendation from Thomas Hart Benton, approached Augustin S. Clayton of Georgia, chairman of a congressional committee investigating the BUS. Whitney told Clayton that he could prove wrong-doing at the Bank, and he accused Biddle of illegal practices in lending money to a relative’s firm in 1823. In support, he produced a memorandum, supposedly written at the time of the loans, which supplied dates for the unrecorded transactions. When Biddle replied, offering proof that he had not been in Philadelphia on the specified dates, and other witnesses corroborated the testimony, Whitney had to counter weakly about “some partial discrepancies” in what John Quincy Adams scornfully dismissed as Whitney’s “ragged memorandum.” Administration committee members supported Whitney as best they could by declining to recommend perjury proceedings against the witness, while the opposition members, Adams and George McDuffie of South Carolina, trumpeted the perjury charge in minority reports. “The contrivances of the wicked,” sermonized

12 Philip Shriver Klein, Pennsylvania Politics 1817-1832; A Game Without Rules (Philadelphia, 1940), 343-345.
McDuffie, had been made "to recoil upon the head of its inventor, who must forever stand forth as a blasted monument of the speedy and retributive justice of Heaven."

But Whitney had not been blasted into silence nor rendered politically impotent. On the contrary, his testimony had made him *persona grata* with the administration, as he became, in Parton's words, "the chief source of Col. Benton's catalogue of charges" against the BUS. One Bank supporter, Roswell L. Colt of Baltimore, urged Biddle to have Whitney attacked in the press, and even believed that Whitney had had a hand in drafting the Bank veto message (influencing Benton, whom he thought the author). Perhaps Biddle took Colt's advice, or Colt may have moved on his own account. On the eve of the presidential election of 1832, Whitney attracted further attention when he responded to the Baltimore *Chronicle's* repetition of the older, wartime disloyalty and the new perjury charges with a libel suit in the federal court. He was thus more than ever "on the firing line" as a Jacksonian victim of BUS "malice and ill-concealed corruption." No man had suffered more at the hands of the "Monster," and yet would not be silenced. "The disclosures of Mr. Whitney," proudly recalled the New York *Evening Post* five years later, exaggerating the radical Jacksonian view but slightly, "not only justified, nay, made imperative, the removal of the Deposits, but materially operated to open the eyes of the People, and render the Bank an object of suspicion."

Thanks to the dislocations of the Bank War, Whitney had arrived politically. Jackson's re-election offered few opportunities for Whitney unless the administration's war against the BUS could be pushed on a new front. Fortunately, Whitney's desire to pursue this war, and insure his influence within the administration, coincided with Jackson's continuing hostility toward the BUS. The President's determination to remove the government deposits from the BUS opened new fields for Whitney.

Jackson realized that removal of the government funds would expose the administration to both political and financial attack. As

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14 James Parton, *Life of Andrew Jackson* (New York, 1860), III, 402-405; Colt to Biddle, June 21 [1832 and July, 1832], Biddle Papers.
justification, the administration would have to produce damaging proof of irregularities in the Bank’s affairs. Related to this consideration was the necessity of offering some workable alternative to the BUS for the handling of governmental fiscal policy. The two questions were interdependent, and their solution afforded Whitney his opportunity.

Another investigation of the Bank, this time by the House Ways and Means Committee, began in January, 1833. The short session of Congress would adjourn in March, and Whitney was eager for the committee to turn up enough derogatory information about the BUS to convince Jackson of the necessity of prompt removal. Whitney urged James K. Polk, committee member and faithful Jacksonian, to press the inquiry, advising him as to what direction the investigation should take. Drawing upon his most valuable asset to the administration at this time, his claim to inside knowledge of the BUS, Whitney cautioned Polk against letting control of the investigation fall into the hands of unfriendly committee members, since Whitney believed that opposition committee members were conspiring with the BUS officials called before the committee.16

By March, 1833, after Congress adjourned, Whitney had returned to Washington to work directly upon Jackson on the question of removal. Whatever Whitney’s actual influence within the administration at this time, some of the Bank’s allies regarded him as a continual threat. John Sergeant informed Biddle in early March that the Globe would continue its war against the BUS and attributed it to “the conspiracy of Blair, Whitney, [and] Kendall.”17 John G. Watmough also warned Biddle about “deep and nefarious” plots hatched in Washington concerning the future of the government deposits, and he singled out Whitney and Kendall as the two most influential presidential advisors.18

Biddle’s correspondents accurately gauged Whitney’s intentions, even if they overestimated his influence. By April, Whitney was close enough to the President to test this influence directly. Early in the month he sent information to Jackson regarding recent BUS loans to opposition newspapers, inviting Jackson to arrive at a

16 Whitney to Polk, Feb. 9, 11, 1833, Polk Papers, LC.
17 Sergeant to Biddle, Mar. 6, 1833, Biddle Papers.
18 Watmough to Biddle, Mar. 16, 1833, ibid.
By the end of April the removal decision turned upon two questions. Could the state banks chosen to hold the government deposits withstand the expected financial pressure from the BUS, and could these banks be brought together under some kind of workable system?

These collateral questions represented substantial challenges to the proponents of removal. But Whitney had ready solutions to both questions. On the ability of state banks to perform the services expected of them and to hold off the BUS, Whitney could call upon the services of his brother-in-law, William D. Lewis, cashier of Philadelphia's Girard Bank, to transmit assurances to Jackson. As for a workable network, Whitney began by suggesting the appointment of one man to superintend the state bank system, leaving little doubt as to whom he considered qualified for the task. In a long letter to Jackson on April 30, Whitney assured the President of the feasibility of a state bank alternative to the BUS, suggesting in detail the type of system which later went into operation. A few weeks later, Whitney believed he had been so successful in convincing the President that he assured Lewis that the deposits would be removed before Jackson's northern tour in June. "As you know the modus operandi, I need not explain." It seems clear that Whitney, Lewis, and a few others already had the pet bank system clearly in mind if not on paper.

Whitney's enthusiasm was soon dampened, however. In May he had boasted that "Taney, Kendall and myself, are the Triumvirate with the Old Man," but in the early summer of 1833 the removal agitation slowed down, and the "Triumvirate" proved too restrictive a term to describe the many influences at work within the administration's inner councils. Kendall and Whitney had few doubts about using the state banks; others remained unconvinced, and their hesitancy began to weaken the President's resolve. Whitney had already complained about the "Phantoms of these ignorant, yet well meaning men."
One of these “well meaning men” was the anti-BUS Philadelphian, William J. Duane, the man selected by Jackson to replace the pro-BUS Louis MacLane as the new Secretary of the Treasury. It was a critical position since only the Secretary had the statutory authority to remove the government funds, and the Secretary would be influential in selecting an agent for the pet banks. Vice-President Van Buren also harbored a growing concern over the dangers of placing the public money in state banks without first agreeing upon some comprehensive system. He suggested a plan to Jackson, one of “associating the banks together,” a proposal sent to the Vice-President by Charles Stebbins, one of the New York state bank commissioners and an Albany Regency politician.24

Jackson left for the North in the early summer of 1833, and Whitney tried to encourage a meeting in New York between Lewis, two New York City bankers (Democrats Campbell P. White and John Fleming), and the President. “He likes facts, and facts only,” Whitney reminded Lewis, hoping that such facts presented by “practical men” would end the President’s doubts about the feasibility of a state banks deposit system. But Jackson declined to meet the men, and Whitney had to reassure Lewis that “The [removal] resolution was too deliberately taken for it to be soon abandoned by Old Hickory.” The problem, according to Whitney, lay in “digesting a good system” to submit to Congress.25

Kendall, therefore, undertook the critical task of sounding out the state banks in the summer of 1833, and Whitney used this time to deluge Francis P. Blair, who was vacationing with the President, with additional specifications and charges of alleged BUS corruption. “The whole funds of the Bank,” he told Blair, who needed no convincing, “the whole of the public monies in it, are from this day placed at the disposition of Nicholas Biddle, to be employed in any work of corruption he pleases!!”26 Whitney’s repeated warnings about the BUS’s continued seduction of public opinion undoubtedly influenced the President, especially when these revelations coincided with Kendall’s return to Washington and his unqualified assertion that

24 Van Buren to Jackson, Apr. 21, 1833, Stebbins to Van Buren, Apr. 17, 1833, Van Buren Papers.
25 Whitney to Lewis, June 8, 13, 1833, Lewis-Neilson Papers.
the question was "an immediate removal or no removal." Jackson's doubts were either removed or else displaced by the more urgent tactical considerations raised by Kendall and Whitney. In September, 1833, following assurances from Kendall as to the feasibility of using state banks, the President deprived the "Monster" of further government deposits.

This decision still left Whitney unemployed. But he confidently expected an appointment to the Treasury Department as the man responsible for overseeing transactions with the pet banks. He had offered his services in this capacity to Secretary Duane in June, 1833, stating that the President and Attorney General Taney supported his claims, a contention which both men later denied. When Taney became Secretary of the Treasury, Whitney anticipated an immediate appointment. He drafted a proposal recommending himself and enlisted the support of the New York City and Boston deposit banks, placing the proposal in Taney's hands in October, 1833.

Taney, however, would not co-operate. The Secretary had confidentially informed his friend, Thomas Ellicott of the Union Bank of Maryland, that Whitney's proposal was unauthorized by him and that he would take no action until Congress met. Furthermore, Taney had serious doubts about appointing a man of Whitney's public reputation. Taney later summarized his concern: "I was in the midst of the war—the deposite banks were for the most part afraid to trust one another ... and an agent was of no use to the Department nor of much to the Banks, unless he could command the confidence of all of them." Taney informed Whitney of his first and less personal objection, that he could not act until Congress gave him the authority. Thus Whitney remained without an official position and without any financial compensation. "I suppose if I was to insist, I could have what I want now," he complained to Lewis after

27 Kendall to Jackson, Aug. 25, 1833, John Spencer Bassett, Correspondence of Andrew Jackson (Washington, 1926-1935), V, 169-170.
28 Taney to Revery Johnson, Oct. 24, 1833, 24:2, HR #193, 76; Whitney to Duane, June 15, 1833, William J. Duane, Narrative and Correspondence Concerning the Removal of the Deposits (Philadelphia, 1838), 5-8, 57.
29 24:2, HR #193, 17-18, 185-186, 255-256.
30 Taney to Ellicott, Oct. 22, 1833, ibid., 501.
31 Taney to William C. Rives, Apr. 16, 1836, Rives Papers, LC.
hearing Taney’s decision. “I should feel perfectly satisfied, but that I want money in my purse.”

Taney’s reluctance to act without congressional authority vanished in December, 1833, when he had to make an abrupt call for funds on the deposit banks. He then realized the value of an agent to co-ordinate affairs, at least temporarily. But the Secretary did not turn to Whitney; instead he asked George Newbold, President of the Bank of America in New York City, to take the position. If Newbold declined, Taney preferred one of the officers of the Girard Bank in Philadelphia. Whitney, feeling the blow, complained that “let who will come, I shall have to do the whole of the business, sub rosa, and so it is understood.” Taney, unable to lure one of the pet bankers to Washington, let the matter drop and did not appoint an agent during his short tenure as Secretary.

Whitney got a second chance when Levi Woodbury replaced Taney in the Treasury in the summer of 1834. Whitney immediately proposed that Woodbury appoint him as the agent since Congress had adjourned without action. Woodbury turned the matter over to Jackson for consideration. At this point, Kendall proposed that Whitney become associated with the Bank of the Metropolis, the Washington pet, as deposit banks co-ordinator. Kendall had several interviews with James Van Ness, the president of the Metropolis Bank, who at first assented to the proposal. But Van Ness had second thoughts about Whitney’s association with his bank, and this plan evaporated.

Whitney now realized the necessity for stronger pressures on the deposit banks themselves. He was able to extract from Secretary Woodbury a letter which invited the deposit banks to take the lead in choosing an agent. The Secretary informed Whitney that although he had no authority to appoint such an agent, “yet it must be obvious that the selected banks themselves might, in a fiscal and commercial view, derive great advantage from the services and correspondence of an agent of their own, residing in this city, and devoting special attention to their interests.” He promised departmental co-operation with the chosen agent in supplying Treasury

32 Whitney to Lewis, Nov. 12, 1833, Lewis-Neilson Papers.
33 Whitney to Lewis, Dec. 17, 1833, ibid.
34 Whitney to Jackson, Oct. 6, 1834, Jackson Papers.
data that was useful to the banks. Woodbury's own interpretation of the letter's meaning was doubtless more limited than Whitney's, but the prospective agent realized its value and used it in reapplying to the deposit banks. The faithful Girard Bank promptly hired Whitney at a salary of $500 a year.

Unlike the Girard, the deposit banks in Boston and New York City might prove to be balky. To aid his cause further, Whitney sent to David Henshaw in Boston and to the deposit banks in New York City, an unsigned letter dated November 8, supposedly from the pen of "a person residing here, high in the confidence of the Executive." Writing from this position of confidence, the author suggested that the deposit banks employ a Washington agent. To help induce the correct conclusion, he closed with this thought: "The President and Secretary of the Treasury, I know, view the subject in the same light that I do, and will be gratified if the banks will establish such an agency; and, from his talents, experience, and fidelity, no appointment would be more acceptable to them than that of Mr. Whitney, who has already been recommended to the department." Amos Kendall wrote the letter, Whitney confidentially informed Lewis, adding a few days later, "To you, I can say, that it has not been written without consulting those to whom it refers."

Even with these documents, Whitney had trouble with the New York City and Boston banks. In New York Democratic Congressman Campbell P. White of the Bank of the Manhattan Company supported Whitney, but the presidents of the Bank of America (George Newbold) and the Mechanics Bank (John Fleming) warned that their boards might not approve. In Boston the two deposit banks finally came into line through the influence of Henshaw, and the New York City banks soon fell in step, despite the objections of Newbold, the strongest individual in the New York City money market. Undoubtedly, most pet bankers believed that by hiring Whitney they would receive a greater share of the public money. Whitney, of course, did nothing to discourage this impression and used it to his advantage. For example, he later insisted that the Girard Bank in Philadelphia be liberal in its discounts to his brother's

35 Woodbury to Whitney, Nov. 5, 1834, 24:2, HR #193, 437-438.
36 Whitney to Lewis, Nov. 6, 1834, Lewis to Whitney, Nov. 10, 1834, *ibid.*, 448-450.
38 Whitney to Lewis, Nov. 6, 8, 1834, Lewis-Neilson Papers.
firm in return for his influence in Washington in preventing the selection of another pet bank in that city.\(^{39}\)

Whitney finally had capitalized upon the opportunities presented by the Bank War. Nevertheless, his position of prestige, influence, and financial compensation depended upon the continuance of the status quo in government fiscal policy. What Jackson called an "experiment"—the pet bank system—Whitney now had to transform into a viable policy of government finance. In the volatile political and economic world of the 1830's, this proved to be impossible.

The argument for a deposit banks agent in Washington had stressed the value of such an agency to the banks themselves. Although obvious political considerations dictated caution in discussing his plan, Whitney compared it to the operation of the BUS. Whitney's original proposal to the banks presupposed "a strong analogy between the Bank of the United States and its branches as at present constituted, and the Treasury and its selected bank agents."\(^{40}\) Whitney had similarly viewed his proposed agency through the Metropolis Bank: "That Bank to be made among the deposit banks what the BUS is among its branches. The center of the whole."\(^{41}\) Subsequent events prevented the implementation of such a system, but these statements characterized the financial policy Whitney attempted to maintain during his years as agent for the pet banks.

Whitney's actual duties as pet banks agent are difficult to reconstruct. His own descriptions remain the best guide, and they are more reliable than opposition reports, which exaggerated Whitney's role more than Whitney did himself. On the eve of undertaking his duties, Whitney confided to Lewis, "I understand that when I am fairly established in office that it is contemplated to let me take the whole management of the Deposit Banks under the Secretary of the Treasury, in respect to correspondence, establishing a system of Domestic Exchange, and Transfer of money."\(^{42}\) Whitney offered a similar description to the President of the Union Bank of Tennessee who inquired as to the nature of his duties.\(^{43}\) One important function of Whitney's agency was to warn banks in advance of government

\(^{39}\) Whitney to Lewis, Nov. 23, 1834, Feb. 23, Apr. 1, 1835, Nov. 3, 1836, ibid.

\(^{40}\) 24:2, HR #193, 255--256.

\(^{41}\) Whitney to Lewis, Aug. 12, 1834, Lewis-Neilson Papers.

\(^{42}\) Whitney to Lewis, Nov. 14, 1834, ibid.

\(^{43}\) Whitney to John M. Bass, Mar. 16, 1835, 24:2, HR #193, 587.
calls for funds. Cabinet officers co-operated with him in estimating the amount and timing of federal expenditure so that he could relay this information to the banks. Whitney furnished the same data and perhaps prepared many of Woodbury's reports to Congress on the condition of the deposit banks and some of the financial details for the President's messages as well.

Important as Whitney's work was for the banks themselves, he was playing a relatively passive role, rarely initiating policy. When Whitney's interest coincided with the larger purposes of the administration, he was on sure ground and seemingly influential; however, at critical times, the two interests began to diverge; and Whitney had either to adapt or find himself overruled. This dilemma became increasingly clear in the winter of 1836-1837 and ultimately caused his break with the administration.

Until that happened, Whitney labored to fashion the pet bank system into a workable alternative to the BUS. Many of his efforts were political in nature, attempting to protect the deposit banks from hostile legislation by Congress. Whitney opposed legislation affecting deposit banks, but the administration wanted congressional authority to prohibit small note issue by deposit banks and to require them to maintain a one-fourth specie reserve against their note issues. Whitney had confidently assumed in November, 1834, a month before Congress met, that the administration would not sponsor a new bill regulating the pet banks. The administration did so decide, however, and Polk introduced such a bill in the House in February, 1835.

Whitney could not openly oppose the bill but he privately labored to make it as unobjectionable as possible. In writing to Lewis, his pet banker ally, he termed the bill's specie reserve clause "foolish," thus avowing that he disagreed with the administration's fear that the pets would use the public money as the basis for excessive note issues, although he may have shared that fear himself. Horace Binney, a BUS supporter, endangered the entire pet bank system when he offered a Draconic amendment requiring the pets to keep a specie reserve not only against their notes but against their deposits,
both private and public. The principle of Binney's amendment was sound, since deposits are as much a part of a bank's liabilities as notes, and its strongly deflationary principle encouraged enough Democrats to support the amendment to make it part of the administration's bill.\footnote{Whitney to Lewis, Feb. 15, 1835, Lewis-Neilson Papers; U. S. Cong. 23:2, House Journal, 373-374. Legislation requiring a specie reserve against bank deposits was unknown in the 1830's and was not generally advocated until a much later period.}

The Binney amendment, however sound in theory, would have rendered the deposit bank system unworkable, and the Treasury, with Whitney's fervent support, had to marshal the Democratic House majority to kill the entire bill. The administration's specie reserve clause against circulation specified that the specie could be held in the bank's own vaults or vaults of other banks; it was intended to encourage the western banks to keep specie in the large eastern commercial centers for note redemption. Binney's amendment required the deposit banks to hold the specie in their own vaults exclusively. Also, Binney in extending the specie reserve principle to public deposits would have made it impossible for the western deposit banks to function. In the eastern cities, where banks made frequent settlements, such a reserve policy would not have been so crippling, but the western banks were taking in large quantities of paper money from land sales without any opportunity to make rapid settlements with the issuing banks. These western banks, under the Binney amendment, would have had to send the notes received to wherever they were payable in specie and then await reception of the specie. This operation might take months, and the western banks would meanwhile have to acquire enough specie to meet the proper ratio to the deposits shown on their books. Nor could the deposit banks count as part of their reserve the bank notes they were receiving; the Binney amendment required the reserve to consist solely of specie. Even Whitney confided that if the amendment had included "notes of specie paying banks" as part of the reserve requirement, "it would not do much harm." Polk and Cambreleng in the House, armed with these arguments, forced a reconsideration of the amendment, and then let the entire bill die in preference to trying to operate under such a disruptive deposit banks act.\footnote{U. S. Cong. 23:2, Reg. Deb., 1437-1440; Whitney to Lewis, Feb. 15, 1835, Lewis-Neilson Papers; U. S. Cong. 23:2, House Journal, 420-421.}
Whitney did not oppose regulation in the interest of financial responsibility but he wanted the pet banks to accept self-regulation under his aegis. Congressional regulation would necessarily diminish his authority and open the door for legislation similar to the overly restrictive Binney amendment which might ruin the whole system. And growing disenchantment among Democrats with the administration's experiment compounded the problem. The bill's failure increased the pet banks' political vulnerability. "The deposit banks have had from 20-35 millions of our money for two years without interest, and it is time for them to do something to promote the policy of the government," Senator Benton warned Woodbury.\(^50\) Whitney, realizing that the maintenance of the pet banks system depended upon its usefulness to the administration's financial objectives, set out to prove its utility in this regard.

Therefore, soon after Congress adjourned in March, 1835, Whitney urged the Treasury and the pet banks to proceed with currency reform without waiting for legislation. Both in person and by letter he encouraged Secretary Woodbury to act on his own authority to prohibit trade in small notes by the pets. "The reform of the currency appears to be a measure connected with and following the removal of the deposits," Whitney counseled. In April a Treasury Circular went out directing the deposit banks neither to accept nor issue any notes worth less than five dollars after September, and advising them that the prohibition would be increased to notes below ten dollars by March, 1836.\(^51\)

Once the Treasury was in motion, Whitney took equal pains to make sure that the pet bankers understood the connection between their continued employment by the government and the expected reform of the currency. Whitney accompanied Woodbury's Circular with one of his own encouraging pet bankers to "express a willingness to enter into such an arrangement." In return for such co-operation, he promised that the deposit banks would "obtain increased and extended popularity." And Congress might then refrain from inflict-

\(^{50}\) Benton to Woodbury [1835], Blair Family Papers, LC.
\(^{51}\) Whitney to Woodbury, Mar. 22, 1835, Woodbury Papers, LC.; U. S. Cong. 24:1, Senate Docs. No. 2.
ing injurious legislation on the deposit banks. He advised the Farmers and Mechanics Bank in Detroit that government disbursement in that area should be made in specie. “It will be good policy for the banks to do so, as it will be aiding in carrying out one of the prominent measures of the administration—that of circulating gold.” Similar advice went to the other Detroit pet, the Bank of Michigan.

By the time Congress assembled in December, 1835, the status quo in the pet bank system had become untenable. The national debt had been paid and a surplus was accumulating in the government-selected banks. Already under attack from its hard money critics, the pet banks became the target of further attacks, this time from expansionist critics who argued that the chief obstacle to further expansion lay in the Treasury policy of funneling the public funds to so few banks that it was supposedly unavailable for more general use. “The money must not lie idle,” Hezekiah Niles, the Whig journalist, reminded the newly-assembled Congress. “Let it circulate.” Webster, echoing these charges in the Senate during December, maintained that “millions lie in a single deposit bank in the City of New York, locked up from all public use.” One solution was to take the responsibility for the management of the public money out of Treasury hands by a distribution of the public funds to the states. The administration strongly opposed such a change in fiscal policy and made its views known formally to Congress.

Political considerations, however, weakened Democratic opposition in Congress. To oppose distribution was to embrace the interests of a few pet banks in opposition to a policy which ostensibly returned the public money to the people, hardly a tenable position for the allegedly anti-banking Jacksonians. A bill requiring the distribution of the public money passed both houses of Congress with overwhelming majorities. John M. Niles, Jacksonian senator from Connecticut, perceptively commented upon the administration’s di-

\[52\] Whitney to Lewis, Nov. 6, 1834, Lewis-Neilson Papers; Circular letter dated Apr. 20, 1835, in 24:2, HR #193, 413-415.


\[54\] Niles Register, Nov. 28, 1835; U. S. Cong. 24:1, Reg. Deb., 47.

\[55\] U. S. Cong. 24:1, Exec. Docs., No. 3.
lemma. A veto, he stated, "would be to continue perhaps for two years, 20 or 30 millions in the Deposite Banks—the veto would be said to be against the states and for the Banks, instead of against the Banks, as in 1832." Jacksonian rhetoric had turned back upon the Democrats, and the pet banks had become the new "monsters."

Whitney had opposed distribution because the law required such sweeping changes in the pet bank system. Under the new law, no bank could hold an amount of public money in excess of three-fourths of its capital, and each bank had to pay an interest charge of two per cent a year on the amount of public money that it held in excess of one-fourth of its capital. Thus the new law meant an expansion in the number of deposit banks and heavy transfers of public funds. To no one did this new policy pose a greater threat than to Whitney, since the law's partial intent was to break up what its authors considered a tightly controlled, limited pet bank system. Whitney had had to make this kind of system work or lose his position of influence within the administration. It was in his interest to have a manageable number of pet banks directed by the Treasury and in a commanding position over the banking system. The inflation already underway, if given fresh impulse by the distribution measure, could pull down the whole system and Whitney with it.

Even before the passage of the Distribution Act, Whitney relayed warnings to selected pet bankers about general financial conditions. "It is clear that there was excessive over-banking and over-trading during 1834, and that a great reaction is now going on," he warned the Farmers and Mechanics Bank in Hartford, urging that the pets strengthen themselves to weather the probable storm. Whitney expected some disruption of the banking community but hoped to salvage the original pets' network intact, thereby maintaining his interests within the administration. "We are on the eve of a great revulsion," he advised another pet banker. But after the deluge he hoped for a strengthened system. "The Government will not give up old and tried friends for new ones," he assured William D. Lewis. "The old banks will have all the advantages that can be given them."

56 Niles to Gideon Welles, June 21, 1836, Welles Papers, LC.
57 Whitney to Abram Halsey, May 24, 1836, 24:4, HR #193, 546-547.
58 Whitney to John A. Welles, Aug. 19, 1836, ibid., 569.
59 Whitney to Lewis, Aug. 22, 1836, Lewis-Neilson Papers.
Whitney's concern over the accelerating inflation and its threat to the administration's banking system led him to welcome Jackson's circular of July, 1836, which required payment in specie for public lands. This came not from a doctrinaire belief in the virtues of hard money, but rather from a pragmatic analysis that such action might curb the inflation and allow restoration of the original pet banks system after the completion of Distribution.\(^60\)

In the fall of 1836, Whitney found his plans threatened by Woodbury's Distribution policy. The Secretary decided to transfer to various banks in each state, by January 1, 1837, all the money to which that state was entitled under the Distribution Act, although the payments would be staggered throughout the year. This policy required swift and financially disruptive transfers of public funds from the original deposit banks. Woodbury's policy also required him to appoint many additional banks in some states. "Many of these transfers have been rendered necessary to comply with the Debauching act of the last session," Whitney complained. "Many of them were wholly uncalled for, as also, that the increase of the deposite banks has been carried to an unnecessary and unwise extent. . . . Both evils had their origin, with a view to gain personal popularity and gratify individual ambition."\(^61\)

Whitney's increasingly bitter complaints reflected his inability to redirect Treasury policy to favor the original pet banks and insure his position. He quarreled openly with Woodbury and took his objections concerning the Secretary's policy to the White House, but Jackson would not interfere with Woodbury's handling of Distribution.\(^62\) His last hope was that President-elect Van Buren might overrule Woodbury. According to Whitney, this mismanagement was not only financially disruptive but politically damaging to the Democratic cause. It was his belief that Van Buren's failure to carry Ohio in 1836 was a result of Treasury policy, and that other states would soon join the Whig column because of the increasing financial pressure. Perhaps the politically sensitive Van Buren might initiate corrective action. "Thank God, I guess, there will be more than one change about the 4th March," Whitney observed with qualified

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\(^60\) Whitney to Lewis, Aug. 22, Nov. 2, 1836, *ibid.*

\(^61\) Whitney to Lewis, Nov. 4, 1836, *ibid.*

\(^62\) *Ibid.*; Whitney to Jackson, Oct. 27, 1836, Jackson Papers.
optimism shortly after Van Buren’s election; but the uncertainty about the new president indicated that Whitney was hardly confident at this time.\textsuperscript{63}

Shortly before Van Buren’s inauguration, Whitney became the object of public attention and partisan attack which far exceeded any of the acrimony previously generated by his controversial career. In an effort to discredit the outgoing Jackson administration, Whig representatives Henry A. Wise, of Virginia, and Bailie Peyton, of Tennessee, pressed for a House investigation of the deposit banks and their agent’s relations with the Treasury. The Globe, of course, attacked the inquiry, but defended Whitney by reducing his stature: “The wretched expedient to swell the affairs of Whitney into importance, by connecting him with the Government, is too poor an artifice to require further notice.” With such friends, Whitney might well feel uneasy. Opposition editors insisted that Whitney, the “plenipotentiary of forty banks,” should not be dismissed so easily.\textsuperscript{64}

Whitney “probably will stand mute,” claiming to be a private citizen not a government officer, predicted Peyton correctly. The witness would not disclose details of his agency, although the committee obtained correspondence from the pet banks themselves and testimony of other witnesses demonstrating that Whitney operated in a twilight zone of authority between the Treasury and the banks.\textsuperscript{65} His reticence, and the fact that he and his chief inquirors, Peyton and Wise, had already exchanged insults in the press, meant that the investigation could either cease, or degenerate into name-calling, or worse. The latter occurred, and the volatile Peyton went so far as to threaten Whitney’s life if he did not stop staring at him insolently. Under those conditions, Whitney would not appear again, unless the committee chairman guaranteed his safety.\textsuperscript{66} The House later took up a contempt citation lodged against Whitney, but it failed to act and soon discharged him.\textsuperscript{67}

\textsuperscript{63} Whitney to Lewis, Nov. 2, 14, 1836, Lewis-Neilson Papers.
\textsuperscript{64} Washington Globe, Jan. 3, 1837; Philadelphia National Gazette, Jan. 5, 1837; Washington United States Telegraph, Jan. 11, 1837.
\textsuperscript{65} Peyton to Noah Noble, Jan. 25, 1837, Dorothy Riker and Gayle Thornbrough, Messages and Papers Relating to the Administration of Noah Noble, Governor of Indiana, 1831-1837 (Indianapolis, 1958), 531-532.
\textsuperscript{66} Washington Globe, Jan. 30, 1837.
\textsuperscript{67} 24:7, House Journal, 484-488 (Feb. 20, 1837); Claude G. Bowers, Party Battles of the Jackson Period (Boston, 1922), 458-461.
The investigation had fallen into low comedy, but it may also have involved high strategy. In 1837 the Democratic-controlled House permitted the Whitney probe, although a year before it had tabled an identical request from Wise. Perhaps the Democrats planned to make Wise appear ludicrous, but they may also have been preparing to sacrifice Whitney as a political liability. President Jackson complimented Whitney’s good behavior during the hearings of January and February, 1837, but astute political observers, including Whitney himself, sensed the vulnerability of his position even if the financial status quo were maintained.

The wounds inflicted during the congressional inquiry had scarcely healed before the country’s banks, pet and nonpet, suspended specie payments in May, 1837, an event which permanently altered Whitney’s political status. He cast about desperately for means of saving the deposit bank system from the twin dangers of financial catastrophe and a reversal of administration policy. A circular letter went out to a score of the pets, apparently to the banks originally selected to handle the government money since it was to the older, original pets of the northeastern states that he looked for most of his support, and for leadership of a general resumption attempt. A bank convention should assemble quickly, possibly at Washington, to assure the government that the bankers would put their houses in order. Early resumption of specie payments was the prime goal. Banks interested in resumption would send delegates; the one-third of the nation’s deposit banks that were built from rotten timber, argued Whitney, would never resume and would not come, but they could be consigned to financial oblivion.

The crisis thus represented an occasion for Whitney to restructure the deposit banks system into a taut, well-regulated (almost self-regulated) network of a few capable banks, functioning at a high level of efficiency and mutual cooperation, the “beautiful and perfect” system which the Deposit-Distribution Act of 1836 had dis-

69 Among many such comments: “They [the Van Buren forces] see that they must change men and measures or go down. . . . For two years they have resisted the enquiry. They dare not resist it any longer. Reuben M. Whitney will go overboard.” Letter from Washington, Salisbury (N.C.) *Carolina Watchman*, Jan. 21, 1837.
70 Jackson to Andrew J. Donelson, Jan. 31, 1837, and to Blair, Mar. 11, 1837, Bassett, *Correspondence of Jackson*, V, 456, 464.
ruptured. "The effect of that Bill was as disastrous upon the Deposite System," he told former president Jackson late in May, "as that of Delilah cutting off the locks of Samson." Whitney grossly exaggerated the beauty and perfection of predeposit act pet banking, of course, but this is understandable since he felt a personal responsibility. Although he was a "private individual, it seems that I am destined to have a large share of the consequences of the failure of the [pet banks] experiment thrown upon my shoulders. I will not admit that it has failed." 71

The bankers responded favorably to the circular, maintained Whitney, and he predicted an early convention. Unfortunately, those bankers who were well-disposed to the meeting would make no preliminary commitment regarding early resumption, not even in principle; and, more important, it was politically too late to save the deposit system. The new Van Buren administration was preparing to discard the pet system altogether in favor of a subtreasury plan and greater reliance on specie currency. The Treasury Department would not give official sanction to the convention. All Woodbury could do, he said, was to urge early resumption. 72

Whitney feared the imminent policy change, but he yet hoped that the administration would come to its senses and reject the "absurdity" of governmental reliance on specie, as outlined in the Globe. At the same time, he prepared to battle these heresies even at the cost of breaking with his Democratic allies. For more than a year, Whitney had been uneasy about Van Buren. In the spring of 1835 rumors reached him from Philadelphia that Van Buren, as president, would make trouble for Whitney, and he uneasily and undiplomatically solicited Blair's opinion on this point. 73 By July, 1837, the anticipated break had occurred. Blair refused to publish Whitney's now-renegade views, and the "subtreasury visionaries" no longer had any use for their erstwhile deposit banks agent, who had to publish his critical articles in pamphlet form. Blair wrote him off with a shrug

72 Nathaniel Niles to Rives, June 13, 1837, Rives Papers; David Henshaw to Woodbury, June 3, 1837, Woodbury to Henshaw, June 8, 1837, Woodbury Papers.
73 Niles to Rives, June 13, 1837, Rives Papers; Whitney to Blair, May 17, 1836, Blair-Lee Papers.
as the errant head of a schismatic squad "rising up under Whitney's schooling, who will be for a batch of State Banks—It is hard for Whitney to give up his living, for the sake of his friends—and it will be hard for him to join his persecutors—But it will come to that." To impress upon Whitney his complete isolation, Blair read him a letter from Jackson which damned the state banks and supported the subtreasury proposal.74

The "squad" of defectors soon became the Conservative Democratic movement. Whitney, as on another occasion, played the role of the outcast insider. In 1832 he had enlisted in the Jacksonian crusade, supposedly privy to the nefarious inner workings of the BUS. In 1837 he enlisted in the Conservative movement, this time ready to expose the nefarious inner workings of Van Buren's Kitchen Cabinet. The politician he drew near to was the man possessing the greatest power among the Democratic opponents of the subtreasury, Senator William C. Rives of Virginia. With the Globe's columns barred to him, Whitney frequently contributed anonymous as well as signed articles to the new Conservative paper, Thomas Allen's Washington Madisonian, which began publishing in August, 1837. When the official notice of Whitney's excommunication appeared in the Globe in November, he replied with an open letter to President Van Buren, proudly avowing his dedication to the Conservative cause.75

For the next two years, from 1837 to 1839, Whitney followed the unrewarding course of Conservative politics.76 The Conservatives

74 Whitney to Rives, July 20, 1837, Rives Papers; Blair to Jackson, July 21, 1837, Jackson Papers. Horace Greeley's weekly, The New-Yorker, graphically recorded Whitney's defection and its consequence. On July 15, it noted that Whitney "has come out with a pamphlet on the currency and the times" upholding the deposit banks system The next issue, July 22, observed: "Mr. [William M.] Gouge, the author of a somewhat celebrated treatise on Banking, hostile to the whole system, and now employed in one of the Departments at Washington, has published a new pamphlet, in opposition to Mr. Reuben M. Whitney's, and in favor of an entire severance of all connection between the General Government and Banks, State or National."


operated upon the balance of power principle, opposing the sub-treasury and hoping that they could muster Whig support for their modified and regulated version of the deposit banks system. Rives and Whitney realized that stability in state banking was essential to restore confidence in the banks and make the Conservative program a political possibility. Tactically, blocking the subtreasury came first, but Conservatism, as a positive alternative, depended upon prompt and permanent resumption. Whitney's initial resumption date, September 1, 1837, passed unnoticed by the state banks. He then set his sights on March 1, 1838, with or without the agreement of the Philadelphia banks (including Lewis' Girard Bank) who were dragging their feet, fearful of moving independently of Biddle's anti-resumptionist United States Bank of Pennsylvania.

When resumption came in the spring of 1838, it did not prove a panacea. The depression which followed the Panic of 1837 grew more severe, prolonging the financial dislocation, and ultimately forcing a second suspension in October, 1839. Conservative politics proved to be the politics of negativism, or simply opposition to the subtreasury. Rives' substitute financial bill, calling for the twenty-five banks deposit system so dear to Whitney's heart, received no support outside the Conservative circle.

Whitney was now no more than a contributing editor for a factional sheet, working without salary, according to the Madisonian's editor. His limited value to the cause arose from "the peculiar relation which Mr. Whitney bore to the banks, and the Treasury Department, throughout the history of the Deposit system." This gave him "power to enlighten the country upon the subject, such as we believe no other gentleman possesses." Much of the enlightenment was retrospective, dealing with administration mishandling of pet banking, especially Woodbury's alleged incompetence and cowardice. But the fact that Van Buren had abandoned pet banking inevitably blunted the force of the assault. Whitney might excoriate Woodbury regarding his choice, for example, of the Agricultural Bank of Natchez as a depository in 1836 and the considerations

77 Whitney to Rives, Oct. 23, 29, Nov. 19, 1837, Rives Papers; Whitney to George Newbold, Oct. 31, 1837, Newbold Papers, NYHS.
which allegedly produced the selection, but since the Secretary would no longer be selecting pet banks, the criticism, however embarrassing, did not prove lethal.79

Another factor inhibiting Whitney's effectiveness was his bad reputation. Nothing could be done about it. In 1833, Taney had refused to consider Whitney as deposit banks' agent for this reason. By 1838 Whitney's name stood in its customary low estate in the public mind. "Probably the history of this country does not present a single case analogous to my own," Whitney noted sadly while apologizing to his readers for yet another polemical foray. "A humble individual, holding no public office whatever . . . [is made] a constant target for those differing with me in politics to aim their arrows at." The attacks came from both Democrats and Whigs, with almost equal ferocity. Unfriendly editors had only to ascribe an article to Whitney to impugn its contents. In vain, "Valerius Publius" of the Madisonian pleaded: "Whether I am Mr. Whitney, or Mr. Any-one-else, is a matter of no consideration whatever; and ought not to have been brought into the question."80 But the argumentum ad hominem was gallingly effective. Jackson, on hearing rumors of a reconciliation between Whitney and Henry A. Wise, reflected the moral consensus: "if this be true, it shows how little principle governs either. . . . o tempora, o mores." Whitney had to content himself with congratulating the country on the continued failure of subtreasury legislation.81

Whitney's source of income at this time is a puzzle. He was an unpaid contributor to Allen's paper, and he publicly denied that any bank had him on its payroll and invited his enemies to produce contrary evidence.82 This suggests that he had been able to save money from the fees the deposit banks paid him.83 Blair had unkindly dismissed Whitney as unable to give up his living, but in 1837 the path of Whitney's immediate economic self-interest pointed toward acceptance of the subtreasury and a government sinecure. Whitney

79 Ibid., Nov. 17, Dec. 27, 28, 1837.
81 Jackson to Blair, Jan. 17, 1838, Bassett, Correspondence of Jackson, V, 527; Whitney to George Newbold, Mar. 16, 17, 1838, Newbold Papers.
82 Washington Madisonian, Aug. 24, 1838.
83 A dozen pet banks employed Whitney and paid him fees amounting to $7,000 a year. 24:2, HR #193, 63.
played for higher stakes, and in his mind the personal and public aspect could blend into a single-minded opposition to the administration. The people's currency, in the form of state bank notes, must be saved from the corrupting schemes of Van Buren and Benton.

To further the process of salvation by informing the people, Whitney did everything in his power to keep the *Madisonian* going. When Allen became dejected and considered selling the paper to a Boston Whig, Whitney prepared to assume the editorship himself if necessary. And Whitney ran the paper during an entire month in the spring of 1839, while Allen was ill.84 The *Madisonian* engaged his energies and attention almost exclusively. He did make a feeble effort toward becoming Clerk of the House of Representatives, appealing to two Conservative Senators, Rives and Nathaniel P. Tallmadge of New York, for support based on the usual balance of power approach: "We must take care to make them [the Whigs] sensible that it is to the Conservatives that they are indebted for all."85 These requests were the equivalent of a political pipe dream, originating in the fact that the *Madisonian* had been awarded the public printing by the House in September, 1837. But a direct election of Whitney was out of the question, as he quickly learned.

Thus, by the spring of 1839, Whitney desperately required a new departure. Despite his general usefulness to Conservatism, and his occasional usefulness to Whigs as a source of anti-Van Buren material, he was at loose ends. Allen continued to defend him in effusive terms, as a man who had "the entire confidence of whole directories of financiers of the first weight and character,"86 but he was obviously protesting too much in support of his associate, and the high esteem of "directories of financiers" does not bring with it political popularity.

Whitney's apparent opportunity to escape the increasingly sterile round of crimination and recrimination took him to the New Frontier of the 1830's, Mississippi. He maintained his close relationship with William D. Lewis, and Lewis aided him with loans during this trying

85 Whitney to Rives, Sept. 22, Nov. 12, 1838, Rives Papers; Whitney to Tallmadge, Nov. 12, 1838, Tallmadge Papers, Wisconsin Historical Society.
86 Washington *Madisonian*, May 22, 1839.
period.\textsuperscript{87} The Girard Bank cashier suggested that Whitney proceed to Vicksburg to assume management of the Commercial and Rail Road Bank, which had overextended itself and suspended all payments in March. Philadelphians held a majority of the bank’s stock, thereby sanctioning the interference on the part of the eastern owners, including Biddle, who was then interested in several Mississippi banks. Biddle did not object to the plan.\textsuperscript{88}

Perhaps adversity had by this time schooled Whitney in the necessity of limited expectations. One hopes, for his sake, that such was the case. Whitney presumed that the bank board would elect him president. When its members refused, and pointedly affirmed their confidence in the incumbent (who was on his death bed, and who died during Whitney’s brief Vicksburg stay), the mission collapsed. Whitney reported that the “stale slanders of old have been issued from the Bank. I have heard of three of the clerks who have been busy at public houses, slandering me.” He could do nothing in the face of this solid hostility and his own increasing embarrassment but retreat to Philadelphia. “It makes me shudder to think how the innocent and confiding have been deceived and cheated.” And, of course, how the blameless had been traduced.\textsuperscript{89}

In 1840, Whitney supported the Whig ticket of Harrison and Tyler. Following the General’s victory he thought himself close enough to Senator Rives to advise him to reject any offer of a cabinet post.\textsuperscript{90} In February, 1841, Whitney appealed to the Virginia Senator to intervene in behalf of his debtor-son who had been court-martialed and deprived of his Marine Corps commission: “I am satisfied that my son was made the victim to gratify vindictive feelings existing in high quarters against me, for my political course in 1837 and subsequently.”\textsuperscript{91}

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\textsuperscript{87} Charles Macalester to Blair, June 4, 1839, Blair-Lee Papers; Whitney to Lewis, Jan. 24, 1841, Lewis-Neilson Papers.
\textsuperscript{88} James Hagarty to Biddle, Jan. 25, Feb. 24, March 25, 1839, Biddle Papers; Natchez Courier, Apr. 15, 1839; Allen to Rives, May 21, 1839, Rives Papers.
\textsuperscript{89} Whitney to Lewis, June 5, 14, 1839, Lewis Papers, Duke University (they are part of a series of ten Whitney letters to Lewis on the Mississippi fiasco, dated May 28 to June 14, 1839); Washington Madisonian, July 13, 1839.
\textsuperscript{91} Whitney to Rives, Feb. 18, 1841, Rives Papers.
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Shortly before his death, Whitney obtained partial vindication. Early in 1844 he published an open letter regarding the perjury charges of 1832. The state-chartered version of the BUS had collapsed in 1841, and Whitney claimed to have seen records in the hands of trustees that corroborated his testimony. He was able to persuade George McDuffie to issue a public retraction: “I feel bound, in justice, to say that I do not now believe that there was anything in your testimony to warrant an imputation on your veracity.” John Quincy Adams, however, would not answer Whitney’s letters. Blair reacted characteristically; his editorial attacked Adams and his “forged” diaries, but could spare not one kind word for Whitney.92 Late in the year came another boost for Whitney, this one arising from the political melee of Tyler administration patronage. The President appointed Whitney to the office of Recorder of the General Land Office, a substantial patronage plum. When the Senate did not act, pending the inauguration of the new President, Polk ignored the lame duck nomination and Whitney’s pleas, and appointed his own man.93 A few months later, in May, 1845, Reuben M. Whitney died of cancer.

The Bank War created Reuben Whitney’s political career, and the same phenomenon put him down. Like many Jacksonians, he was an ardent if belated foe of the “Monster” BUS, a Democratic insider with allegedly damaging information about the Philadelphia institution, an administrator who worked to transform Jackson’s state banks experiment into an organized system with personal benefits to himself, and finally a renegade Jacksonian trying to hold Van Buren to the “original” principles of the Democratic Party.

Whitney’s actions and interests are helpful in evaluating some of the objectives of the Bank War. On the surface he appears to be a perfect example of the bustling, entrepreneurial American who recognized an opportunity to reap the rewards of an expanding economy which would follow in the turbulent wake of the Jacksonian attack on the BUS. Tied in with state banking interests through William D. Lewis, Whitney could be expected to move in gleefully

92 Washington Madisonian, Apr. 8, 1844; Washington Globe, Apr. 19, 1844.
93 Nile’s Register, Dec. 14, 1844; 28:2, HR #200, I, 8; List of Pending Nominations [Dec. 18, 1844], Polk Papers, LXXII, 1174; Whitney to Polk, Dec. 12, 1844, and William Whitney to Polk, Aug. 16, 1845, Polk Papers.
on the kill as the Bank gave way. Whitney did intend to profit by the Bank War; but as pet banks agent he also had to do more than celebrate the demise of the BUS, because, administratively, Jackson's BUS veto and removal were only the beginning, not the culmination of the Bank War.

The use of state banks during the 1830's was an expedient, though perhaps naive, move on the part of the administration to replace the services of the BUS. This holding action was the necessary first step before a reform of the currency could take place. If the goals of this reform were vague and possibly utopian, it is nevertheless clear that Whitney and the administration did not welcome the inflation of the 1830's, but regarded it apprehensively. More than any other Jacksonian, Whitney was vitally interested in the success of the pet banks system. He quickly realized that this could not be done by condoning swelling bank loans or the mushroom growth in bank chartering. He had to put into practice the constricting and deflationary policies demanded by the administration. When the "experiment" ended in failure, so did Whitney's role within the administration.

Many historians have accepted the proposition that Jacksonians deliberately induced the apparent consequence of the BUS veto, the inflationary spiral which preceded the Panic of 1837. The pet banking interlude fits into this view as a prime Jacksonian device to further this inflation. But Whitney, from the beginning of his career as a Jacksonian, although rejecting the goals of the more radical Democratic hard money men, did share the administration's desire to foster a responsible banking system to replace the BUS. That he failed should not prevent us from recognizing his modus operandi and his aims. Conflicts over the nature of the economy certainly existed in the Jacksonian era, but to assume that there was a sharp division between the advocates of an unregulated, expanding economy on one

94 The administration's attempts to use state banks for the purpose of currency reform may be traced through Sellers, Polk, 223-232. Another exception to the general historical treatment of pet banking, dealing in some detail with Treasury policy toward deposit banks, is Scheiber, "Pet Banks," 196-201.

side and those working to maintain a responsible, deflationary con-
trol on the other, or that advocates of these views can be herded into
convenient blocs which correspond to the major political parties,
seriously distorts the complexities of banking and politics in the Age
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