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FLAGG: 1823-1847.

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THE POLITICAL CAREER OF AZARIAH CUTTING

FLAGG: 1823-1847

Sister Theresa Fournier

A dissertation presented to the  
Graduate Faculty of Middle Tennessee State University  
in partial fulfillment of the requirements  
for the degree Doctor of Arts

May, 1975

THE POLITICAL CAREER OF AZARIAH CUTTING

FLAGG: 1823-1847

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ABSTRACT

THE POLITICAL CAREER OF AZARIAH CUTTING

FLAGG: 1823-1847

by Sister Theresa Fournier

A study of the public career of Azariah Cutting Flagg as a member of the Albany Regency shows him to be, politically, a Jeffersonian Democrat, and, financially, a fiscal conservative. Flagg, the New England Puritan, Jeffersonian, and admirer of Benjamin Franklin, influenced his community, party, and country. As editor of the Republican, his home-town newspaper in Plattsburgh, New York, he influenced the political thinking of Republicans and Federalists alike. His abilities and style impressed Martin Van Buren, who in 1821-1822 was organizing a group of influential political figures who would become known as the Albany Regency. The Regency would command the leadership of the Democratic Republican Party in New York State.

Flagg, as a member of the Regency from its inception, would, under the leadership of Van Buren, direct the course of the Democratic Republican Party during the Regency's period of greatest strength. During this time, roughly from 1822 to 1836, the Regency-led Republicans had

their way in the controversy over the Electoral Bill and in the Jacksonian and Van Buren presidential elections and subsequent administrations.

President Jackson's determination not to recharter the Second Bank of the United States caused a split in the Regency-led party. Many disillusioned Republicans joined the Whig Party, which was organized during Jackson's Administration. Thus, the Jackson-Biddle bank controversy followed by the 1837 depression caused the once powerful Albany Regency to lose its prestige and influence. Flagg's influence and talents as state comptroller during the 1830's were directed toward the re-establishment of sound banking which had been badly shaken by the bank war and depression. Flagg was advised in that task by Albert Gallatin, Abijah Mann, and Michael Hoffman. Ironically, Flagg's reward for saving the New York State banks was his loss of the comptrollership in 1839.

During the post-Regency period of the 1840's, Flagg continued his efforts to re-unite the Democratic Party. Sufficient party strength reassured his re-election as comptroller in 1842. The Whig administration from 1839 to 1842 left the finances of the state of New York in a condition of near bankruptcy. Both Whigs and Democrats held strong views regarding fiscal policies. The Whigs tended toward a liberal spending policy which favored extensive

credit financing, while the Democrats favored a balanced budget and a pay-as-you-go policy. Flagg's strict sense of fiscal accountability, honesty, and industry, which stemmed from his New England background, could not be reconciled with the views of the Whigs. The Stop and Tax Law of 1843 eased the situation and the revised 1846 New York State constitution resolved the financial question temporarily.

New issues, such as the annexation of Texas, the extension of slavery into the territories, and the tariff, plagued both parties. The Democratic Party had split into the Hunker and Barnburner factions. Flagg favored the more reform-minded Barnburners, but, when extremists threatened the party's chances for success, Flagg withdrew from the movement. Flagg's conservative fiscal policies as comptroller created enemies, and the Hunker-Barnburner division within the party led to his loss of the comptrollership in 1847.

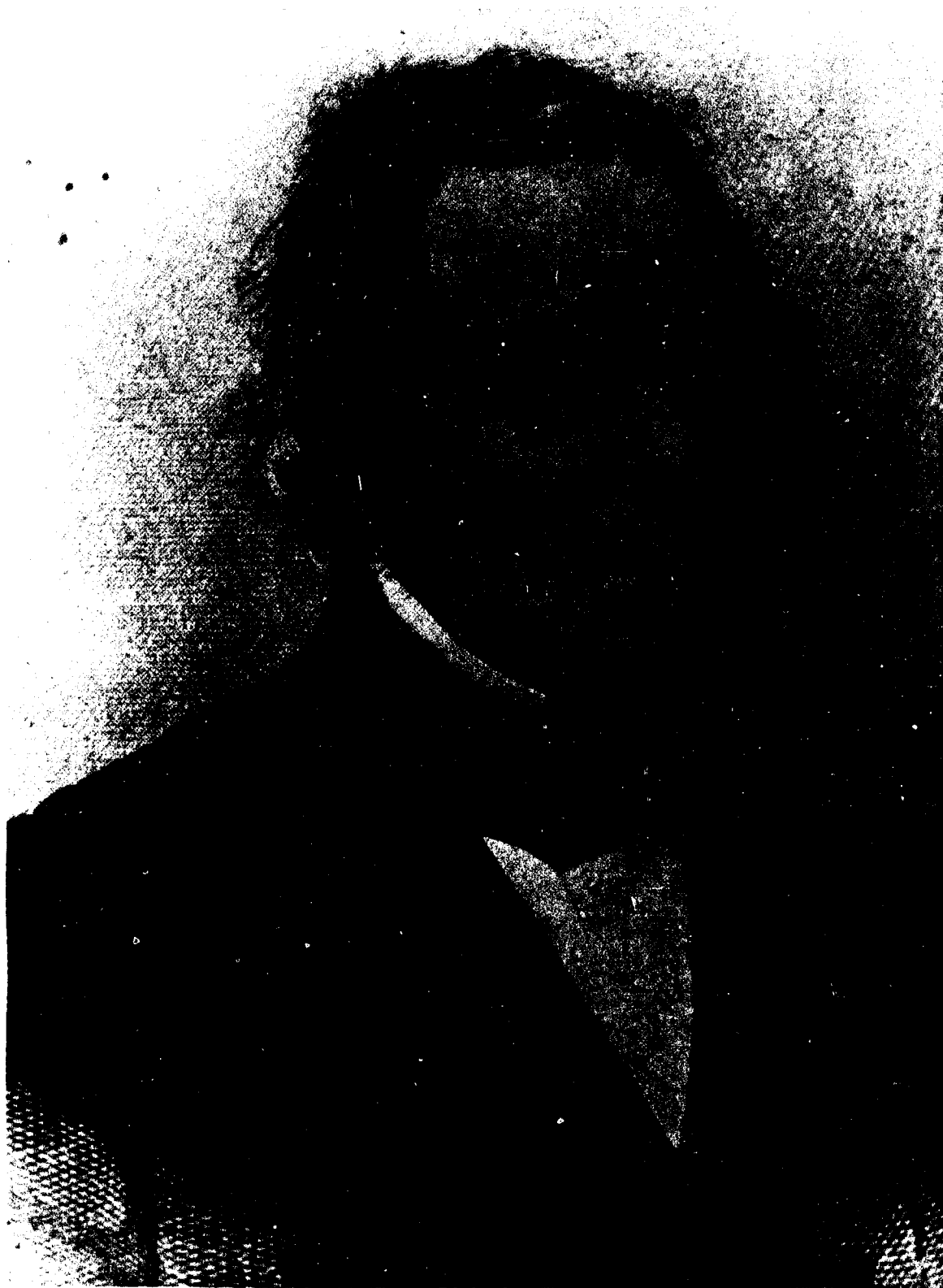
Flagg retired to New York City in 1848 where he became president of the Hudson River Railroad Company, the treasurer of the Chicago and Rock Island Company, and trustee of several other railroads.

In 1852, Flagg was elected as comptroller of the city of New York, and he devoted his time and fiscal knowledge to this complex task until 1858. Again, his fiscal conservatism and Puritan heritage served him well,

but made enemies also. Flagg did not alter his fiscal creed. He stubbornly resisted any opposition to his fiscal policies. He was determined to maintain a balanced budget at all times.

Flagg, at sixty-eight years of age, was forced into retirement by total blindness. For the intervening fourteen years between retirement and his death at eighty-three, Flagg maintained a lively interest in the political affairs of the country, the state, and his party. Former President Van Buren, founder of the famous Albany Regency, praised his former co-worker, acknowledging that he had never known a man who was more devoted to the interest and welfare of the people or who worked with more selfless zeal for their progress and advancement.





Azariah Cutting Flagg

## ACKNOWLEDGEMENT

I wish to express my gratitude to my committee members, Professors William Windham, James Huhta, Everett Cunningham, and Wallace Maples, for their support and encouragement in writing this dissertation. A special recognition is gratefully given to Dr. Windham, the chairman of my committee, who, in addition to his scholarly advice, inspired me to a greater appreciation of history.

Sister Theresa Fournier

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## INTRODUCTION

The teacher of history must be concerned not only with concrete facts, but with ideas which men develop as they respond to the complex forces in society. The fascination of history lies in the discovery and exploration of these ideas and how men and ideas interact. This fascination becomes most enjoyable and productive when the life of one man within the setting of his community, political party, and country is studied.

Azariah Cutting Flagg, New England Puritan, Jeffersonian, and admirer of Benjamin Franklin, influenced his community, political party, state, and nation. As editor of the Republican in his home town of Plattsburgh, New York, Flagg had considerable impact on the political thinking of the people in his area. He added example to political precepts when he led the 36th Regiment of the New York Militia in the defense of Plattsburgh in 1814. As a leading member of the Albany Regency, he would, under Martin Van Buren's leadership, direct the course of the Democratic-Republican Party during the controversy over the Electoral Bill, the presidential campaigns of Jackson and Van Buren, and during the "Bank War" and depression of the 1830's.

During the post-Regency period of the 1840's, Flagg continued his efforts to lower the tariff and to prevent the extension of slavery into the territories. The struggle over these issues gave the country in general, and New York State in particular, a greater democratic character by extending political, social, and economic opportunities to a greater number of people.

This study has a twofold purpose. The first is to show how Azariah Cutting Flagg influenced the Albany Regency, the state of New York, and the nation's policies in the period 1823-1847. The second is to suggest ways of using biography and local history in the teaching of history.

## CHAPTER I

### BIOGRAPHICAL SKETCH OF AZARIAH CUTTING

FLAGG: 1790-1873

The contributions of Azariah Cutting Flagg to the political life of New York State find their roots in the background of that remarkable family. The Flagg family of New England was a part of the Puritan culture which set a definite stamp upon the newly developing American nation. During the long family history reaching back to twelfth century England, the family name was variously spelled as Fleg, Flegg, and Flagg. The first member of the family to reach New England was Thomas Flegg, who settled at Watertown, Massachusetts, in 1637. Among his children were Ebenezer, Eleazer, and Gershom, the latter being the grandfather of Azariah C. Flagg. The Flaggs were devoted followers of the Puritan tradition. The Puritans were a people of the Bible, and their most characteristic peculiarity was their

. . . exaggerated use of the Old Testament. The curious quotations with which they so plentifully interlarded their discourse were taken chiefly from it, and in naming their children they seemed to have searched its

pages for the most harsh and ill-sounding appellations they could find. Such names as Azariah . . . and others of the sort were common.<sup>1</sup>

The name Azariah served as the Puritan hallmark for the man whose integrity, as a member of the Albany Regency, became proverbial.

Ebenezer Flagg, a descendant of Gershom Flagg and veteran of the American Revolution, moved from Lancaster, Massachusetts to Orwell, Vermont, sometime previous to 1785. Here at Orwell, Ebenezer's second son, Azariah Cutting Flagg, was born on November 28, 1790. When Azariah was nine years old, the family moved to Richmond, Vermont, probably in the autumn of 1799.<sup>2</sup> By the late 1700's, the overpopulation and limited resources of the New England States encouraged a western migration. After 1790, the Vermont migration was directed northwestward to New York State. Lake Champlain provided the shortest and easiest route to newer, if not greener, lands. "Every winter Vermont sleds were tugged

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<sup>1</sup> Ernest Flagg, Genealogical Notes on the Founding of New England (Hartford: The Case, Lockwood and Brainard Company, 1926), pp. 15, 31, 364.

<sup>2</sup> "Family Records of the Descendants of Gershom Flagg born 1730 of Lancaster, Massachusetts, with other Genealogical Records of the Flagg Family descended from Thomas Flegg of Watertown, Massachusetts and including the Flegg lineage in England," compiled and published by Norman G. Flagg and Lucius C. S. Flagg, 1907, pp. 31, 34, 36, 37, hereinafter cited as N. G. Flagg and L. C. S. Flagg, "Family Records."

across the [frozen] lake and through new woodpaths to settle Potsdam, Canton, and the various communities about them."<sup>3</sup>

Azariah's future was to be affected by the spirit of the exodus, but, before young Flagg moved westward, he was to learn the printer's trade that would later influence his life. At the ripe old age of eleven, Azariah was apprenticed to a Mr. Baker, his father's cousin, who was a printer in Burlington. Here he spent the five years of his apprenticeship from 1801 to 1806. The apprenticeship over, Azariah entered the employ of Greenleaf and Mills, a firm of publishers. From 1808 to 1811, he was journeyman printer for the Sentinel in Burlington. During Azariah's apprenticeship, the Flagg family received a copy of Benjamin Franklin's Autobiography. This book profoundly influenced the life of young Flagg. Many years later, in August of 1868, Flagg wrote to John Bigelow<sup>4</sup> revealing the lasting impressions made on him by the Autobiography:<sup>5</sup>

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<sup>3</sup>Dixon Ryan Fox, Yankees and Yorkers (New York: New York University Press, 1940), pp. 190-193.

<sup>4</sup>John Bigelow was born on November 25, 1817, in Malden, N.Y. and died on December 19, 1911. He was editor, diplomatist and author. His Life of Benjamin Franklin reproduced the famous Autobiography, the manuscript of which he had discovered and correctly printed for the first time in 1868. He had most probably sent Flagg a complimentary copy of his work. William MacDonald, "Bigelow, John," Allen Johnson, ed., Dictionary of American Biography (11 vols.; New York, 1927-1957), I, part 2, 258-259, hereinafter cited as D.A.B.

<sup>5</sup>Keeseville-Essex County Republican, January 1, 1874; Plattsburgh Republican, August 8, 1868; New York Times, October 17, 1871; N. G. Flagg and L. C. S. Flagg, "Family Records," p. 48.



From the age of seventeen I think I had a just appreciation of the valuable teaching of Dr. Franklin, and it was my firm resolve to adhere through life to his maxims of economy. . . . After pursuing the printer's trade for fifteen years, important public trusts were confided to me, and I think that my word will not be questioned that for the nineteen years during which I served the state, I gave to the public the benefit of the sound precepts inculcated by that eminent man whose talents and virtues were so universally honored and respected by the civilized world. If I were called on for my opinion in regard to the most useful work to be placed in the hands of the youth of our country who are forced to begin the battle of life dependent solely on their own exertions, I should recommend a thorough study of the autobiography of Dr. Franklin.<sup>6</sup>

Flagg exemplified Franklin's maxims as a young adult when, reminiscing to Bigelow, he recalled how after his rather "irregular apprenticeship" his father agreed with Greenleaf and Mills that the money earned for all extra work would be his own. He was encouraged to take books from the publisher's bookstore to read after the day's work was done. In six weeks he read the ten volumes of Rollins' Ancient History. From the age of seventeen to twenty, he very diligently performed his daily chores and improved his mind by reading and attending school for three months to perfect his knowledge of arithmetic.<sup>7</sup>

In October of 1811, just before his twenty-first birthday, Azariah Flagg joined the westward migration and moved to Plattsburgh, New York. He was soon followed by

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<sup>6</sup>Keeseville-Essex County Republican, January 1, 1874.

<sup>7</sup>Ibid.

his younger brother Gershom, who during the War of 1812 joined a company of Vermont militia as drummer. The two brothers were participants in the Battle of Plattsburgh, Azariah as lieutenant and Gershom as drummer. After the close of the war, Gershom, who had studied surveying with a competent engineer in Burlington, determined to go west where he hoped to obtain work as a surveyor of the public domain or purchase land and develop a farm. While Gershom left for Ohio, Azariah chose to remain in Plattsburgh.<sup>8</sup> Azariah soon became associated with Colonel Melancton Smith, under whose editorial supervision he began printing the Republican.<sup>9</sup> This arrangement remained in effect until the spring of 1813, at which time he assumed the editorship and held this position until 1826. During this period, Flagg's editorial finesse gave the paper a broad circulation and, most importantly, a controlling influence in that part of the state.<sup>10</sup>

Within a year after Flagg's arrival in Plattsburgh, the United States became involved in the War of 1812. For

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<sup>8</sup>"Pioneer Letters of Gershom Flagg," edited by Solon J. Buck. Reprinted from the transactions of the Illinois State Historical Society for 1910, Illinois State Journal Company, State Printers, 1912, Springfield, Illinois.

<sup>9</sup>The Plattsburgh paper was known as the Republican until August 20, 1825, when it became the Plattsburgh Republican.

<sup>10</sup>H. W. Howard Knott, "Flagg, Azariah," D.A.B., III, part 2, 447.

Azariah, the spirit of 1812 was what the spirit of 1776 had been for his father. He served with distinction as a lieutenant in the 36th Regiment of the New York Militia in the defense of Plattsburgh. On September 11, 1814, the Americans defeated the British, but Flagg's presses and other printing equipment were lost in the battle. He and sixteen others were decorated by a special act of Congress with silver-mounted rifles for gallant services.

The smoke of the Battle of Plattsburgh had barely cleared when young Lieutenant Flagg married Phoebe Maria Coe on October 20, 1814. The place where the marriage took place was not given in the family records, but most probably it took place in Plattsburgh. Their marriage was blessed with three children: Martha Maria, born in 1816; Elizabeth, born in 1818; and Henry Franklin, born in 1823. The eldest daughter, Martha Maria, survived her parents and her brother and sister.<sup>11</sup>

Flagg's personal appearance was described by his contemporaries as follows:

In person Mr. Flagg is short and erect, with high forehead and light eyes. His address is frank and cordial with friends, and courteous to adversaries. His memory is remarkably retentive and his mind well stored with useful knowledge.<sup>12</sup>

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<sup>11</sup>N. G. Flagg and L. C. S. Flagg, "Family Records," pp. 48-49.

<sup>12</sup>Plattsburgh Republican, August 8, 1868.

Arthur Schlesinger, Jr., added to the above description that Flagg has "the air of a clerk" and was "dressed in blue stockings and a shabby coat. . . ." <sup>13</sup>

Flagg's military leadership during the Battle of Plattsburgh, and his editorship and energy, earned for him the public's confidence, making him popular with all political parties. Martin Van Buren was particularly attracted by Flagg's journalistic talents. Thus, his vigorous writing and dynamic speaking soon brought him to the political front. In 1822, he was elected to represent Clinton County in the New York State Assembly, and was admitted to the inner circle of the famous Albany Regency, the leading body of New York's Republican Party. <sup>14</sup> Flagg's election to the New York Assembly coincided with the ratification of the newly-revised New York State Constitution of 1822. He was again re-elected in 1824. During both his 1822 and 1824 terms in office, Flagg was prominent in obtaining the repeal of the freehold qualification which restricted the franchise for governor,

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<sup>13</sup> Arthur Schlesinger, Jr., The Age of Jackson (Boston: Little, Brown and Company, 1945), p. 178.

<sup>14</sup> N. G. Flagg and L. C. S. Flagg, "Family Records," p. 48; H. W. Howard Knott, "Flagg, Azariah," D.A.B., III, part 2, 447.

lieutenant governor, and senator to men possessing property taxable to the amount of \$250.<sup>15</sup>

Flagg played a major role in the attempt to change the electoral law. His tactfulness during the legislative proceedings led to his being appointed leader of the Committee of Nine by his Democratic friends. A bill was introduced by the Clintonians, a faction of anti-Van Buren Republicans, proposing the change of the electoral law. The change would have involved removing from the legislature the appointive power by which state offices were filled and conferring on the electorate the right to elect their officers. The Regency-Republicans, the pro-Van Buren faction led by Flagg's Committee of Nine, could not prevent the bill from passing the Assembly as that body was too numerous to control. But the Regency-Republicans were successful in the Senate as Flagg maneuvered the required seventeen senators into postponing the bill indefinitely. The bill was postponed because the Senate was unable to solve the question of whether it should require a majority vote to elect, and whether the election should be by districts or by a general ticket. The impression must not be given that the Regency-Republicans were against extending the elective franchise. What the Regency-Republicans

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<sup>15</sup>H. W. Howard Knott, "Flagg, Azariah," D.A.B., III, part 2, 447; Plattsburgh Republican, August 8, 1868.

opposed was the timing and precipitateness of the proposal which demanded that the bill be passed before the election of 1824. Flagg saw in the Clintonians a desire to appear as friends of the people at the time of a crucial election.<sup>16</sup>

With the approaching 1824 elections, the candidates increased their appeal to the electorate for support. With this aim in view, the Republican supporters of Henry Clay and John Quincy Adams persuaded Governor Joseph Yates to convene a special session of the legislature to reconsider the bill. During the special session, Flagg denied that the Senate's indefinite postponement of the bill created an emergency, and moved that a concurrent resolution adjourn the special session. This move was accepted and the special session adjourned which brought down upon Flagg the wrath of the Clay and Adams Republicans. Governor Yates, by calling the special session to reconsider the electoral bill, had overstepped his rights, not in calling the special session, but in giving the legislature the opportunity to act upon the bill again after it was indefinitely postponed.<sup>17</sup>

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<sup>16</sup>Kalman Goldstein, "The Albany Regency: The Failure of Practical Politics" (unpublished Ph.D. dissertation, Columbia University, 1969), passim, pp. 61-70, hereinafter cited as Goldstein, "The Albany Regency."

<sup>17</sup>Goldstein, "The Albany Regency," passim, pp. 70-83; Plattsburgh Republican, August 8, 1868; Keeseville-Essex County Republican, January 1, 1874; New York Times, October 17, 1871.

The Regency-Republicans were defeated in the 1824 elections largely because of party adherence to Van Buren's directions regarding the postponement of the electoral law. Among the defeated were the infamous seventeen senators, and Flagg lost his seat in the Assembly to Josiah Fisk. The party suffered a set-back resulting from their misjudgment of a political situation.

The Regency lost no time in recriminations, and by the 1826 elections had regained sufficient party strength to return the Van Buren supporters to office. Flagg was elected to the office of Secretary of State. Thus, ability and faithful adherence to Van Buren were rewarded.<sup>18</sup>

Flagg was elected again in 1829 without opposition. It was customary at the time for the Secretary of State to serve also as ex officio Superintendent of Common Schools and Commissioner of the Canal Fund and the Canal Board. Flagg's experiences as printer and editor, supported by his industriousness, prepared him for the demands of the numerous reports inherent in these offices. As Superintendent of Common Schools, Flagg was responsible for their adequate financing and improvements. His work covered such areas as education for the deaf and dumb, the apportioning of school monies, furnishing the counties with standard weights and measures, census of the several

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<sup>18</sup>Ibid.

congressional districts and of the state, the distribution and sale of the Revised Statues, publication of maps, and the transmitting of the reports of the surveys for the routes of the railroads.<sup>19</sup> A Professor Fowler of Middlebury College praised Flagg for his role in the advancement of popular education. Said Professor Fowler, "If one thing more than another has endeared . . . Azariah C. Flagg to the citizens of New York it is his exertions to promote the education of their children. . . ." <sup>20</sup>

Flagg's responsibilities as Commissioner of the Canal Fund and Canal Board required that he and his fellow commissioners implement the legislation regarding the construction, financing, and maintenance of the canals. Flagg devoted his personal attention to this work. His reports were characterized by brevity and clearness, and reflected his methodical nature which made them accurate and useful.<sup>21</sup>

As Flagg's formal schooling had been very limited, he was most fortunate in possessing "an intuitive knowledge

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<sup>19</sup>General Index to the Documents of the State of New York (prepared and published pursuant to a resolution of the Senate by T. S. Gillett, New York State Legislature, Albany, by Weed, Parsons and Co., 1860), pp. 152, 432, 433.

<sup>20</sup>Plattsburgh Republican, November 16, 1833.

<sup>21</sup>Albany Argus, *passim*, 1827-1832; Plattsburgh Republican, August 8, 1868.



of financial matters. . . . All classes placed implicit confidence in his ability and integrity."<sup>22</sup> Albert Gallatin, who was successively Secretary of the Treasury and diplomat, was president of the newly established National Bank of New York City from 1831 to 1839. He and Flagg guided the monetary policies of the state of New York during the worst days of the Bank War and the 1837 depression. Although this area will be treated more thoroughly in Chapter III, it would be helpful to know that both men planned for the sale of state bonds to the solvent banks in return for the guarantee that the banks would use the bonds to provide for the resumption of specie payments.<sup>23</sup>

After serving six years as Secretary of State (1826-1832), Flagg was elected to the post of state comptroller by the legislature. In this office, he succeeded Silas Wright who had been elected United States Senator. Flagg was re-elected as state comptroller in 1836 and served until 1839. Chapters III and IV will treat his two terms as comptroller more fully. In the 1839 elections, the Whigs

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<sup>22</sup>Plattsburgh Republican, August 8, 1868.

<sup>23</sup>Azariah C. Flagg, "Banks and Banking in the State of New York from the Adoption of the Constitution in 1777 to 1864" (Brooklyn: Rome Brothers, Printers, 1868), passim, pp. 47-85; David S. Muzzey, "Gallatin, Albert," D.A.B., IV, part 1, 109; Flagg Papers, passim, 1837-1838, New York Library; Gallatin Papers, passim, 1837-1838, New York Historical Society.

gained the ascendancy in the legislature, and Flagg lost his position of comptroller to Bates Cook of the opposition. In 1839, Flagg was appointed Postmaster at Albany by President Van Buren, and served until 1841, when removed by the Whig Postmaster General, Francis Granger.<sup>24</sup>

The presidential election of 1840 was the most exciting election of the first half of the nineteenth century. For the first time in the nation's history, the candidates were "sold" to the electorate by their party. While the elections of 1800 and 1824 were momentous in their political implications for the nation, the restricted franchise prevented the popular involvement that was characteristic of the 1840 election campaign. The elements of the parade, circus, and picnic enlivened the "Log Cabin" and "Hard Cider" campaign. Richard McCormick, in his analysis of the voting patterns before, during, and after the period of Jacksonian democracy, showed how none of the Jacksonian elections involved a "mighty democratic uprising." His explanations for voter indifference after 1820 pertained to the multiplicity of candidates in 1824, the absence of two clearly defined parties, and the one-sided political imbalance that existed in most states between the Jacksonians and their opponents. But, by 1840,

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<sup>24</sup>Dexter Perkins, "Granger, Francis," D.A.B., IV, part 1, 482-483; Plattsburgh Republican, August 8, 1868.

the Whigs had developed a well-defined party which presented relevant issues following the turbulent administrations of Jackson and Van Buren. This, according to McCormick, was the climax that produced the "mighty democratic uprising" and excitement at the polls.<sup>25</sup>

The Van Buren Republicans were headed for defeat in the November, 1840 elections. The long and stormy struggle over the Second Bank of the United States in the 1830's had polarized public opinion. By 1838, the once-powerful Regency had become only a shadow of its former greatness. Flagg devoted his energy to marshalling the forces of the weakened Regency, which were badly shaken and divided over the Bank War, the extent of internal improvements, and New York's fiscal policies in general. The newspaper, The Rough-Hewer, was created for the 1840 election campaign. To help rally the politically disunited Republicans, the paper carried the subtitle "Devoted to the Democratic Principles of Jefferson." Jeffersonianism was the binding force which hopefully would lead them to victory. The paper was published by a Thomas Burt, but was under the direction and inspiration of John A. Dix, Regency member and one-time governor of New York, and Azariah Flagg, who were both influential leaders of the party in New York State. The

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<sup>25</sup>Richard McCormick, "New Perspectives in Jacksonian Politics," American Historical Review, LXV (January, 1960), 288-301.

paper presented the issues in strong Jeffersonian language and the old antagonism between Jeffersonians and Hamiltonians was reviewed. The extent to which the Regency went to defend its policies against the attacks of the Whigs revealed the deep division in the Republican Party. The November elections of 1840 swept the Whig Party to victory.<sup>26</sup>

The Regency soon recovered its losses and, by November of 1842, the Democrats gained sufficient strength in the legislature to elect Flagg to his second term as State Comptroller. Resuming his former office, Flagg found the state's financial conditions in a deplorable state of insolvency. A brief conversation between Flagg and a friend at the Comptroller's office revealed Flagg's thinking on the matter: "You must feel at home here again, Sir," said the friend to Flagg. "Not at all," replied Flagg. "We left money here, but we find none now. Fine Turkey carpets and elegant furniture, but no money."<sup>27</sup>

The Whig Party's liberal fiscal philosophy was definitely at odds with the Democratic Party's more conservative fiscal policy. The Whigs were noted for their

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<sup>26</sup>Herbert D. Donovan, The Barnburners (New York: The New York University Press, 1925), pp. 26-33; The Rough-Hewer (Albany), May to December, 1840.

<sup>27</sup>Albany Argus, February 12, 1842.

liberal spending regarding the extension of canal construction without providing for their adequate financing. This rather irresponsible spending created tensions among the state legislators. Vigorous action on the part of the Regency led to the necessary, but unpopular, Stop and Tax Law of 1842. This act stopped for an indefinite period all canal construction that was considered not absolutely necessary. The act also provided for a direct tax on the people, the first since 1826. The provisions of the act took effect immediately:

Work on the canals and other public places was suspended, and about 10,000 laborers were thrown out of employment. . . . The financial embarrassment, the dissatisfaction of the working classes, and the general discontent presented an ominous foreboding to the party. Prominent politicians besought Flagg to prepare a report with figures to indicate an early resumption of labor and payment. This they argued, was the only hope to save the party. He utterly refused as the facts proved the impossibility of resumption within two or three years. "I will not save the party by any misstatement or evasion of the truth," he declared.<sup>28</sup>

No better representative statement of Flagg's fiscal philosophy can be given than that contained in the last sentence. He maintained a belief in the strict fiscal accountability to both the state and the electorate. He believed that the pay-as-you-go approach to financing was sounder and safer than the tenuous over-extension of credit

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<sup>28</sup>Donovan, The Barnburners, pp. 26-30; Plattsburgh Republican, August 8, 1868; Keeseville-Essex County Republican, January 1, 1874; New York Times, October 17, 1871.

which was prone to collapse with the vagaries of the business cycle. Gradually, through a long range plan of timed investments and payments on the debt, Flagg brought solvency to New York State. In his long career as comptroller, Flagg's integrity was never seriously questioned. The pro-Whig Hunker faction of the Democratic Party, however, was not in favor of his re-election as comptroller in 1842 because of his conservative hold on the state's expenditures when the Hunkers and Whigs believed a more liberal approach to spending was needed to advance internal improvements.<sup>29</sup> As a fiscal conservative, Flagg would be a thorn in the side of the Whigs and Hunkers who wanted greater fiscal latitude.

The Bank War and New York's canal fiscal policies constituted the big issues over which the factions in the Democratic Party finally went their separate ways. Governor William C. Bouck tried to placate both the conservative Hunkers and the radical Barnburners when the situation promised political dividends. It is a general principle that, when one seeks to please opposing sides, the attempt invariably ends in failure. Governor Bouck, first, and Governor Wright, later, would both suffer personal defeat over such an attempt. To compound the issue:

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<sup>29</sup>Donovan, The Barnburners, pp. 25-30.

The policy of the Whigs . . . was dictated by their natural eagerness to sow dissension and accumulate political credit. Whichever course seemed most likely to produce or to prolong dissension among their opponents, that was the course they supported. In the matter of state office appointments . . . and agitation for a constitutional convention they joined with the Radicals . . . on the Book Distribution law . . . and the printership quarrel, they joined the Conservatives.<sup>30</sup>

Donovan implied that the Whigs took advantage of the disunity within the Democratic Party to strengthen their own political position.

Shortly after the victory of 1840, Whig Party unity began to disintegrate, and, with the presidential election of 1844, the Whigs lost to the Democratic Party. Both Whig and Democratic Parties were plagued by factionalism, and dissatisfied elements within both parties frequently crossed over party lines to achieve their goals. It is not unusual for political parties in highly competitive election campaigns to exploit each other's weaknesses. But, paradoxically, in the election of 1843, the Democrats won 92 out of the 128 Assembly seats, and increased their representation in the Senate to 26 out of 32. That victory probably blinded both factions to the seriousness of the impending split, and both factions continued to hammer away at each other. The paradox of the Democratic victory may be explained by the fact that, although factionalism harmed

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<sup>30</sup>Ibid., p. 44.

both parties, the Democrats maintained a better party organization, and the defeat of 1840 goaded them on to greater effort to avenge their past defeat.

The supposed near-solid backing of Van Buren by the Democratic Party was badly shaken at the National Convention at Baltimore. He seriously jeopardized his chance for his second presidential nomination when he indiscretely made it known that he was opposed to the annexation of Texas, a measure then under hot discussion by Congress and generally favored by the majority of the party. That admission by Van Buren lost him the presidency. James K. Polk of Tennessee became the party's choice.<sup>31</sup>

Later, President-elect Polk consulted with the experienced Van Buren regarding Cabinet appointments. Both agreed that Silas Wright of New York was the best candidate for the post of secretary of the treasury. But since Wright had been previously persuaded to accept the governorship, hoping his talent would pull the New York Democratic Party together, he had to decline the position. Van Buren and Wright recommended Flagg or Churchill C. Cambreleng for the position. Cambreleng was a congressman and diplomat from North Carolina who was also a Jackson and Van Buren supporter.<sup>32</sup> Van Buren stated that "Flagg's reputation in

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<sup>31</sup>Ibid., pp. 47, 48, 61.

<sup>32</sup>Ibid., p. 62.



this state stands higher . . . as a financier than that of any man who has ever gone before him. . . ." <sup>33</sup> None of the suggested appointments materialized. Polk felt obligated to the New York Democrats for nominating him, and consequently he offered the treasury and state department posts to them. Polk would have gladly accepted Silas Wright as secretary of the treasury, but, when Wright could not accept, Polk ignored Van Buren and Wright's alternate selections of Flagg and Cambreleng. Polk regarded Flagg and Cambreleng as minor political figures having too little political influence for the positions. Hence, they never received the appointments. The New York Democrats, particularly the Barnburner faction, never quite forgave Polk for his seeming insincerity vis-a-vis New York State. Thus, Flagg's opportunity for the post of secretary of the treasury vanished. <sup>34</sup>

The division within the New York Democratic Party widened as the Polk Administration pursued its course. The commanding force of the Regency was not there to give unity and a sense of purpose to the party. Michael Hoffman, democrat and personal friend of Flagg from Herkimer, New York, Wright, and Flagg devoted time and effort to supply the leadership by trying to pull together the strongest democratic elements in the party. If Flagg's role during

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<sup>33</sup>Draft of Letters of January 18, February 2, 1845, Van Buren Mss., LII, quoted in Donovan, The Barnburners, p. 63.

<sup>34</sup>Donovan, The Barnburners, pp. 52-59, 62-63.

the 1840's appeared to be less prominent, it was because he was more occupied with party issues. The banking crisis had been solved to a great degree, and the state constitution of 1846 settled New York's fiscal problems for the time being.<sup>35</sup>

The several rocks on which the unity of the Regency splintered during the 1840's were Polk's cabinet appointments, the attempt to remove Edwin Croswell as the state printer by H. H. Van Dyck in 1843, the libel suit of 1846 between the editors of the Albany Atlas and the Albany Argus (radical and conservative papers, respectively), and the wrangling over the state's bank and canal fiscal policies. The Democratic losses in the 1846 election dramatized by Silas Wright's defeat in the gubernatorial race for a second term compounded the troubles. Wright, the once prominent and influential United States Senator who had sacrificed his position at the request of the Regency in order to unite the party, ended his days on his farm in Canton, New York, as a yeoman farmer, with an addiction to alcohol. The Hunkers feared that the Barnburners were drawing Governor Wright to their views on the canal policies in particular and on national policies in general. The Barnburners accused the

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<sup>35</sup>Preston King to Flagg, November 17, 1847; John A. Dix to Flagg, January 16, 1848, Flagg Papers, Columbia University; Wright to Flagg, passim, 1844-1847; Hoffman to Flagg, passim, 1847-1848, Flagg Papers, New York Public Library.

Hunkers of opportunism, and of siding with the Whigs whose chances of victory at the polls were more likely, thus assuring them of the political plums of state appointments. This "hankering" after office revolted the "pure" Barnburner Democrats. However, both factions maneuvered for appointments but the Barnburners did so without compromising with the Whigs. The cause of the final collapse of the Barnburner party was its "restoration" of Jeffersonianism while the Hunkers and Whigs more readily adapted to the imperative needs of a rapidly expanding nation. Hence, the New York State Constitutional Convention of 1846 and the several state elections were marked by strong opposing views and maneuvering for office appointments.<sup>36</sup>

Both the Hunker and Barnburner parties planned to muster enough support to select the delegates to the 1847 state convention at Syracuse, New York. To the difficulties that already plagued the Democratic Party was the added controversy that was stirred by the Wilmot Proviso of 1846-1847. This further polarized the party's delegates, forcing them into a pro-slavery or anti-slavery position.

The Hunkers proposed a "clean sweep" approach as a method of solving the long-standing schism. They proposed that "new men," who had not been politically involved with either faction previously, be elected as candidates for the

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<sup>36</sup>Donovan, The Barnburners, passim, pp. 65-83, 90-91.

state offices. The new state constitution of 1846 provided that these offices would be filled, for the first time, by popular vote. But this proposal only added fuel to the fire. The Barnburners had no intention of sacrificing John Van Buren, the son of Martin Van Buren, as State Attorney General, or Azariah Flagg as comptroller. The Barnburners responded to the Hunkers "with sarcastic ridicule, and denounced it as an insincere subterfuge of clever politicians."<sup>37</sup>

The Barnburners were concerned with political and fiscal reforms. The Hunkers considered the Barnburners' approach to reform as being too stringent. The Barnburners, according to the Hunkers, were throwing out the baby with the bath water or, to use the Hunkers' metaphor, the Barnburners were burning down the barn to rid themselves of the rats (destroying or retarding their work on canals and railroads for the sake of a balanced budget). Flagg was a reform-minded Barnburner leader but never a radical. He later withdrew from the movement when the extremists threatened to divide the party further.

Among Flagg's greatest contributions to the party was his work during twelve years as comptroller of New York in the periods 1832-1839 and 1842-1847. With such a record to his credit, Flagg saw no reason why he should accept the

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<sup>37</sup>Ibid., p. 91.

untried "new man" proposal of the Hunkers.<sup>38</sup> Flagg, therefore, refused to resign, thus exposing himself to the wrath of the Hunker faction.

He was therefore attacked as being too selfish to sacrifice himself for party harmony, and thus as an offender against the very principle of "rotation in office" which he had so strongly invoked against Crosswell in the state printership fight. He was denounced as "factious and intolerant" and as having "in several instances advised minorities to bolt and establish separate organizations under a promise from him and others connected with him that they should be sustained. He is an old offender against the peace and the usages of the Democratic Party." Finally, Flagg's financial sense, always his pride, which had earned the respect of the highest party leaders for years before, and had given him such unprecedented tenure of office--even that was assailed. . . . Flagg had vigorously opposed the enlargement of the Erie Canal and the extension of the lateral canals. He had prophesized that canal receipts would never be any higher, yet they had doubled within three years. There is no doubt that the fighting comptroller was losing popularity; and, overlooking his past services and unaware how many of his prophecies would yet be fulfilled, his enemies swarmed to the attack.<sup>39</sup>

Donovan stated that "Flagg had vigorously opposed the enlargement of the Erie Canal and the extension of the lateral canals." Although this issue will be treated at length in Chapter IV, it is important to point out briefly that Flagg refuted that accusation. In his published response to Samuel B. Ruggles, a Whig Canal Commissioner, concerning the canal policy of New York State, Flagg

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<sup>38</sup>Preston King to Flagg, November 17, 1847; John A. Dix to Flagg, January 16, 1848, Flagg Papers, Columbia University.

<sup>39</sup>Donovan, The Barnburners, p. 92.

explained that he was not against the construction and extension of canals, but against the inadequate and unsound financing of the construction. While the Erie Canal revenues proved to be lucrative, several of the lateral canals became financial liabilities.<sup>40</sup>

The Whigs and Hunkers pursued the "new man" approach during the 1847 election campaign. Quite often the political career of an "old time" politician has been threatened by the charm and freshness of a new star on the political horizon. True to form, the Democratic press jumped on the band wagon and took up the cry for "new men" as a possible panacea for Democratic disunity. There can be nothing more devastating politically than a press which has discovered a submerged and unexpressed popular opinion. In spite of its efforts, the Barnburner press failed to overcome the power and appeal of the "new man" movement.

The party's state convention held at Syracuse on September 29, 1847, proved to be a stormy one indeed.

In the heat of debate all the pent-up reproaches of the previous five years, the personalities, the insinuations, were flung back and forth . . . the efforts of the Radicals were branded as the last struggle of the Albany Regency to maintain itself in a position where

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<sup>40</sup>Azariah Flagg, "History of the Canal Policy of the State of New York in review of a letter written by Samuel B. Ruggles to some citizens of Rochester," New York State Library.

it had become odious . . . the Hunkers were attacked as the "Albany clique" who would "rule or ruin" the state.<sup>41</sup>

The Hunkers were better united and enjoyed a wider support from the delegates. During the proceedings of the convention, frustrated Barnburners left the convention alleging unfair treatment. Some of the radicals themselves were divided on some issues, such as upholding the national administration and the replacing of Flagg as comptroller.

The secessionist Barnburners called a mass convention of their own to meet at Herkimer in October, 1847. Martin Van Buren and Flagg feared that this secessionist convention would further weaken them, thus giving the Hunkers an added advantage. Van Buren and Flagg agreed that the party had suffered as much damage from "these hotspurs . . . as much as from any other source."<sup>42</sup> Flagg was definitely no flaming radical.

Flagg's censureship of the 1847 secessionist Herkimer convention did not prevent the movement from gaining in respectability and unity:

It was the first official gathering of the Barnburners and took on the character of an assemblage of the ex-president Van Buren's friends. Its spirit was that of uncompromising determination to carry on the fight

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<sup>41</sup> Donovan, The Barnburners, pp. 92-94.

<sup>42</sup> Van Buren Mss., LIV, 12619-20, quoted in Donovan, The Barnburners, p. 95.

for pure Jeffersonianism. It was believed that the Radicals of the state now had something more to hold them together than mere dislike, however strong or well founded, of their opponents. In addition to the old issue of up-holding the policy of economy and solvency within the state, the opportunity now presented itself of advocating a great moral issue in the nation, and of fighting to commit the party as a whole to its advocacy.<sup>43</sup>

Flagg did not participate in the 1847 secessionist Herkimer convention as it did not have the approval of the party at the Baltimore convention. In the November elections of that year, Flagg was defeated in his bid for re-election as comptroller. The political odds were simply too great. By February of 1848, Flagg had taken up residence in New York City. This marked the first time since 1826 that Flagg had resided outside of Albany.<sup>44</sup>

John Van Buren and Churchill Cambreleng, however, decided to "adapt" their loyalties to the new secessionist group, which would later merge with the Free Soil Party in 1848. John Van Buren prepared the convention address and Cambreleng presided. Flagg continued his interest in New York politics through correspondence with Michael Hoffman and Silas Wright of New York. Flagg could not break with the acquaintances of a lifetime so he remained within the

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<sup>43</sup>Donovan, The Barnburners, pp. 96-97.

<sup>44</sup>Wright to Flagg, February, 1848, Flagg Papers, New York Public Library; Donovan, The Barnburners, pp. 96-97.



Democratic Party, but he always maintained his anti-slavery position.<sup>45</sup>

The controversy between the Hunker and Barnburner factions continued during 1847 and 1848. Both held independent conventions open to members of the opposite faction, hoping to create a platform on which a majority would agree, but this failed. Both Hunkers and Barnburners elected a full set of delegates to the 1848 National Convention at Baltimore. Each hoped to receive national recognition and to remove the South from the leadership of the party. These hopes were shattered when the Barnburners refused to support the candidates chosen by the national convention. The fears of coalitions maneuvered by the more powerful Hunkers made the Barnburners apprehensive for their candidates. The memory of Martin Van Buren's defeat in 1844 was still fresh in their memory. Another serious obstacle was the arrangement made for the seating of the full set of delegates of both factions. This unusual situation required that "each delegate was to have only one-half vote." The Barnburners categorically refused, "for they argued, with sound logic, that it would savor of a time-serving spirit of compromise and destroy the basis of their assertion that

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<sup>45</sup> Flagg to Wright, passim, 1847-1848; Hoffman to Flagg, passim, 1847-1848; Wright to Flagg, passim, 1847-1848, Flagg Papers, New York Public Library.

they were contending for a principle." The principles of Jeffersonianism were becoming clearer and more important in the Barnburner movement.

Before withdrawing from the convention, the Barnburners reiterated to their Hunker opponents the areas of major contention. The Hunkers opposed the Independent Treasury, were hostile to the Stop and Tax Law of New York in 1842, lobbied against the tariff of 1846, fought to prevent a constitutional convention in 1846, treacherously defeated Silas Wright in 1846, attempted at the Syracuse convention of September, 1847, to subvert the traditional organization of the party, and supported the extension of slavery into the territories.<sup>46</sup>

The bolting Barnburners were given a hero's welcome on their return to New York City. The temper of the speakers and the enthusiasm of the crowd at the rally greatly encouraged the calling of "a state convention for the purpose of organizing an independent movement to 'prevent a repetition of the treason of 1844'. . . ."47

Flagg, now residing in New York City, observed from the sidelines the radicalization of the Barnburner movement. Flagg's correspondence at this time with Wright and Hoffman revealed his disapproval of, and apprehension for, the

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<sup>46</sup>Donovan, The Barnburners, p. 98.

<sup>47</sup>Ibid., pp. 99, 100.

future of the party. Flagg was not convinced of sufficient support for the maverick movement not called for by the Baltimore convention. For the second time Flagg disapproved of the convention-bolting Barnburners. He was a Democrat of the pure Jeffersonian persuasion, but stopped short at violent or extraordinary means of achieving his goals. But, by this time, Flagg was no longer the strong, influential leader of the party. The merging Barnburners and Free Soilers were gaining in power and prestige independently of Flagg who was in faraway New York City.<sup>48</sup>

The state convention was set to meet at Utica, New York, on June 22, 1848. The platform agreed upon was the traditional and "historic Democratic doctrines."<sup>49</sup> Much time and effort were devoted to the question of slavery in the territories. Martin Van Buren was persuaded to accept the party's nomination for president. The new party gained in popularity and developed considerable momentum. Its "convention at Buffalo was one of the most spectacular and remarkable gatherings of all that eventful period."<sup>50</sup> The new party gathered in all the discontented, disaffected,

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<sup>48</sup> Flagg to Wright, passim, 1847-1848; Hoffman to Flagg, passim, 1847-1848; Wright to Flagg, passim, 1847-1848, Flagg Papers, New York Public Library.

<sup>49</sup> Donovan, The Barnburners, p. 101.

<sup>50</sup> Ibid., pp. 102-104.

revengeful, and indifferent of the past decade. "Little wonder that a body composed of such men inscribed on its banners 'Free Soil, Free Speech, Free Labor, and Free men,' and resolved to make the fight [a national one]." <sup>51</sup> The campaign acquired the religious fervor and missionary spirit that often characterize third party elections.

The Barnburners, as such, reached their zenith with the 1848 political campaign. Although the voters failed to elect Van Buren as president, neither was Lewis Cass, the Democratic nominee, elected. "With the defeat of Cass, the Barnburners had attained their much-desired object of punishing the 'treason' committed against their chiefs in 1844 and 1846." <sup>52</sup>

Flagg was fifty-seven years old when he was defeated for another term as comptroller in 1847. He was succeeded by the Whig candidate, Millard Fillmore. However, Flagg was hardly settled in New York City when he was sought out by the management of several railroad companies. A man of Flagg's caliber and experience was not to be overlooked. He successively became president of the Hudson River Railroad Company, the treasurer of the Chicago and Rock Island Railroad, and the trustee of several other railroads. A

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<sup>51</sup> Ibid., pp. 105-106.

<sup>52</sup> Ibid., p. 110.

study of some of Flagg's reports indicated that he brought to these new positions the same astuteness and integrity that had become by now almost legendary. In his "Circular to the Stockholders and Bondholders of the Chicago and Rock Island Railroad Company" of December 1, 1857, Flagg quickly diagnosed the evils plaguing the railroads. These evils expressed themselves in the form of unreasonably high dividends to stockholders, for the sake of increasing the sale of more stocks, and the creation of fictitious capital beyond the money expended in construction. The over-extension of credit financing created extreme indebtedness which became the bane of the railway system of the United States. Flagg's past experience in handling the inadequate and unsound financing of the canals was brought to bear on the fiscal policies of the railroads as well.<sup>53</sup> In that same circular Flagg informed the Stockholders and Bondholders of the Chicago and Rock Island Railroad Company about the necessary steps to be taken to insure the prosperity of the road. In a resolution prepared for the shareholders' consideration, Flagg proposed that dividends should not be

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<sup>53</sup>Azariah C. Flagg, "Circular to the Stockholders and Bondholders of the Chicago and Rock Island Railroad Company," (New York: William C. Bryant & Co., Printers, December 1, 1857), p. 2, hereinafter cited as Flagg, "Circular to Stockholders and Bondholders"; Plattsburgh Republican, October 27, 1871; Julius W. Pratt, "Fillmore, Millard," D.A.B., III, part 2, 380.

paid except from the earnings and revenues of the railroad after paying the cost of repairs, equipment, and all other expenses relative to the road's business. This would also include interest on obligations as they become payable. It becomes evident throughout the circular that Flagg exercised the same restraining hand on the railroad company's tendency to indulge in excessive payment of dividends, and of over-spending without providing for sound financing of debts, as he had exercised over the canals. Flagg's sense of justice made him the only member to vote against a proposal to pay a twelve and a half percent dividend to stockholders while ignoring the bondholders. Flagg reasoned that it was the security of the bondholders' loans that had supported the railroad during its early days of growth while the stockholders had received dividends regularly. Flagg recommended the reinvestment of the proposed dividends instead. Although the railroad had enjoyed a surplus in revenues, Flagg did not digress from his conservative fiscal policies. A temporary surplus was not a sufficient cause to change fiscal policies for long periods of time.<sup>54</sup>

In 1851, Flagg published an article on the development of railroads and canals in New York State. The article described how the state legislature in cooperation

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<sup>54</sup>A. C. Flagg, "Circular to Stockholders and Bondholders," passim, pp. 2-37.

with various interest groups planned and executed the building of canals and railroads throughout the state. The article was later published serially in Hunt's Merchants' Magazine.<sup>55</sup>

The troubled finances from another quarter of New York State would soon require Flagg's hard-nosed fiscal experience. The taxes of New York City had by 1852 risen to an unprecedented \$3,000,000. New Yorkers became alarmed and leading citizens scheduled a public meeting to institute reforms. Mr. James Boorman, then president of the Hudson River Railroad, introduced a resolution recommending Azariah Flagg as the only person who could set the city's chaotic finances in order.

By 1849, the factions of the Democratic Party had achieved a frail union which held together to some degree by the election of 1852. Whatever may have been the current political temper, Flagg was elected comptroller by a 6,000 majority. Fate destined Flagg to be with the figures and ledgers he so well understood. He held this office until November, 1858, when total blindness forced him to retire.

From 1852 to 1858, Flagg devoted his time and fiscal knowledge to the complex task of comptroller of the

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<sup>55</sup>Azariah C. Flagg, "Internal Improvements in the State of New York," passim, pp. 1-34, New York Public Library. (Originally published in the Merchants' Magazine, 1851.)

fast-growing city. Again, his fiscal conservatism and Puritan heritage served him well, but made enemies also. Flagg did not alter his fiscal creed from what it had been as comptroller of the state, or when asked to assume the position of president or treasurer of railroads. All obstacles to his fiscal philosophy were met with the same adamant response as before. A balanced budget must be maintained at all times. Several anecdotes reveal the true Azariah Flagg:

During all his public career he never signed a blank check (as many public officers do), and confide their drawing to a deputy, but personally attended to that and every duty. In the payment of money out of the City Treasury he was very circumspect. . . . When any of the charges seemed . . . unreasonable, he would refuse to honor it until it was properly explained or altered. Sometimes these disputed bills would be argued for by other city officials. But it availed nothing and their entreaties or wrath did not alter the determined and honest comptroller. No matter how a bill might be audited or endorsed, unless it was known to be right it was not paid.<sup>56</sup>

It was not uncommon for Flagg to cancel orders of some official who expected to enjoy costly furnishings at the expense of the state. A common saying went, "The comptroller will spoil that job!" One striking example of his strong sense of justice and accuracy is revealed in the following:

On one occasion the bill for the payment of a large contract for filling certain sunken lots was presented. He at once suspected a trick. A surveyor was engaged, and the exact number of cubic yards filled in was ascertained to be much less than represented on the

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<sup>56</sup>New York Times, October 17, 1871.



bill. He refused payment. Strong politicians pleaded in vain. Suit was commenced against the city, but the bill was never paid during his term. Over five-hundred such contested claims were left in the Corporation Counsel's hands when Mr. Flagg retired.<sup>57</sup>

One who possessed such administrative integrity and competence as to maintain New York State's solvency also succeeded by the same means to provide for himself and his family a comfortable retirement. Totally blind at sixty-eight years of age, Flagg retired to his home at 469 West Twenty-third Street, London Terrace, New York City, with his wife and daughter. It was blindness, not age, that forced Flagg to retire. His keen mind and personal involvement kept him abreast of what was happening both in the political realm and the financial affairs of the nation and of the state of New York. The New York Times was read to him, most probably by his daughter Maria. The Tammany Ring frauds were being brought to public attention by the courts. Flagg, who remembered the frustrations over the unsound fiscal policies of New York State's banks and canals, reacted with amazement at the crassness of New York City's corruption. Flagg commented to the many and influential men who frequently called on him that, when he assumed the comptrollership of the city in 1852, the people were alarmed at the \$3,000,000 debt. Regarding the present situation, he

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<sup>57</sup>Ibid.

said: "How can we realize the mountain of debt that we now confront, and the story of deviltry connected with it! If this did not cause an uprising of the people what would become of us--where would we drift to?"<sup>58</sup>

Flagg's unmarried daughter Maria served as his traveling companion when he traveled about the city. They became familiar figures in the Wall Street district as they visited the banks and offices where a long career left him unfinished business. The traffic policemen must have become accustomed to the familiar pair, especially for one of them who considered it a "special honor" to have helped him into a stage. On this occasion the officer who had just assisted Flagg remarked to a bystander, "That's Azariah Flagg."<sup>59</sup>

Flagg's blindness for the fourteen years prior to his death did not dampen his naturally optimistic outlook, and he continued to take a lively interest in political events. He frequently contributed to newspapers on the public questions of the times and published articles on the history of banking, canals, and railroads. Flagg's achievements as comptroller of the city of New York will be treated more fully in Chapter IV.

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<sup>58</sup>Plattsburgh Republican, August 8, 1868, October 27, 1871, November 28, 29, 1873; New York Times, October 17, 1871.

<sup>59</sup>New York Times, October 17, 1871.

In 1870, three years prior to his death, Congress passed a law by which a pension was voted for the veterans of the War of 1812. Flagg received his pension money on September 11, 1870, the anniversary of the Battle of Plattsburgh in which he had participated. Flagg was blessed with fine intellectual, moral, and natural gifts, and added to these was the gift of a long life, but this last gift was brought to a close on November 26, 1873, two days before his eighty-third birthday.

The Plattsburgh Republican of November, 1873, published the obituary of him who had once been its printer and publisher. "The City papers [New York Times] bring the intelligence of the decease of an old and honored citizen of Clinton County--Hon. Azariah C. Flagg, who died in the City of New York, Monday night, November 26, at the good old age of 83 years." In a letter to the editor of the Evening Post, a writer, who signed his name as E. D., gave a most fitting tribute when he wrote: "The State of New York owes him a monument. The Erie Canal would have been built without De Witt Clinton, but New York would not have preserved her grand record without Azariah C. Flagg."<sup>60</sup> Former President

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<sup>60</sup>Plattsburgh Republican, November 28, 29, 1873; H. W. Howard Knott, "Flagg, Azariah," D.A.B., III, part 2, 447.

Van Buren, founder of the famous Albany Regency, praised Flagg's achievements when he said of his former co-worker that he never knew a man "more exclusively devoted to the public interest or who labored with a purer or more disinterested zeal for their advancement."<sup>61</sup>

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<sup>61</sup>Alexander C. Flick, ed., History of the State of New York (10 vols.; New York: Ira J. Friedman, Inc., 1962), VI, pp. 54-55.

## CHAPTER II

### FLAGG'S ROLE IN THE ALBANY REGENCY DURING THE 1820'S

In the year 1800, the United States was on the threshold of a new era. The political creed of the Jeffersonians demanded a return to the democratic principles of 1776. The established Federalists, led by John Adams and Alexander Hamilton, desired to place the powers and privileges of government positions in the hands of the wealthy, educated, and well-born. But, by 1800, the American people had achieved a conscious renewal of their democratic heritage and principles and were ready for a change.

In 1800, the Democratic Republicans won the presidential election, and a victorious Thomas Jefferson characterized his party's triumph as the "Revolution of 1800." Although Federalists did not occupy top elective offices in the national government after 1800, Federalist philosophy continued to influence legislation and to harass the Jeffersonians. The dichotomy between the Democratic Republicans and the Federalists was particularly disruptive

during the events leading to the declaration and waging of the War of 1812 and its aftermath. Although the defeated Federalists ceased to have a party after 1816, they continued their influence indirectly through the courts and through various political coalitions.

The War of 1812 had revealed a growing manifestation of sectionalism. The nation which in 1776 numbered thirteen independent states, mostly limited to the Atlantic seaboard, had by the 1820's increased to twenty-four, and had extended itself into the Ohio Valley, over the Appalachian Mountains, and across the Mississippi River. The nation's desire for increasing wealth and opportunities created pressures on the national and state governments which gave rise to powerful interest groups within the Democratic Republican Party. This national growth required definite political, economic, and social adjustments.

The statesmen of the Northeast and Southeast realized that the continued development and dominance of their sections depended upon their capturing the trade of the west. The most efficient means of achieving their share of the western trade lay in the development of roads, turn-pikes, canals, railroads, and steamboats. These developments required vast amounts of capital which few of the states could afford, and appeals were made to the federal government for subsidies. Alexander Hamilton's

Federalism would have strongly supported such government aid. On the other hand, Jefferson's concept of a good government was "one that governed least." The role of the federal government, according to this view, should be greatly curtailed. The government should not be concerned with banks, a powerful military, or the subsidizing of turnpikes, canals, railroads, and steamboats.

By the mid-1820's, the three sections of the country responded to the creed of the Jeffersonians and Hamiltonians according to their respective needs. The Northeast advocated high protective tariffs, high-priced public lands, and federally financed internal improvements. The South, however, depending on cotton exports to the North and to Europe in exchange for manufactured goods and capital, demanded low tariffs, no nationally supported internal improvements, and high-priced public lands. The South's limited economy was compounded by the fact that it was supported by a self-perpetuating slave class. The growing Abolitionist movement in the North and several slave revolts in the South convinced the slaveholder that this institution was being threatened.

The West was the newest and fastest growing section of the nation. As such, it was the most nationalistic, as states' rights had not had time to develop. Washington was the Mecca toward which the West turned for support. The

West demanded low-priced public lands, protective tariffs, and federally sponsored internal improvements.<sup>1</sup>

After several presidential vetoes were sustained on appropriations for internal improvements, a number of states assumed the burden of financing and constructing their own canal and railroad systems. In this monumental task, New York State was fortunate in having the masterly De Witt Clinton, nephew of George Clinton, as builder and financier. But not all the states had a De Witt Clinton or the capital to finance their own internal improvements. New York was singularly favored with a topography that was conducive to canal building. On the eastern side of the state, three major bodies of water ran in a direct north-south line. Lake Champlain, Lake George, and the Hudson River, when connected by the Champlain Canal, provided water transportation from the Canadian border on the north to the ocean port at New York City. Water transportation was provided from west to east when the Erie Canal connected Lake Erie with the Mohawk River. At Albany, the Mohawk River joined the Hudson River, providing a continuous water route to New York City.

In addition to the favorable topography, a wave of emigrating New Englanders enriched the state. By the early

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<sup>1</sup>Ray A. Billington, Westward Expansion (2nd ed.; New York: The Macmillan Company, 1960), p. 353.



1800's, the resources of New York State would be tapped by emigrating New Englanders whose lands and resources had become insufficient to support an ever increasing population. New York State became the new home for some, where life found a new impetus, while for others the state provided the easiest and quickest route to the Ohio Valley and the West. This route followed the Hudson and Mohawk Rivers which were joined to Lake Erie by means of the Erie Canal in 1825. Thus, the Great Lakes would be joined with the Atlantic Ocean making the settlements along the waterway centers of population and commerce.

The westward migration increased New York's population and wealth to such an extent that the state became known as the "Empire State." It had long been a key state, commercially and politically, and the added population and wealth served to make the state's history richer and more complex.<sup>2</sup> Dixon Ryan Fox, in Yankees and Yorkers, attributed the state's early economic growth, cultural richness, and political complexities to the "rivalries between English and Dutch, Presbyterian and

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<sup>2</sup>Alexander C. Flick, ed., History of the State of New York (10 vols.; New York: Ira J. Friedman, Inc., 1962), V, passim, pp. 143-215, 257-356; Dixon Ryan Fox, Yankees and Yorkers (New York: New York University Press, 1940), pp. 190-193.

Anglican, merchants and farmers . . ." of Colonial times.<sup>3</sup> This rivalry spawned party spirit which frequently led to the formation of factions and coalitions. The Democratic Republican Party would soon be confronted by these forces.

Fox further explained that the 1777 New York State constitution was decidedly conservative, and "probably without intention, provided remarkable opportunities for intrigue." Whatever else may have contributed to this affinity for intrigue, "there developed in New York a facility and competence in party organization far beyond what other states could show. It was not surprising, then, that New Yorkers managed Northern politics and often those of the nation."<sup>4</sup>

A state constitutional provision which opened the door to intrigue and maneuvering was the Council of Appointment. A vestige of colonial rule, where the royal governor exercised his prerogatives by appointing members to his council, the Council of Appointment, under the 1777 constitution, provided the opportunity to the party in power to appoint its party faithful to state and local offices. The Council of Appointment was composed of the governor and

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<sup>3</sup>Fox, Yankees and Yorkers, p. 20.

<sup>4</sup>Fox, Yankees and Yorkers, p. 20; De Alva S. Alexander, A Political History of the State of New York (3 vols.; New York: Ira J. Friedman, Inc., reprinted 1969), I, passim, pp. 8-16.

four senators, the four senators being chosen annually by the Assembly. De Witt Clinton, as a state senator, was elected to the Council in 1801, and he would change the role of the senators on the Council.

It had been customary for the governor to propose appointments and for the [senators] to advise, ratify, or reject. Clinton vigorously disputed this interpretation of the constitution, claiming that any member could introduce names, and he and Governor Jay debated their respective positions in written argument before the Assembly. The matter was left to a constitutional convention which, controlled by [Jay's] opponents, sustained Clinton's interpretation. . . . Now virtually in control of the council, Clinton took the lead in supplementing Federalists with Republicans, on principle, and thus has been blamed by historians as the father of the spoils system in the United States. . . .<sup>5</sup>

The Council of Appointment thus became a powerful means by which party members who aspired to office were politically kept in line and forced to abide by and promote the party's creed.

An insight may be gained into the political maneuverings of the times and of how the powers of appointment were used by an examination of De Witt Clinton's striving for the presidency. A capable statesman and politician, Clinton had by about age twenty arrived at a considerable degree of political influence. From 1797, he served in various state political offices as assemblyman,

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<sup>5</sup>Dixon Ryan Fox, "Clinton, De Witt," Dumas Malone and Allen Johnson, eds., Dictionary of American Biography (11 vols.; New York, 1929-1958), II, part 2, 222, hereinafter cited as D.A.B.

senator, in the Council of Appointment, mayor of New York City, and lieutenant governor, always working with the political groups that offered most support even if it meant working with groups opposed to his own party.

In 1812, his uncle, George Clinton, who was Madison's vice-president, died during the closing days of his term. De Witt Clinton saw an opportunity to achieve his desired position. His Federalist supporters recommended him as a man who could stop the War of 1812 with England, while the Republicans believed Clinton would fight the war more vigorously than Madison. The New York State legislature nominated him as presidential candidate while Madison was renominated by a congressional caucus. This was the first time a state challenged the mode of nomination by congressional caucus. Thus, the Democratic Republican Party of New York had two presidential candidates to support.<sup>6</sup> When the state legislature convened to choose the presidential electors, Martin Van Buren managed the caucus, as his position as state senator placed him in the role of party leadership. Van Buren's suggestion to divide the electors on the basis of the respective legislative strength of the Madisonians and Clintonians was rejected, thus giving Clinton New York State's entire vote. Clinton would have been the fourth president of the United States if he could

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<sup>6</sup>Ibid., pp. 221-223.

have swung Pennsylvania's twenty-five votes. This defeat brought in its wake Clinton's loss of the renomination for lieutenant governor and, in 1815, his removal as mayor of New York City. The loss of the mayor's office was caused by political pressures exerted by the Tammany Society and by Clinton's consorting with the Federalists, which hurt his standing with his own party in New York.

De Witt Clinton was destined to become the governor of New York State later, but only after some adroit moves and help from the Federalist majority in the New York State Assembly. In February, 1816, the New York legislative caucus instructed its delegation in Congress to support New York Governor Daniel Tompkins for vice-president, while at the same time renominating him for governor. The congressional caucus nominated Tompkins as Monroe's vice-presidential running mate. Interestingly, Tompkins was elected to both offices. A combination of Bucktail Republicans, Coodies, and High-Minded Federalists united to prevent Clinton from succeeding Tompkins as governor.<sup>7</sup>

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<sup>7</sup>The Bucktails were Republicans in New York State who opposed De Witt Clinton. The name resulted from a custom observed by the members of the Tammany Society, the group that formed the core of Clinton's enemies. They hung deer tails in their hats at public meetings, hence the name, Bucktails. The name Coodies was coined by De Witt Clinton to describe the Federalists opposed to him. The title originated from the pseudonym "Abimelech Coody" which Guillian C. Verplanck, the leader of the Federalists, employed in pamphlets satirizing Clinton. The High-Minded Federalists were given this sarcastic [continued on page 49]

Tammany leaders proposed that Tompkins serve out his term while acting as vice-president, or that John Tayler, who was elected lieutenant governor, fill out the unexpired term. But the state constitution specified that the lieutenant governor could perform the duties of governor only until the next annual election. Governor Tompkins resigned in March, 1817, to become vice-president and Clinton was nominated as his successor by the first state convention. Despite the opposition of the Tammany Society, Clinton was elected governor by an overwhelming majority.<sup>8</sup>

The relationship between Martin Van Buren and De Witt Clinton cooled considerably because of the maneuverings over Clinton's canal plans and his election as governor. Van Buren had been elected state senator in 1812 and was re-elected in 1816, at which time he was also chosen state attorney general. Clinton desired greater party unity, but Van Buren would cooperate only if Clinton resigned his hard-won governorship (to Tompkins) and

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<sup>7</sup>[Continued] description by Clinton which grew out of a public statement made by these Federalists in which they accused Clinton of surrounding himself with sycophants "disgusting to the feelings of all truly high-minded and honorable men." The Tammany Society was a social and benevolent organization transformed by George Clinton and Aaron Burr during the late 1790's into an effective political machine. During the early nineteenth century, it became estranged from Clinton and formed the core of his opposition in the Empire State.

<sup>8</sup>Dixon Ryan Fox, "Clinton, De Witt," D.A.B., II, part 2, 223.

accepted a foreign post from Monroe. Clinton was in no mood to meet Van Buren's terms, and Clinton, who by 1819 had gained control of the Council of Appointment, responded by removing Van Buren as attorney general.<sup>9</sup> Such was the fashion of wielding the power of the patronage. The political tug-of-war between the Clintonian Republicans and the Van Buren Bucktails was destined to characterize the decade of the 1820's.

The political captain that was to direct the ship of the Republican Party was Martin Van Buren. In 1821, Van Buren was on the threshold of a promising political career. Elected to the United States Senate, he fully intended to keep and direct the political power of his party for the party, himself, and his supporters. Moreover, New York State's new constitution in 1821 had abolished the Council of Appointment. As a United States Senator, Van Buren was a recognized leader of his party.

Van Buren directed his creative talents to the work of forming a select group of men who shared his political philosophy and goals. Thus was born the famous and controversial Albany Regency. Albany was both the state capital and the home of the various members of the Regency for differing periods of time. The origin of the name "Regency" is difficult to explain. The word "Regency," to

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<sup>9</sup>William E. Smith, "Van Buren, Martin," D.A.B., X, part 1, 152.

the European mind, indicated a surrogate and interim form of government, a government structured and authoritarian, reflecting the political philosophy of the times. The Europe of the post-Napoleonic era was very conscious of congresses, concerts, and alliances--"Holy" and otherwise. The American public had experienced in 1812 an irksome involvement in this much broader European scene. It is both possible and probable that Van Buren's enemies dubbed his small, well-knit, and disciplined group the "Regency" as a microcosm of the distasteful European custom.<sup>10</sup> Robert V. Remini maintains that:

One of the earliest references to it appears in a letter by John Cramer to John W. Taylor, dated January 6, 1823, in which he refers to Van Buren's "holy alliance of office holders & office expectants in Albany. . . ." On January 17, 1824, the Albany Advertiser alluded to the "cabinet council of Van Buren or rather regency. . . ." A week later, De Witt Clinton mentioned the "Albany Junto or the Van Buren Regency" in a letter to Francis Granger.<sup>11</sup>

It thus appears that by 1824 the term Regency was being applied to Van Buren's men in Albany, much to their consternation.

Martin Van Buren, son of a tavern keeper from Kinderhook, New York, chose his colleagues with

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<sup>10</sup> Robert V. Remini, "The Albany Regency," New York History, XXXIX (October, 1958), p. 341.

<sup>11</sup> Ibid., p. 342.



discrimination. Although the Council of Appointment had been abolished by the 1821 state constitution, political patronage remained in the hands of the party in power. Van Buren's first Regency members were William L. Marcy, Comptroller; Benjamin Knowler, Treasurer; Samuel A. Talcott, Attorney General; and Benjamin F. Butler. These were later joined by Azariah C. Flagg, Silas Wright, Jr., Charles E. Dudley, Thomas W. Olcott, John A. Dix and Edwin Croswell. These men comprised the "inner circle" of the Regency. An "outer circle" also existed, but these, for some reason, were never fully admitted to the inner position. Roger Skinner, Churchill C. Cambreleng, Jesse Hoyt, Moses I. Cantine, and Michael Ulshoeffler were members of this outer group. A word of caution is needed as authors who treat the topic of the Regency do not all agree as to the membership of the "inner circle" and the "outer circle." As issues, such as banking, polarized opinions, members of the inner and outer circles tended to shift positions.<sup>12</sup>

Thurlow Weed's writings are frequently used as sources for a description of the Regency. In his Autobiography, Weed wrote:

I do not believe that a stronger political combination ever existed at any state capital, or even at the national capital. They were men of great ability, great

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<sup>12</sup>Harriet A. Weed, ed., Autobiography of Thurlow Weed (Boston: Houghton, Mifflin and Company, 1883), p. 103, hereinafter cited as Weed, Autobiography.

industry, indomitable courage, and strict personal integrity. Their influence and power for nearly twenty years was almost as potential in national as in state politics.<sup>13</sup>

A similar tribute was paid the Regency on another occasion when Weed stated:

This was an array of men strong in purpose and irreproachable in character. They all possessed qualities which fitted them for their several positions, and when united, rendered them invincible for many years.<sup>14</sup>

These tributes confirmed Van Buren's discrimination in his choice of co-workers in the party. But in Weed's glowing testimonies was a brief phrase that explained the difference between the Regency's earlier and later years. That brief phrase which was quoted above is "and when united." The Regency had its golden years but, like anything human, it had its period of decline and dissolution. The Regency was composed of human and fallible beings subject to the political pressures and passions inherent in their offices. It was an institution that evolved in response to these pressures and not a mature, static corporate entity. Van Buren's well coordinated elite was the first to employ the techniques of mass party organization that would reduce factionalism and coordinate functions, reduce rivalries

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<sup>13</sup>Ibid.

<sup>14</sup>Thurlow Weed Barnes, Memoir of Thurlow Weed (Boston: Houghton, Mifflin and Company, 1884), p. 548.

and conflicts of self-interest. Although the name "Regency" was indicative of power and authority, the members shared in the responsibility of leadership and kept an ear to the ground for signs of popular demands.<sup>15</sup>

The first serious sign of division appeared during President Jackson's attack on the Second Bank of the United States. There followed in its wake growing differences of policy regarding banking, internal improvements, slavery, and the tariff. The level of party unity rose and fell with the issues of each election. The Democrats' sweeping loss of the election of 1840 revealed the serious split in the ranks. Some losses were retrieved in the state and local elections in New York, but the entire party was not behind Polk's nomination in 1844. By 1848, the formation of the Free Soil Party tore away a goodly portion of the original Democratic Party, both in the state and nation. The crucial issue of slavery had by the 1850's polarized men's views and led to the regrouping of parties into a new Republican and Democratic Party.<sup>16</sup>

An indispensable medium of communication for the nineteenth century politician was the party newspaper.

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<sup>15</sup>Kalman Goldstein, "The Albany Regency: The Failure of Practical Politics" (unpublished Ph.D. dissertation, Columbia University, 1969), Abstract, hereinafter cited as Goldstein, "The Albany Regency."

<sup>16</sup>The Democratic Republican Party became generally known as the Democratic Party during the Jacksonian era.

Without this aid, the rapidly evolving political philosophies of Van Buren, Clay, Calhoun, and Jackson would have lost their influence. Political battles were fought in the newspapers with all the rhetorical fanfare, patriotism, and strategy that characterized nineteenth century politics. The faction-riddled parties of the Democrats and Whigs of the 1820's, 1830's, and 1840's provided plenty of grist for the editorial mills.

Van Buren's penchant for strong wielders of the pen was more than adequately met in the persons of Edwin Croswell and Azariah C. Flagg. Croswell became the editor of the Argus, the Bucktail's political organ. Flagg also possessed strong editorial talent. His style represented clear, logical thinking expressed in succinct and meaningful sentences. Flowery rhetoric did not characterize Flagg's letters, editorials, circulars, and reports. This asset, plus the popularity gained by his services to the country during the War of 1812, contributed to his election in 1822 to the State Assembly. Van Buren personally chose Flagg for membership in the Regency. This marked the beginning of a long and eventful political career. Thurlow Weed of the opposition party characterized young Flagg as being "among the best practical legislators."<sup>17</sup>

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<sup>17</sup>Goldstein, "The Albany Regency," Preface; Herbert D. Donovan, The Barnburners (New York: New York University Press, 1925), passim; Weed, Autobiography, p. 399.

The early years of the Regency were its best. Its unity, integrity, and party spirit were remarkable. The Regency's performance on the Electoral Bill and its support of William Crawford's presidential candidacy in 1824 showed this. Although both of these proved to be politically inexpedient for the Regency, Van Buren had set the course for his men and they followed through in spite of their personal preferences.

As the 1824 presidential election approached, all candidates made strong appeals for support from the electorate. The People's Party, a combination of the supporters of Clinton, Clay, Adams, and Jackson, appealed to the electorate by resurrecting the question of the direct election of presidential and vice-presidential electors.<sup>18</sup> The Bucktails denounced this action as a vote-getting scheme.

The state legislature convened in January, 1824. The Assembly had barely come to order when Henry Wheaton, leader of the People's Party from New York City, precipitately introduced the Electoral Bill. His move was immediately opposed by Flagg who resented this unseemly haste as the newly elected legislators had yet to become

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<sup>18</sup>The People's Party arose as a protest against the Bucktail opposition in 1824 to the selection of presidential electors by the people, and to the abrogation of the legislative caucus as a method of nominating candidates for public office.

familiar with the bill. Objections were made on the ground that the bill was out of order. Wheaton berated Flagg and his party for their reluctance to support the measure when the people had requested the change in the previous elections. A brief recapitulation of the question of extending the franchise will place the controversy in perspective. Van Buren asked for a state constitutional convention, which convened in 1821, largely because he opposed the arbitrary power of Chief Justice Ambrose Spencer and favored a reorganization of the judicial system. His chief work in the convention was in securing an agreement between extreme radicals and conservatives that could be accepted by all. The convention delegates divided three ways on the question of the franchise. A few members favored freehold qualifications, a larger number believed in universal suffrage, while others stood between the two, desiring the abolition of a freehold qualification, yet opposing universal suffrage and wishing to place some restrictions on the right to vote. The Federalists and their supporters favored the freehold qualifications, while the majority, under the leadership of the Republicans Erastus Root and Samuel Young, supported universal suffrage. As chairman of the committee on appointments, Van Buren advocated the decentralization of the power held by the old Council of Appointment, by the distribution of the

appointing power among local authorities, the legislature, and the governor. He was unsuccessful in his opposition, probably for the sake of patronage, to the popular election of all judicial officers. However, Van Buren, backed probably by a majority of the convention, presented the compromise which abolished the property qualification for the white voter. The radicals in the convention failed to obtain the franchise for the black American.<sup>19</sup>

On the whole question of the extension of the electoral franchise, Van Buren revealed himself to be shrewd in the judgment of measures and of men. His powers of analysis and exposition, as well as his political philosophy, were practical and sincere. Any form of reckless opposition to public sentiment seemed to him inconsistent with good statesmanship.<sup>20</sup>

As mentioned earlier, the question of the direct election of presidential and vice-presidential electors was brought up once more in the 1824 legislature. Both the People's Party and the Republicans desired the passage of the bill. The controversy revolved around the question of the proper timing of the bill and of leadership in its passage through both houses of the legislature. Henry

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<sup>19</sup>William E. Smith, "Van Buren, Martin," D.A.B., X, part 1, 152-153.

<sup>20</sup>Ibid.; Alexander, A Political History of the State of New York, pp. 299-311.

Wheaton's hasty proposal highlighted these two points. The Republican Party, led by Flagg in the Assembly, wanted to have its share of the leadership. Oran Follett, a fellow Bucktail, who was sitting next to Flagg in the Assembly, admitted that the real objection to Wheaton's proposal was that it "took the question out of the hands of our party."<sup>21</sup> After Follett and Flagg had hastily conferred, Follett suggested that the question be studied by a committee of nine, one from each senatorial district, with one extra member for chairman. Since Flagg had the advantage of a year's experience in the legislature, Follett insisted that he propose the plan. Flagg did so and it was adopted.

Mr. Ogden Edwards, Assemblyman from Onondaga, was also struck by the speed and urgency with which Wheaton proposed the bill. It was "too much like a scramble for popularity as if one gentleman by an early notice was desirous to arrest and monopolize that honor which all were anxious to claim themselves."<sup>22</sup> Follett concurred that the move was one of party expediency. The rights of the people were secondary, and this was fully understood by the Regency. The Regency wanted to have the bill defeated, or at least postponed, as the turbulent 1824 election period was not a propitious time to make a major change in the

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<sup>21</sup>Weed, Autobiography, p. 131.

<sup>22</sup>Albany Argus, January 9, 1824.



electoral process. Seemingly, the Van Buren Republicans stood a greater chance to lose if the bill were passed before elections. The Regency wanted the Electoral Bill defeated or postponed in the Assembly if possible. This was because the Assembly was the larger of the two legislative bodies, and the responsibility of the defeat could be so divided that no particular individual would have to bear severe censure. The Regency had to be cautious in openly opposing the bill as the bill was correct in principle. Thus, the well-disciplined Regency guardedly went into action in the Assembly intent on defeating the measure while not appearing to be against it.<sup>23</sup>

It was customary for the legislators to lodge near the capitol as traveling long distances was practically impossible. Follett recalled spending several evenings at the boarding houses of Regency members where strong persuasion was used to convince colleagues and party members of the necessity of defeating the measure. But Follett successfully resisted their plan and recommended instead that they make the measure the party's measure, pass it, and then go with confidence to the people. Should the bill be defeated, the party would be on record as favoring the extension of the franchise. (This was probably what the People's Party had planned.) Follett's recommendation was

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<sup>23</sup>Ibid.

ignored, however. Clearly, the course of action had been decided upon by Van Buren, and alternate plans were not acceptable.<sup>24</sup>

Flagg served on the committee of nine whose work was to study the Electoral Bill. His success in the Assembly in delaying and obstructing the passage of the bill evoked a violent editorial tirade by both factions. The Commercial Advertiser and the New York American of the People's Party rained down on Flagg abuses of the worst kind. The editor of the Commercial Advertiser wrote:

I happened to enter the lobby of the Assembly . . . just as the clerk had concluded reading the journal of yesterday. The usual vote of approval had hardly been taken, when the little bloody Flagg of Plattsburgh, arose and called for his resolution . . . to refer to a committee of nine, the subject of the electoral law. I could not see him, although from the sound of his voice, I suppose he was standing on his feet for . . . Col. C. happened to be placed in a right line between me and the orator who unfortunately was not elevated on a stool.<sup>25</sup>

The Advocate satirized the unity and discipline of the Regency by describing Flagg's leadership "as the cat's paw of the foxes of our state in defrauding the good people of their rights. . . . He is one of those insects of party that can enjoy no separate existence. . . ." <sup>26</sup>

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<sup>24</sup>Weed, Autobiography, pp. 131-132.

<sup>25</sup>These editorial excerpts were reprinted in the Albany Argus, January 23, 1824.

<sup>26</sup>Ibid.

As the discussion on the Electoral Bill progressed, Flagg presented one broad principle on which he thought all could agree--that whichever method was chosen should reflect the united voice of the state. It was inconsistent with Republican principles to allow a minority to govern. Flagg believed that four-fifths of the electorate desired to have the state decide on the presidential electors. This was later borne out in the November elections when those who voted for state senators that year ignored the constitutional question pertaining to the presidential and vice-presidential electors. Flagg was also aware that much had been said against a choice by the legislature on the ground of expense, but he believed the electorate would not put expense in competition with the importance of keeping the power of the state undivided. A general ticket was proposed as a method of choosing electors. This would allow the electorate to choose the electors from the state at large. Thus, the electors could be elected by a majority vote, but, should a majority vote not be obtained, Flagg favored letting the state legislature make the decision. A third method was the district plan by which the state would be divided into electoral districts with each district choosing one elector. Of the three possible methods, the district plan was considered the most democratic.<sup>27</sup>

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<sup>27</sup>Albany Argus, January 23, and February 3, 1824.

In the committee, Flagg devoted his energy in favor of the general ticket. He also bemoaned the fact that it was the most inopportune time to change, as it was risky to place before an uninitiated electorate a novel method of electing presidential and vice-presidential electors, when four presidential candidates were jockeying for office in 1824. This particular time demanded the united energies of the party, and who could tell if the evils of a new law would not be greater than those of old.

As the discussions became heated and prolonged, members of the Assembly sensed that underneath the verbal storm of those who raised the cry of pending danger to the democracy and to the people's rights was the faction which desired most the advantages of office. The Republicans were quite correct in blaming their opponents for trying to make the change at this time for the sake of victory at the polls. The Electoral Bill passed the Assembly with only five dissenting votes--much to the Regency's dismay. They were more successful in the Senate, a smaller body whose members could be more easily pressured. The Regency mustered the necessary seventeen senators to force the postponement of the bill. An impasse had been reached on the method of election, i.e., selection by the legislature, district plan, or a general ticket. On April 12, 1824, the

legislature adjourned to meet again on the first Tuesday in November.<sup>28</sup>

One avenue remained open for the proponents of the Electoral Bill to try to have it passed before the November elections and that was to call a special session of the legislature. Governor Joseph Yates did so for the month of August. The proponents of the bill favored the special session while the dissenters branded it as unconstitutional and a waste of the people's money. None of the legislators had changed his position and the special session proved to be a stormy one. Flagg was the recognized leader of the opposition to the Electoral Bill. Although he respected Governor Yates' right in calling the special session, he flatly stated that the calling of the session was unconstitutional. The Electoral Bill had been duly introduced and acted upon by the legislature during the regular session, he explained. The Assembly had passed it but the Senate had postponed it until November. On the second day of the special session, the Senate sent the Assembly a resolution showing conclusively its adherence to its former stance. Flagg pointed out the futility of prolonging the session which was costing the taxpayers about a thousand dollars a day. In a more telling remark, Flagg reminded the opposition that they could expect no favorable

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<sup>28</sup>Albany Argus, February 3, and February 6, 1824.

results unless it was to excite support for the People's Party Convention at Utica, New York. Flagg proposed that a joint resolution of both houses of the legislature be passed adjourning the special session. This was accomplished to the dismay and frustration of the opposition party. This brought down upon Flagg and his supporters the anger of the Adams and Clay supporters.<sup>29</sup>

After the November elections an amended Electoral Bill was presented to the Assembly. Flagg remarked that the people were interested, but that they had not made clear whether they preferred the district plan or general ticket. With the election pressures and emotions over, Flagg proposed that a canvass of the electorate's preferences be made and voted on by the legislature. Such action would thwart the cabal at the capitol, and prevent intrigue at all party levels. He wished to go directly and plainly to the electorate, thus avoiding the choice by the legislature. He relied more on the electorate's judgment as the present legislature was still too motivated by "various interests, partialities, and prejudices. . . ." <sup>30</sup> Initially, Flagg had been in favor of the general ticket and had supported that mode at the November election, "but he had been since induced to prefer the district plan. . . ." <sup>31</sup> The referendum

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<sup>29</sup> Albany Argus, August 17, 1824.

<sup>30</sup> Albany Argus, November 23, 1824.

<sup>31</sup> Ibid.

revealed general confusion and apathy. The slim victory for the district plan was no great popular choice, nor was it a party triumph. But the Regency claimed credit for the results.<sup>32</sup> Van Buren's Regency was victorious in its first major undertaking as a well-disciplined elite corps.

Thurlow Weed described the members of the 1824 legislature as "full of talent" and their legislative session a "memorable one." Memorable it was to become, as that year they were confronted by four men vying for the presidential office. The four presidential candidates were John Q. Adams, New England's favorite son; Henry Clay, supported by the Northwest; John C. Calhoun and William H. Crawford, supported by the Southeast; and Andrew Jackson, the old hero, supported by a following in the Southwest. Van Buren brought his well-coordinated Regency to this broad political spectrum of divergent sectional needs and political leanings.

Van Buren was appalled by the lack of party unity throughout the nation. It was most obvious in Washington where "Cabinet secretaries were independent of the President and government branches seemed isolated. . . . Washington was a city of magnificent distances connected by axle-deep mud."<sup>33</sup> His Regency was meant to offer this necessary

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<sup>32</sup>Goldstein, "The Albany Regency," pp. 98-99.

<sup>33</sup>Weed, Autobiography, pp. 399-400; Goldstein, "The Albany Regency," pp. 62-64, 67.

leadership. It perfected its party techniques for mass appeal on the national as well as on the local level. Van Buren's decision to support Crawford in 1824 reflected his desire to strengthen his party's organization and leadership. Crawford had been nominated by the traditional congressional caucus, albeit a partly boycotted one. The caucus was being threatened by a newer method, the nominating convention which was believed to be less prone to cabal and intrigue. Van Buren's party tended to favor the caucus which better served the interests of party unity and control, although it was being considered too aristocratic. As King Caucus was supplanted by the nominating convention, irregular nominating mass meetings occurred in some of the states. These developments created frictions for the political parties in the 1820's. Van Buren's choice of Crawford was not considered to be the most enlightened choice. Goldstein summarizes Robert Remini's, Arthur Schlesinger's, and Marvin Myers' views of the choice as "a fumbling effort to prevent the centrifugal destruction of that party which had preserved American liberty and integrity during the dark Napoleonic era. . . ." <sup>34</sup> To describe Van Buren's choice as a "fumbling effort" seems harsh. Van Buren decided to support Crawford quite late in

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<sup>34</sup>Goldstein, "The Albany Regency," pp. 69-70; William E. Smith, "Van Buren, Martin," D.A.B., X, part 1, 152-153.



the race, thereby hoping not to jeopardize party unity. Also, Van Buren was a practical politician who considered Crawford as the political personality most capable of leading a coalition of party factions, thus assuring success at the polls. The correct choice of candidate in 1824 was at best a difficult one. The problems of sectionalism added many factors unknown to the most discriminating candidate and supporter.

Van Buren requested that members of the Regency set aside their personal preferences and ignore popular clamor in order to campaign for Crawford. Flagg shared his views with Silas Wright on the subject of his preference for a presidential candidate. Flagg wrote:

Neither Crawford or Adams are my favorites. I would willingly see them both withdrawn and Calhoun or Clay placed at the helm. The two latter are constitutionally more attached to the leading interests of this state. But unity among Republicans must be preserved, and to effect this I would support either of them.<sup>35</sup>

But, as Van Buren men, Flagg and his colleagues in the Regency promptly set aside their views for the party's chief.<sup>36</sup>

The 1824 election acted as a catalyst on the Regency. It would either make or break the nucleus of

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<sup>35</sup> Flagg to Wright, October 28, 1823, Flagg Papers, New York Public Library.

<sup>36</sup> Wright to Flagg, November 12, and December 10, 1823, ibid.

Van Buren's new political leadership. During the presidential campaign, the People's Party proposed a state constitutional amendment that would transfer the election of presidential electors from the legislature to the electorate. The Regency members and their Bucktail followers were forced into a difficult position, as many favored the amendment, but Van Buren directed that it should be postponed until after the November elections. The amendment was desirable but the time was inopportune. A certain amount of support and approval had to be given, but political gain must be achieved by the Bucktails. This they did by exposing the opposition's attempt to railroad the amendment through before the elections as a vote-getting maneuver. In the stormy political debates that followed in the legislature and in the August special session, Regency leaders were threatened with loss of office by the People's Party. Flagg was accused by Wheaton of playing both sides by supporting the amendment in his hometown newspaper, the Republican. In spite of this seeming ambivalence, Flagg and Silas Wright, Jr., became Van Buren's alter ego in the Albany legislature and piloted Van Buren's political ship through the stiff opposition of the People's Party. Edwin Croswell, the superb Bucktail editor of the Albany Argus, provided the party's rationale and inspired the party to greater unity and effort. The one factor that was

overplayed by the Bucktails to maintain unity and purpose in the campaign was the fearful spectre of Clintonian "Federalism," the old enemy of Republicanism.<sup>37</sup> Clinton did not represent Federalism in toto, but willingly worked with them to advance his political goals. He was a hard working and honest politician, but exhibited a cold and arrogant personality. The label of "Federalist" was more appropriately applied to his personality than to his political creed.

The November election returns spelled defeat for the Bucktail's presidential candidate, Crawford, and for Bucktail officeholders. Their only big victory was the postponement of the Electoral Bill. Crawford had suffered both a physical and a political collapse. The election was thrown into the House of Representatives with Jackson, Adams, and Crawford having the highest electoral votes. Clay, who had the lowest number of electoral votes, was eliminated. He was later accused of "corrupt bargaining" with Adams who, after being elected president by the House of Representatives, appointed Clay Secretary of State.

In retrospect, historians such as Robert Remini, Arthur Schlesinger, Jr., and Glyndon Van Deusen have found plus and minus factors in Van Buren's strategem. His goal

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<sup>37</sup>Goldstein, "The Albany Regency," pp. 73-78; Albany Argus, January 23, February 3, and February 6, 1824.

had been to develop an elite corps equipped to give a unified form and direction to the Republican Party's political thought. This was definitely a worthy undertaking in a period of predominating eighteenth century style factional politics. Some of the minus factors, or at least questionable factors, were the methods employed. Van Buren's rather strict party line activities, such as the endorsement of Crawford, the postponement of the Electoral Bill, and the removal of Clinton, the Canal hero, from his non-salaried position as Canal Commissioner, led to defeat. These moves were variously interpreted by historians as attempts to lessen the opposing Clintonian People's Party's chance for victory at the polls. In such an enormous undertaking it was easy to underestimate, or overestimate, the influence or need of the individual or of the party.<sup>38</sup>

Perhaps the Regency's greatest gain from the humiliating 1824 defeat was the elimination of party irreconcilables or prima donnas, such as bolting editors, legislators, and executives, at the most opportune time. During the vicissitudes of the 1824 election campaign, the Regency developed its best disciplined form. The younger men, such as Croswell, Flagg, and Wright, along with the older Marcy and Van Buren, emerged as the closely knit party

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<sup>38</sup>Goldstein, "The Albany Regency," pp. 76-85.

remnant. Van Buren's party would endure to be the only organized force to provide support for Jackson's candidacy.

In the 1824 debacle, Flagg lost his seat in the Assembly to Josiah Fisk of the Clintonian party. His opposition to the Electoral Bill was the reason for his defeat. No longer directly involved in state politics, he spent more time in Plattsburgh where he continued his work of helping reorganize the party and editing the Republican. Following the defeat at the polls, the tone of his paper was less politically oriented. The Regency realized its errors in judgment regarding the endorsement of Crawford and the defeat of the Electoral Bill. Only occasional pot shots at the Clintonians gave any indication of partisanship.<sup>39</sup>

In 1825, Flagg became involved in a libel suit. The plaintiff was one of the Platt family and it appears that Flagg, who owed his commercial existence to the Platts, was fired from the Republican. Flagg's name did not appear on the paper's masthead from January 8, 1825, to April 23, 1825, but the paper gave no reason for its removal. In August of the same year, the paper assumed the title of Plattsburgh Republican. There is no evidence to indicate

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<sup>39</sup>Goldstein, "The Albany Regency," pp. 85-89; Plattsburgh Republican, January 8, April 23, August 6, August 20, September 10, 1825, and October 21, 1826, North Country Historical Research Center, State University College, Plattsburgh, New York.

that the two incidents are related, however. It is easy to surmise that the quarrel was of a political nature. The Platts were of the Clintonian party while Flagg represented the staunch Regency Republicans.<sup>40</sup>

A man of Flagg's political, moral, and intellectual calibre was not to be easily forgotten. By February of 1826, the Regency Bucktails had made sufficient gains in the state to nominate and later elect Flagg to the office of Secretary of State. In the nomination to the office of Secretary of State, Flagg received sixty-three votes while his opponent, John Van Ness Yates, received only twenty-seven. Party unity was still a long way off as the Daily Advertiser, representing opposing Republican views, criticized the February elections. The Argus defended the elections as being fairly conducted. Of the thirty-two Senators, only eight voted against Flagg; of one hundred twenty-seven Assemblymen, only twenty-seven voted against Flagg. The Argus summarized its evaluation of Flagg by reporting:

We have no hesitation in declaring that Mr. Flagg's past political conduct has been correct--that his attachment to republican principles has been as uniform, consistent and ardent as Mr. Yates; and that Mr. Flagg's qualifications, moral, political and literary, are upon

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<sup>40</sup>Plattsburgh Republican, January 8, April 23, August 6, August 20, 1825, September 10, 1825, and October 21, 1826, North Country Historical Research Center, State University College, Plattsburgh, New York.

the whole superior to his unsuccessful competitor, and fully justify the preference of the legislature.<sup>41</sup>

Flagg moved his residence to Albany where as the new Secretary of State his presence would be required on a yearly basis. In his new post, Flagg "served as financial expert, coordinator of political intelligence, and anchor man."<sup>42</sup> His role in the Regency became less politically oriented. He was no longer involved in the tough legislative battles between the Regency Republicans and the Clintonians. As Secretary of State, his energies were channelled into the supervision and financing of the common schools and poor houses. His position as Commissioner of the Canal Board and Canal Fund occupied more of his time as he was responsible, along with his fellow commissioners, for the supervision and maintenance of the canals.

The Plattsburgh Republican passed into the hands of Henry C. Miller in February of 1826. By October of the same year, C. P. Broadwell acquired it. Editor Broadwell stated that his paper would "continue to devote itself to the principles of Republicanism" but, for its financing, subscriptions would be relied upon to a greater extent. A

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<sup>41</sup>The Albany Argus and the Daily City Gazette, February 14, and February 16, 1826.

<sup>42</sup>Goldstein, "The Albany Regency," p. 7.

wider news coverage and range of topics would add to the paper's more universal appeal.<sup>43</sup>

In the process of rebuilding party unity, the Van Buren Republicans continued using the handy and effective Clintonian Federalist scare, but they became more concerned with manifesting their grass roots democratic leanings and public image. Their former conservative stance on the Electoral Bill and caucus reform paid scant dividends at the polls. Moreover, the People's Party coalition was weakening. President Adams, cold and intellectual, much like De Witt Clinton, failed or refused to honor the power of patronage and thus build an Administration party. His and Clinton's followers soon realized that security in public office would have to come from another source.

In the period between 1824 and 1827, the Clintonians and Van Burenites went through the motions of some interesting political fencing. Against all attempts of the Clintonians to assimilate the beaten Bucktails, the Van Burenites wanted to declare openly for Andrew Jackson, whose rising political wind cone indicated the direction of victory in 1828. But Clinton had always supported Jackson and this association created problems for the Bucktails. Again, the old spectre of Federalism loomed before them.

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<sup>43</sup>Plattsburgh Republican, February 18, 1826.



Many were uncertain as to Jackson's true political creed. His image as a wild frontiersman, unschooled in the traditional Jeffersonianism, kept many Bucktails from declaring for him. Time was a crucial element and a decision must be made by the Bucktails to take the leadership of the New York Jacksonians or let Clinton do so and then follow his lead, thereby acknowledging him as their leader.<sup>44</sup>

Recalling the errors of 1824, the Van Burenites gradually accepted the evolving Jacksonian Party. Subtly, friendly Clintonians and disillusioned Adams men were drawn to the Bucktails. No harsh ultimatum, as yet, was issued to separate the party "goats" from the "sheep." At all costs, Bucktail unity and integrity, as well as anti-Clintonianism, must be preserved. Van Buren wanted to be re-elected to the United States Senate with an impressive majority so as to lure all Jackson supporters into trusting him with the leadership of the New York Jacksonians. But "patience" was the name of the game.

The weakening Clintonians and cautious Van Burenites circled about each other, advancing and withdrawing as their political strengths changed. They were willing to court each other's favors, but withdrew when possible

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<sup>44</sup>Goldstein, "The Albany Regency," pp. 99-104, 111-115.

assimilation threatened. Slowly, Clinton lost the support of his party, and hope of patronage from Washington became more remote. Van Buren had the better organization which offered more. But, with every advancement, there were still pockets of resistance. Clinton County, Flagg's home base, was marked by a disruptive group led by Levi Platt (a member of Plattsburgh's founding family), who failed to form a coalition with Adams' Clintonian supporters.<sup>45</sup>

Levi Platt, who was a stockholder and a member of the board of directors of the Bank of Plattsburgh, was accused of mishandling bank funds in the amount of \$30,000, thereby causing the bank to go bankrupt. He was exposed by the Albany Argus and the Daily City Gazette. Since the Plattsburgh Republican was being run by a brother, Jeremiah Platt, no announcement of the suspension of payments was made in that paper. His creditors were left ignorant of the true nature of things. In 1827, Flagg and the bank's board of directors held an auction for the dissolution of the Platt Corporation in which assets were sold and payment made to creditors. While this incident may not have had any effect on the political situation, the personal relationship may have been additionally strained.<sup>46</sup>

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<sup>45</sup>Goldstein, "The Albany Regency," pp. 138-143.

<sup>46</sup>Goldstein, "The Albany Regency," pp. 152-156; Plattsburgh Republican, March 17, 1827.

A political trial balloon in the form of a preliminary meeting tested the total Bucktail support for Jackson. The Van Burenites planned a joint legislative declaration with other states, hoping to convince the wavering members in the Regency to support Jackson. The preliminary meeting of January 8, 1825, revealed that there were some staunch Adams men, such as Erastus Root and Peter R. Livingston, as well as some who were still undecided, among whom was Flagg. Flagg did respond, however, to the plan for the legislative caucus, but only because of the pressure from Washington. Van Buren must have spoken. It was a delicate task, indeed, to balance sensitive political tempers. Adams' Bucktails continued to hinder the Van Burenites' plan for a solid backing for Jackson. The Northern tier went for Adams. Ironically, the Clinton County press, superintended by a committee, was run by Jeremiah C. Platt, Benjamin Mooers, and John Palmer, all Adams men. Finally, after much careful strategy, the majority of the New York legislature decided in favor of Jackson. There were plenty of political casualties, but a much relieved Van Buren sent congratulations from Washington to Albany.<sup>47</sup>

One last major hurdle had to be cleared before a more united Bucktail party could fully support Jackson's

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<sup>47</sup>Goldstein, "The Albany Regency," pp. 152-156.

candidacy. This hurdle was the tariff of 1828 which quickly revealed how difficult the reconciliation of sectional needs would be. The "idol" of party unity needed to be powerful, indeed, to reconcile free trade and protectionist ideologies, and, if these could be reconciled, there would then arise the problem of rate schedules. Each major section of the country had definite views on the type of tariff needed for its respective welfare.

Remini suggests that the Van Burenites were motivated by the needs of state politics to advance the passage of the tariff, and in the process to try to satisfy both the manufacturing and the agricultural interests as much as possible. Silas Wright, Van Buren's fellow United States Senator, was from Canton, New York, a wool and iron district. This district's proximity to Canada made for protectionist demands, but Wright was also a successful farmer, so he and Van Buren sincerely hoped to achieve reconciliation.<sup>48</sup>

Regency views began to polarize around two major ideas: the distinction between "artificial" and "reasonable" tariffs, and between the manufacturing and agricultural interests. Wright, Flagg, and Van Buren represented compromise and tried to calm the fears of Benjamin Knower, Peter Livingston, and Jesse Buel, who represented the manufacturing interests. Both Assemblyman Daniel Wardwell's

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<sup>48</sup>Ibid., pp. 157-160.

Resolution and the Jackson papers promised protection for both groups and tried to separate the tariff question from politics. Flagg kept in touch with the woolen manufacturers and recognized their power. But only when the state's Adams Committee pronounced against protection for raw wool did Flagg know that Knower and Buel would side with him. The Adams partisans' extreme line threatened to kill the tariff bill. The Wood's Circular was another attempt by the manufacturing interests to push high tariffs. The circular instructed Senator Wright to support high tariffs for woolens. Flagg's talent for moderation and reconciliation was tested when he called at Knower's home with Joseph Porter and Marcy where, during a long meeting, they told Knower's group that further "high tariff circulars" should be avoided as the tariff bill would be endangered. The group insisted on another circular, however. Flagg was equal to the occasion and countered with a declaration of his own which revealed that the protectionist group was Adams-inspired. Having realized their position, the Knower faction reaffirmed their party loyalty and ended all further interference with the tariff. With the passage of the tariff, the Van Burenites could freely and safely endorse Jackson.<sup>49</sup>

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<sup>49</sup>Ibid., pp. 160-166.

The year 1828 saw Van Buren's Regency well established as the leading political force on the state and national level. Eleven years previously, at a meeting of the Republicans in Plattsburgh, the party members of that community were admonished by their leaders to maintain their "union, harmony, and patriotism" which had characterized them in the past to an eminent degree. The members were warned about "a few designing and aspiring men who have lately attempted to destroy that union and interrupt that harmony, for purposes of self-aggrandizement." The point was made of the willingness of the Republicans "to reconcile and assuage political animosities and to silence contentions by a friendly union of all individuals of the American family in one political society. . . ." <sup>50</sup> By 1828, the inner circle and their leader had overcome many obstacles to unity.

Azariah Flagg served the Albany Regency well, and became one of its most valuable members. He made major contributions in the areas of finance and parliamentary procedure. He was recognized by his colleagues as a man of good practical sense and great integrity. A fellow

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<sup>50</sup>Plattsburgh Republican, February 20, 1819, North Country Historical Research Center, State University College, Plattsburgh, New York.

Assemblyman once remarked that Flagg would "give you a square answer to any question you might address him on very short notice."<sup>51</sup>

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<sup>51</sup>Quoted by Remini in "The Albany Regency," New York History, XXXIX (October, 1958), p. 348.

## CHAPTER III

### FLAGG'S FIRST TERM AS STATE COMPTROLLER:

#### THE BANK AND CANAL ISSUES 1832-1839

Two major economic factors caused much of New York State's political controversy during the 1830's. One was the canal system of which New York was justifiably proud. The economic and financial success of the Erie Barge Canal prompted many influential leaders to demand the extension of the canal system. The second factor was the Second Bank of the United States over whose fate President Andrew Jackson and Nicholas Biddle struggled.<sup>1</sup> In New York the financing of canals and the bank's fortunes were closely allied and interdependent.

As mentioned in earlier chapters, New York State's topographical features were conducive to an effective canal

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<sup>1</sup>Nicholas Biddle, scholar, statesman, and financier, was born in Philadelphia, January 8, 1786, and died in the same city on February 27, 1844. In 1819, President Monroe asked him to prepare a digest of international exchange which was entitled Commercial Regulations. Monroe also invited him to become one of the five government directors of the Bank of the United States. Biddle's talent as a banker and financier made the Second Bank of the United States the leading financial institution in the United States. "Biddle, Nicholas," Allen Johnson, ed., Dictionary of American Biography (11 vols.; New York: Charles Scribner's Sons, 1927-1957), I, part 2, 243-244, hereinafter cited as D.A.B.



system linking the ocean port at New York City with the Great Lakes on the western frontier, and with Lake Champlain in the north. Eighteen main canals were built and three of these were enlarged. There were two subsequent enlargements of the Erie Barge Canal which testified to the lucrative trade furnished by this waterway. If navigable feeders, branches, and an extension are counted separately, the entire network of canals added up to twenty-eight, covering a total of nearly eight hundred miles. To construct this vast network of waterways, sixty-seven private canal companies were incorporated by the state legislature. New York State's fiscal policies were broadly determined by the canals' revenues from 1825 until the Stop and Tax Law of 1842. Statesmen and politicians rose and fell with the development of the canals which dominated platforms.<sup>2</sup>

The official opening of the Erie Canal took place in 1825 with great jubilation and pageantry. De Witt Clinton, who had been dismissed as canal commissioner by the Regency, was re-elected as governor of New York in 1825 in time to officiate at the opening of the canal which he had so strongly advocated. The Erie Canal's revenues surpassed the most sanguine estimates, and the \$7,000,000 construction

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<sup>2</sup>Alexander C. Flick, ed., History of the State of New York (10 vols.; New York: Ira J. Friedman, Inc., 1962), V, pp. 299-300; Azariah C. Flagg, "Internal Improvements in the State of New York," p. 32, New York Public Library.

costs were soon paid. The canal revenues were then re-channeled into a general fund from which the state's expenses were paid. From 1826 to 1842, no direct tax needed to be levied for state expenses. The Erie Canal thus became the legendary Golden Goose whose golden eggs would last forever.<sup>3</sup>

The success of the Erie Canal produced a "canal fever" throughout the state as people living in proximity to bodies of water demanded that canals connect them to the major waterways. As the construction of additional lateral canals was approved by the legislature, revenues from the Erie Canal were no longer adequate to finance both canal and state expenses. Oftentimes, a shortage of funds resulted in interminable delays in construction. The state was beginning to experience the embarrassment of inadequate funding. The state legislature always postponed the necessary appropriations on the grounds that they were unnecessary. The canal commissioners were confident that additional revenues from the newly constructed canals would soon make up the deficit in state funds. It was commonly believed by the commissioners and legislators that all canals

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<sup>3</sup>Flick, History of the State of New York, p. 323; Azariah C. Flagg, "History of the Canal Policy of the State of New York," pp. 1-6, New York State Library, hereinafter cited as Flagg, "History of the Canal Policy,"; Arthur Schlesinger, Jr., The Age of Jackson (Boston: Little, Brown and Company, 1945), pp. 119-120.

would prove to be as lucrative as the Erie Canal. Moreover, it was politically inexpedient for the legislators to vote additional funds since this action could result in the levying of a direct tax.<sup>4</sup> Governor Marcy repeatedly warned the legislature against proceeding without adequate finances, but it was all in vain. The legislature proceeded to authorize several projects which included the enlargement of the Erie Canal, the construction of two new canals, and a large loan to a railroad, which were all contingent upon the funds obtained from the canals and from salt and auction duties.<sup>5</sup>

By 1838, the Whig-dominated Assembly had appropriated \$40,000,000 to expedite the work on the canals, but failed to provide for paying even the interest. This rather irresponsible financing occurred after the severe 1837 financial depression had struck. Governor Seward, who had succeeded Marcy, was very optimistic. As a Whig, Seward believed in a liberal spending policy. His belief in the future productivity of the canals was made known when he said: "These great public works will continue to pour into the treasury a river of tribute." But more than

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<sup>4</sup>Flick, History of the State of New York, p. 324; Flagg, "History of the Canal Policy," pp. 6-8; Schlesinger, The Age of Jackson, pp. 121-122.

<sup>5</sup>Flagg, "History of the Canal Policy," pp. 8-10; Schlesinger, The Age of Jackson, pp. 122-123.

optimism was needed to stop the pending financial debacle. Hastened by the depression of 1837, the end came in 1842 when the Stop and Tax Law put an end to all public works, and, for the first time since 1826, a direct tax was levied to meet the state's debts.<sup>6</sup> The 1846 state constitution settled the state's fiscal problem of overspending as the projects on internal improvements were to be submitted to the electorate for approval.

The bank war initiated by Jackson and Biddle in 1832 was to have a profound effect on the nation's economy and its politics. A very brief presentation of the banking practices in the first two decades of the nineteenth century will help to set the bank war in perspective. Alexander Hamilton's first Bank of the United States was a credit to its founder and to the nation, but it was allowed to expire in 1811, leaving the nation to finance its 1812 conflict without central banking. In 1816, the Second Bank of the United States was chartered providing the nation with a fiscal agent and a measure of fiscal stability. Ross M. Robertson, in The Comptroller and Bank Supervision, maintains that, "during the first three decades of our national history commercial banks were scrupulously

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<sup>6</sup>Flagg, "History of the Canal Policy," pp. 10-12; Schlesinger, The Age of Jackson, pp. 123-124.

run. . . ."7 Long-term loans were frowned upon, but gradually

. . . inventive bankers . . . experimented with new types of credit, finding new ways to earn profits for their stockholders while protecting the solvency of their institutions. . . . Though most early American bankers resisted the temptation to long-term involvements in the businesses they financed . . . more aggressive big-city bankers gradually committed their institutions to the bonds of railroads and manufacturing companies as well as to those of states and municipalities. And gradually the sophisticated banks of the East began to engage in what was later called "investment banking" underwriting securities issued as well as buying the bonds of industry and government.<sup>8</sup>

With a rapidly expanding frontier, the increasing need for a plentiful and cheap currency led bankers to be less cautious and conservative. It was generally recognized that it was in "the new areas of the country that the demand for a circulating medium was insatiable, and it was in these areas that the malpractices . . . were most apparent."<sup>9</sup>

The American banking system was confronted by the intangible forces called "credit" and "fiat" money. Not all bankers, let alone the general public, understood the

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<sup>7</sup>Ross M. Robertson, The Comptroller and Bank Supervision (Washington, D.C. McCall Printing Company, 1968), p. 15.

<sup>8</sup>Ibid.

<sup>9</sup>Ibid., p. 16; Bray Hammond, Banks and Politics in America, from the Revolution to the Civil War (Princeton: Princeton University Press, 1957), passim. Robertson's views support Hammond's interpretation of the banking practices of this period.

nature of those forces. In essence, the struggle between Jackson and Biddle was over the meaning and use of those forces and their control. The Second Bank of the United States, in Jackson's view, held too much power with too large a share of its stock owned by foreign stockholders. The South and West derived too little benefit from the bank for the interest they paid. This was possible because little of the bank's stock was owned by the South and West.<sup>10</sup>

With an expanding economy and increasing demand by businesses for loans, many banks, both in the East as well as elsewhere, over-extended loans to a dangerous point. These banks operated on a highly inflationary paper currency, that is, on the stockholders' notes paid in as cash capital, in lieu of specie. The shortage of gold and silver necessitated the use of paper currency which fluctuated with the vagaries of the business cycle. Frequently, banks were only as safe as their boards of directors who placed, or failed to place, voluntary restraints on the over-extension of loans. With the alternating cycles of prosperity and recession, it was difficult, if not impossible, for the banks to regulate the

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<sup>10</sup>James William Gilbert, The History of Banking in America (New York: Augustus M. Kelley Publishers, Sentry Press, reprinted in 1967), pp. 19-23.

supply of funds to areas according to their needs.<sup>11</sup> Thus, the money supply was most inelastic.

The banking system was further complicated by the existence of state chartered banks which were restricted to banking within their respective states. These banks issued their own notes, which might or might not be accepted by other banks, thus making the money supply inelastic.

Because bank charters were granted by the state legislatures, bank presidents in particular, and the banking interests in general, were most anxious to exert sufficient political influence over the state legislators. It was often a case of legislators and bankers working in close harmony for their mutual benefit. This mode of operation made it nearly impossible for the state to discipline banks. The charters granted banks the status of quasi-monopolies which licensed them for periods up to thirty years or more. Politicians and businessmen sought charters because of the high profits and the many opportunities available to invest the bank funds in lucrative speculations. With the granting of each new charter, there was often a fierce competitive scramble to obtain the controlling stock. Lobbyists tried to logroll other charters through the legislature. Boards

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<sup>11</sup>Ralph C. H. Catterall, The Second Bank of the United States (Chicago: The University of Chicago Press, 1902, reprinted in 1960), pp. 145-163.

of directors frequently revealed poor judgment and at times crass dishonesty.<sup>12</sup>

In an early attempt at regulation, the 1827 legislature prohibited directors from borrowing more than one-third of the paid-up capital, from paying dividends except out of profits, and from opening their doors for business until the capital had been paid in. In addition, maximum interest rates were set at six percent and the total debts could not exceed three times the paid-up capital, exclusive of the specie actually on hand. Such banking laws indicate the sort of abuses that were rampant.

Bank supervision in New York was effected through the Safety Fund which was proposed by Governor Martin Van Buren and passed by the state legislature in 1829. The Safety Fund required each bank in its system to contribute annually three percent of its capital to the fund. This fund was used to redeem the currency of the weak and defaulting banks. The state could, if necessary, increase the assessment to replenish the fund, if it were depleted by being drawn upon to redeem defaulting banks. The

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<sup>12</sup>David M. Ellis, James A. Frost, Harold C. Syrett, and Harry F. Carman, A History of New York State (Ithaca, New York: Cornell University Press, 1967), pp. 261-262; Azariah C. Flagg, "Banks and Banking in the State of New York from the Adoption of the Constitution in 1777 to 1864" (Brooklyn: Rome Brothers, Printers, 1868), pp. 37-38, hereinafter cited as Flagg, "Banks and Banking."



well-managed banks, however, resented being penalized by either the carelessness or malfeasance of bad bank managers. The Safety Fund made the honest bankers responsible for the inefficient and less scrupulous bankers. But, in spite of this seeming unfairness, the credit of the banks and their paper currency were thus safeguarded.<sup>13</sup>

The Safety Fund was administered by three commissioners who supervised the system and made periodic inspections of the banks. Examination of any bank could be requested by any three members of the insurance system. A court injunction could be obtained against the continued operation of a bank in difficulties or operating illegally.<sup>14</sup>

The large banks of New York City and Albany did not favor the Safety Fund on the grounds that they maintained the funds of the state and, as such, were most concerned with deposits and discounting. Their institutions would be paying assessments to bail out the smaller and weaker country banks which tended to increase their note circulation because of the guarantees of the Safety Fund. These assessments would limit the prosperity of the big banks. The

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<sup>13</sup>Ibid.

<sup>14</sup>Ibid.; Robertson, The Comptroller and Bank Supervision, pp. 25-26.

Safety Fund Act had passed only when Abijah Mann, Jr., in cooperation with Judge Alonzo Paige, who was chairman of the committee on banks, proposed an amendment to the measure which allowed the city banks as well as the country banks to take seven percent in advance upon discounts, thus placing all banks on the same footing. After some resistance and hesitation, the big city banks fell into line.<sup>15</sup>

In principle, the Safety Fund was desirable, but greedy and opportunistic bankers hindered the operation of the system. The three bank commissioners whose responsibility it was to supervise the banks often neglected their duty. Weak, insolvent, and unscrupulous bankers took advantage of the guarantees of the Safety Fund. They forced the redemption of their notes after borrowing from their avaricious but more solvent colleagues at high interest rates, pledging their Safety Fund notes as collateral, thus creating a vicious cycle of robbing Peter to pay Paul. Van Buren had not reckoned with the various degrees of the bankers' integrity.<sup>16</sup>

The Safety Fund was ultimately discarded, but several benefits had come out of the system. For one thing, the banks had for the first time accepted regulation by the

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<sup>15</sup>Ellis, Frost, Syrett, and Carmen, A History of New York State, p. 262; Flagg, Banks and Banking, pp. 38-39.

<sup>16</sup>Ibid.

legislature, and the renewals of their charters.

Furthermore, in the heat of the bank war between Jackson and Biddle, when bank supporters clamored for the recharter of the bank, the Safety Fund stood as an embarrassing reminder that a bank was not an absolute necessity to secure the safety of bank funds. In Van Buren's estimation, the fund had supplied the Empire State with a paper currency on which no one had lost a single dollar and which held the people's fullest confidence.<sup>17</sup>

The banking system was to suffer from the severe shocks of the Jackson-Biddle confrontation. Historians such as Robert V. Remini, Arthur Schlesinger, Jr., and Glyndon Van Deusen find the basis for this bitter struggle between the two titans in the background of the two adversaries.

Jackson had experienced the anxiety and anguish of speculating in western lands only to have his investments jeopardized by the bank failures so common on the frontier. Enormous debt overshadowed his existence, and only after some adroit moves was he able to extricate himself from debt. Banking power and instability were not to be trusted.

Nicholas Biddle was the antithesis of Jackson. A highly educated and cultured Philadelphia banker, Biddle saw the Second Bank of the United States rise to a top financial

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<sup>17</sup>John C. Fitzpatrick, ed., Autobiography of Martin Van Buren (Washington, D.C., American Historical Association Annual Report, 1918, II, 1919), pp. 741-742.

position. Biddle did not hesitate to use his position to make loans to political or banker friends, or to deny them if the situation so dictated. This practice was interpreted by Biddle's enemies as dishonest and an abuse of power. As fiscal agent for the United States government, the bank administered the government revenues and generally set the pattern for all the banks to follow. Truly, this was a tremendous power for an institution to wield over a nation of free people.<sup>18</sup>

Biddle was, in spite of the accusations of his enemies, an efficient and honest banker. Proud and arrogant, he resented any attempts by cabinet or Congressional members to have his bank investigated. He declined to investigate charges of incompetence and fraud against subordinates.

In the early stage of the pending confrontation, Jackson and Biddle supporters hoped for adjustment and compromise. Powerful though Biddle might be, his banking policies were not entirely wrong. There were influential pro-bank democrats among the Jacksonians, Van Buren being one of them. Before Jackson's administration, both the

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<sup>18</sup>Kalman Goldstein, "The Albany Regency: The Failure of Practical Politics" (unpublished Ph.D. dissertation, Columbia University, 1969), pp. 286-287, hereinafter cited as Goldstein, "The Albany Regency"; Robert Remini, Andrew Jackson and the Bank War (New York: Norton Publishing Co., 1967), pp. 16-54; Schlesinger, The Age of Jackson, pp. 76-81; Glyndon Van Deusen, The Jacksonian Era (New York: Harper and Row, 1959), p. 64.

downstate and upstate New York business interests were friendly to the bank. Back in 1826, Van Buren, Benjamin Butler, and William March signed a petition to establish an Albany branch bank as a check against the New York City banks' attempts to discredit the Safety Fund. Merchants from New York City maintained business ties with Biddle. Albert Gallatin used his good offices as Secretary of the Treasury to mediate between the warring factions. James A. Hamilton (son of Alexander Hamilton) proposed plans for a substitute for the bank, which was an indirect compliment to Biddle. During the heat of battle, the need for a responsible central banking system was obvious.<sup>19</sup>

However, the banks were in great part responsible for the growing feeling against them. During the prosperity of the late 1820's and early 1830's, bankers had greatly over-extended credit and indulged in speculation, particularly in the sale of western lands. Senator Silas Wright, in a letter to Flagg, expressed his strong views against the banks in general. Flagg had been elected to the post of State Comptroller by the legislature in 1832. He succeeded Silas Wright, who had been elected to the Senate in Washington. Wright referred to the banks as

. . . moneyed incorporations . . . the  
most irresponsible of all aristocracies and we are

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<sup>19</sup>Remini, Andrew Jackson and the Bank War, pp. 16-54; Schlesinger, The Age of Jackson, pp. 76-81; Van Deusen, The Jacksonian Era, p. 64.

making them for all purposes. . . . They are corrupting our people with unequalled rapidity and substituting parsimony for patriotism and love of money for love of country we all know.<sup>20</sup>

Although Wright's attitude toward the banks was somewhat harsh, there were many instances of corruption which justified the popular loss of confidence in the banks.<sup>21</sup>

Jackson's threat to withdraw federal funds from the Second Bank and to deposit them in state banks created a rush for bank charters and a demand for increased capitalization. Flagg, writing to Silas Wright, complained of a very busy schedule. The legislature had acted upon and defeated thirty-five or forty bank charter applications in the last three days by a near-unanimous vote. John A. Dix wrote to Abijah Mann of an application from New York for a bank charter capitalized at \$2,000,000 and another for \$10,000,000. Dix predicted neither charter would be accepted by the legislature without a reduction of capitalization.<sup>22</sup>

As the Jackson-Biddle struggle worsened and panic began to strike, Flagg summarized the prevailing opinions:

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<sup>20</sup>Wright to Flagg, August 1, 1833, Flagg Papers, New York Public Library.

<sup>21</sup>Remini, Andrew Jackson and the Bank War, pp. 16-54; Schlesinger, The Age of Jackson, pp. 76-81; Ray Billington, Westward Expansion (2nd ed.; New York: The Macmillan Company, 1960), pp. 349-350.

<sup>22</sup>Flagg to Wright, February 14, 1834, and Dix to Mann, February 11, 1834, Flagg Papers, New York Public Library; Schlesinger, The Age of Jackson, pp. 128-131.

Those that cry distress and panic are the merchants and speculators who have over-extended their credit and engaged in unsound or wild speculation. Some cry distress to accommodate the aristocracy and get a charter. Those who have been reasonable in their financial affairs are easy and safe. The times are hard, they have nobody to blame but themselves and the United States Bank. The pressures will have a most salutary and purifying effect. It will be a cure for the stock gambling and the unpardonable greediness of the banks to make money and make the state insecure as to the banks.<sup>23</sup>

Flagg spoke in a similar vein against irresponsible speculators. New York State was expanding the canal system, and railroads were also appealing for state subsidies. Flagg explained to A. G. Dauby how the Wall Street brokers demanded the state's credit and loans to back their speculative deals, while not honoring their contract to build a promised railroad. Flagg tenaciously held to his fiscal principles:

I am unwilling that the State of New York under the delusion of a liberal system of internal improvements should drop from its present highly prosperous conditions into that state of debt and eventual embarrassment which hangs like a mill stone around the prosperity of our sister state. [Pennsylvania incurred a \$25,000,000 debt through railroad financing.] The preservation of a sound financial system is of more importance to the great body of the people of this state than even a monopoly of the Western trade.<sup>24</sup>

During their terms as state comptroller, both Silas Wright and Flagg fought to set the state's spending on a

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<sup>23</sup> Flagg to Wright, February 14, 1834, Flagg Papers, New York Public Library.

<sup>24</sup> Flagg to A. G. Dauby, August 9, 1835, ibid.

solid financial basis through more realistic estimates of canal costs and revenues. Both, however, earned for their party the censure of the Whigs who accused them of being against the construction of the canals and internal improvements. Flagg and Wright were in favor of expanding the canal system, but were strongly opposed to doing it without adequate financing. Van Buren would later say of Flagg, Wright, and Hoffman that they had carefully built a sound fiscal policy during the state's prosperous years. This sound fiscal policy would have continued if it had not been reversed by the Whigs.<sup>25</sup> Flagg, in a letter to Dauby, quoted on the previous page, was explicit on the subject when he wrote: "The preservation of a sound financial system is of more importance to the great body of the people of this state than even a monopoly of the Western trade."<sup>26</sup>

The major issue which divided the Regency Democrats was the bank controversy. Throughout the nation, banking was fiercely competitive and was not regulated by any nation-wide system of control. Although there were gross irregularities in the banking system, it was conceded that a banking system was necessary. Many Regency Democrats were anti-bank, but there were some who refused to throw out the

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<sup>25</sup>Fitzpatrick, Autobiography of Martin Van Buren, pp. 741-742.

<sup>26</sup>Flagg to A. G. Dauby, August 9, 1835, Flagg Papers, New York Public Library.



baby with the bath water. But the Democrats who were against Biddle's bank in particular, and against all monopolies in general, were formidable opponents. Besides Jackson, some of the most prominent were Amos Kendall, Thomas Benton, Silas Wright, Michael Hoffman, and Preston King. Azariah Flagg and Abijah Mann, along with Martin Van Buren, tended to be more moderate. However, Flagg and Mann had no sympathy for speculators and irresponsible bankers.<sup>27</sup>

As far back as 1833, Wright, who exhibited a great trust in Flagg, referred to the banks as "monied [sic] incorporations . . ." and "irresponsible . . . aristocracies and we [the Regency] are making them for all purposes. . . ."<sup>28</sup> Wright was referring to the early days when the Regency-sponsored Safety Fund controlled the state's banking system. According to one leading authority, "Under the Safety Fund System, banking became to an unprecedented extent a tightly controlled legal monopoly. The legislature decided who could operate a bank, where it would be located, and how it would be operated."<sup>29</sup>

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<sup>27</sup>A. C. Flagg, "History of the Canal Policy," pp. 1-12; Schlesinger, The Age of Jackson, pp. 117, 126-127.

<sup>28</sup>Silas Wright to Flagg, August 1, 1833, Flagg Papers, New York Public Library.

<sup>29</sup>Lee Benson, The Concept of Jacksonian Democracy (New York: Princeton University Press, 1961), p. 92.

Michael Hoffman, legislator from Herkimer, New York, wrote to Flagg about the irresponsible bankers who precipitated the state's near-bankrupt condition. He charged that banking "is an absurd attempt to make money out of nothing, with nothing to redeem it."<sup>30</sup> Preston King, the radical representative from Ogdensburg, New York, blamed Flagg for his part in aiding the banks to regain solvency after the 1837 Depression. Said King: "The Banks are precisely what General Jackson called them in his letter to Blair and 'never was baser treachery and perfidy exhibited' than has been exhibited by them. . . ."<sup>31</sup> John A. Dix denounced "all monsters in a monied shape, whether procreated by federal or state authority." Dix informed Silas Wright that "the people of the United States were animated by a revolutionary spirit" on the banking issue, and that the New York legislature "was true to the popular feeling against the Bank."<sup>32</sup> Dix praised the unity of the New York legislators vis-a-vis their support of President Jackson's determination not to recharter the bank. Five days later, Dix informed Van Buren that he spoke for all the

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<sup>30</sup>Hoffman to Flagg, November (n.d.), 1842, Flagg Papers, New York Public Library.

<sup>31</sup>Preston King to Flagg, November 22, 1837, ibid.

<sup>32</sup>Dix to Wright, February 11, 1834, ibid.

people of the state, and not for the Regency alone. "The press, members of the legislature and citizens from all quarters assembled here speak the same language."<sup>33</sup>

When Flagg was asked by Assemblyman Pell from Dutchess County why he had voted in favor of the Fulton Bank, Flagg responded that he did not indiscriminately oppose all banks. He explained that:

. . . the Fulton bank contained a liberal provision for one of the best patriots that had adorned the political history of this state, or of the nation: and he would not withhold from one who had done and suffered so much for his country, a privilege which we were every day granting to speculators. [Allusion to the Regency's granting of charters.]<sup>34</sup>

Flagg did not elaborate on the nature of the "liberal provision," nor did he identify the "patriot." His reply was not contested by Pell.

Mann had always been against the loose manner of chartering banks in the post-1812 period, but, like Flagg, accepted their role and necessity. Mann's opposition to the banks hardened considerably when Biddle refused to submit his bank to a Congressional investigation. Mann proposed a banking system which provided that those who asked the privilege of issuing currency notes for circulation would deposit with the comptroller as many dollars in their state's stock as they asked to have issued to them in

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<sup>33</sup>Dix to Van Buren, February 16, 1834, ibid.

<sup>34</sup>Albany Argus, August 8, and August 17, 1824.

circulating notes. This would make every bank note a certificate in the hands of the holder proving that he was entitled to a share in the bond equal to the amount of the note. Thus, should the bank go bankrupt its notes should draw interest under the bank's suspension of payment.<sup>35</sup> Under this law any partnership with the required capital could enter the banking business without special legislation. They were required to deposit the stock of the United States, or other state stock, or bonds and mortgages, with the comptroller before they could secure notes for issue. Thus, the Free Banking Law replaced the Safety Fund System and the Restraining Law, which had been passed in response to the abuses of banking and the indiscriminate granting of charters in the post-1812 period.<sup>36</sup>

The passage of the Free Banking Law removed from the Regency its control over the granting of charters. It is difficult to know whether the Free Banking Law would have been good or bad, as the nation was, in 1837, subjected to the worst depression in its history. The depression followed a period of prosperity and over-extension of credit financing. The state of New York was groaning under the

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<sup>35</sup>A. C. Flagg, "Banks and Banking," pp. 32-33, 41.

<sup>36</sup>Ellis, Frost, Syrett, and Carman, A History of New York State, pp. 261-263; A. C. Flagg, "Banks and Banking," pp. 43-44, 47.

burden of debt accumulated by years of deficit spending. Through a series of letters, Gallatin, who had been American Minister to England, Secretary of the Treasury, and president of the board of directors of the National Bank of New York City, worked in conjunction with Flagg to solve the banking crisis. Flagg hoped to finance the state's debt while helping the banks resume specie payments which had been suspended when the depression struck. The state was, moreover, involved in the continuing construction of the lateral canals.<sup>37</sup>

Flagg, in consultation with the commissioners of the Canal Fund, proposed to issue state canal stock and sell these to the banks which qualified to deal in them. The banks were required to purchase the stock at par and pay the interest agreed upon until the funds were needed for the construction of the canals. Gallatin and Flagg agreed that the arrangement in regard to the payment of principal and interest, and the nature of the banks' collateral, could be made in the way most convenient to the banks while keeping in mind the security of the stocks.<sup>38</sup>

The competition among banks for their lion's share of state stock was soon manifested. The banks which owned

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<sup>37</sup> Flagg to Gallatin, April 22, 1837, Gallatin Papers, New York Historical Society.

<sup>38</sup> Flagg to Gallatin, April 29, 1837, ibid.

most of the state's stock would be that much more powerful and influential. The banks which were financially "border-line" were not allowed to deal in the state's stock without an act of the legislature. Flagg did not present their applications to the legislature as the membership in the Assembly was reduced. He feared that the required eighty-six affirmative votes for acceptance would not be there. So as to prevent any bank from controlling more than its share of stock, the amount of stock each bank was allowed to buy was based upon the amount of collateral and security each had. On May 9, 1837, the legislature passed the bill authorizing the sale of state stock to the banks.<sup>39</sup>

Controversy surrounded the banks' suspension of specie payments and the subsequent passage of the bill authorizing the sale of the state's canal stock. Churchill C. Cambreleng, an influential Democrat, wrote to Flagg requesting him not to be persuaded by bank commissioners and others to repeal the "law relating to the suspension of specie payments." Cambreleng felt that the banks were responsible for the specie squeeze. If the banks succeeded in obtaining the suspension of specie payments every time the market was tight, there would be no end to employing

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<sup>39</sup>Flagg to Gallatin, May 7, and May 8, 1837, ibid.

that emergency device.<sup>40</sup> Cambreleng is reputed to have said, regarding the bank legislation pending, "The Banks should be left to their fate. We have got them on the hip, and must leave them there."<sup>41</sup>

The banks had brought on much of their own difficulties, but there were circumstances beyond their control. Jesse Hoyt, C. P. White, and Stephen Allen wrote to Flagg describing the unmerited hardship on the banks of New York City, especially. Loans from the Safety Fund banks and the solvent banks would allow them to remain operative and help them weather the banking crisis which was precipitated to some degree by the withdrawal of the deposits. Allen was fearful that the war between the pro-bank and anti-bank party members would divide the Democratic Party. Cambreleng's supposed remark, "If this be the sentiments of our prominent men, I fear we may look for a complete prostration of the Democratic Party in this city, if not in the state," caused them much alarm.<sup>42</sup> The bill pending in the New York legislature for a bank loan was applauded by the city people. Allen described the strategy of the Whigs who objected to the loan:

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<sup>40</sup>Cambreleng to Flagg, May 10, 1837, Flagg Papers, New York Public Library.

<sup>41</sup>Albany Argus, May 22, 1837.

<sup>42</sup>Ibid.

The object of the Whigs, at least those of them who have all to gain by the occupation of office, and but little to lose, is to embarrass and make things worse than they really are in the hope of riding into power, even if by the ruin of thousands. . . . A recent proof of this fact is the refusal of our Whig corporation to ask the legislature to permit them to issue small bills on the credit of the city. They fear the accommodation will be granted and thus a portion of the inconvenience relieved and one topic of blame upon the government prevented.<sup>43</sup>

Flagg, who was a moderate in the banking controversy, understood that there were circumstances beyond the banks' control. These circumstances were the general inflation of the early 1830's, the destruction of the Second Bank, the deposit of the federal funds in the pet banks, the Specie Circular, and the nation's worst depression which occurred in 1837. All banks were shaken by the economic seismic waves. Some simply vanished in bankruptcy, while the more solvent ones suspended specie payments. Both Flagg and Gallatin found ample opportunity to exercise their talents as financiers. Gallatin wrote to Flagg from New York in the following manner: "I am happy to hear that in the general wreck you intend to sustain the credit of the State and to fulfill its engagements with fidelity." Gallatin proceeded to offer suggestions regarding the problems of specie payments, the maintenance of United States credibility to foreign investors, and the currency crisis.<sup>44</sup> Gallatin was

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<sup>43</sup>Ibid.

<sup>44</sup>Gallatin to Flagg, June 14, 1837, Flagg Papers, New York Public Library.



at this time serving as president of the board of directors of the National Bank in New York City. It is understandable why both men worked in close harmony to restore solvency to the banks. Gallatin seemed to depend as much on Flagg's financial knowledge as Flagg depended on him. Gallatin and Flagg exchanged views and strategies regarding the sale of stock to aid the banks to regain solvency.

In their correspondence, Gallatin suggested that Flagg draw upon the Canal Fund to pay the canal debts. Flagg arranged to pay for the interest on all the outstanding Canal Stock which was valued at \$6,300,000 in specie. He also arranged to pay the principal due on the debts of 1837, plus \$1,100,000 due on other state stock at its estimated value in specie. Some bondholders were willing to take a long-term stock at its specie value for the principal due on their stock. For other bondholders not willing to do this, Flagg arranged that, where specie could not be obtained, the state would pay the difference between specie and New York City paper money. Flagg was also able to draw on the funds in various state banks to pay the interest and principal to the stockholders at the appointed time.<sup>45</sup> The state was due to receive the third installment

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<sup>45</sup> Flagg to Gallatin, June 10, 1837, Gallatin Papers, New York Historical Society.

from the United States Treasury on July 1, 1837. (This state-sharing plan did not materialize beyond the first installment.) This money would be allowed to remain in the banks up to ninety days. In June, 1837, Flagg informed Gallatin of his detailed plan to repay creditors. Flagg reported the desire of the Canal Fund commissioners to pay the stock of 1837 in a manner acceptable to the creditors of the state. Thus, the good faith of the state could not be questioned.<sup>46</sup>

In June, 1837, Gallatin wrote to Flagg from New York City stating his approval of Flagg's plan to pay New York State's debt. Gallatin offered one word of advice concerning the price of New York stock on the London Exchange. The value of the state's stock would be about ninety-eight percent specie, but the price of specie on the London market shifted upward when London discovered that the United States had suspended specie payments. Gallatin cautioned Flagg not to be sold short, and submitted a readjusted scale by which the stock prices were equivalent to specie payments.<sup>47</sup>

Flagg immediately notified Gallatin that the new rate scale was in every respect satisfactory to the

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<sup>46</sup>Gallatin to Flagg, June 10, 14, 16, 1837, ibid.

<sup>47</sup>Gallatin to Flagg, June 14, 16, 20, 1837, ibid.

commissioners and they were grateful to him for this information. The two financiers consulted to determine the proper time for the actual sale of New York stock, which would, hopefully, advance the time of the resumption of specie payment. Both agreed that this would depend to a great extent on three important factors, i.e., the success of the sale of New York stock, the cooperation of banks from other states, and the incoming specie from England resulting from the purchase of stock.<sup>48</sup>

By late August of 1837, Flagg informed Gallatin that the stock of the Chenango Canal, one of the New York canals, had been sold, and that between \$100,000 and \$200,000 of the 1850 stock had been exchanged for that of 1837. There remained about \$2,700,000 to be disposed of, \$2,000,000 of which would be sold as 1860 stock. Flagg reiterated that the object of selling stock to the banks before the work on the canals began was to aid the banks to resume specie payments and to develop a sound currency. Flagg was prepared to furnish the state with the required amount of specie to pay the \$80,000 quarterly interest on the state's debt, and also to pay in specie such amounts necessary to meet the quarterly interest on the new canal stock. Flagg

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<sup>48</sup> Flagg to Gallatin, June 27, August 5, and August 27, 1837, ibid.

demanded the greatest supervision of the banks possible to prevent fraud and to insure the safety of the stocks.<sup>49</sup>

Some very real difficulties soon became apparent. Gallatin shared some of his anxieties with Flagg. Jealousies marked the appointment of a committee for the sale of stocks. The Bank of America in New York City was getting its apportioned share of stocks without pledging itself to use them for acquiring specie. Said Gallatin: "If one bank can dispose of its stock why not the others?" Why should the Bank of America be "entitled to distinct and better conditions than the others?"<sup>50</sup> Gallatin as president of the National Bank of New York City could not tolerate the Bank of America gaining an advantage by being able to sell the stock at speculative prices. This action by the Bank of America would negate the purpose of selling state stock to the banks. This was one of many examples of banks trying to use the state's backing for their own advantages. Gallatin offered to come to Albany to help Flagg decide, in what proportion, and to which banks, the stock should be sold. Gallatin informed Flagg of the indebtedness of the Merchants Bank which amounted to \$1,173,000, and, since the Merchants

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<sup>49</sup> Flagg to Gallatin, August 31, 1837, ibid.

<sup>50</sup> Gallatin to Flagg, September 19, and September 25, 1837, ibid.

Bank was listed to receive stock, Gallatin desired an investigation of all the banks by the Bank Commissioners.<sup>51</sup>

By October of 1837, Flagg reported to Gallatin that the whole amount of the 1860 stocks had been divided among six major banks, and the value of these stocks was less than eighteen percent of their capital. The six banks were the Bank of New York, Merchants Bank, Manhattan Company, National Bank, Union Bank, and the Bank of the State of New York. The Merchants Bank was found to be sufficiently safe. The Mechanics Bank had come under suspicion and was excluded from participating in the state's sale of stocks.<sup>52</sup>

In his long and arduous struggle to keep New York State's finances solvent, Flagg appealed to John J. Astor for a loan, offering him a chance to buy state stock. Gallatin questioned Flagg's right to offer negotiable stock to individuals who were expressly forbidden to deal in stocks in payment of the temporary loans they might make to the state. Gallatin promised to consult the Attorney General and other authorities and then notify Flagg. The whole project fell through as John J. Astor declined to purchase any of the stock.<sup>53</sup>

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<sup>51</sup>Gallatin to Flagg, September 20, and September 25, 1837, ibid.

<sup>52</sup>Gallatin to Flagg, October 1, and October 6, 1837, ibid.

<sup>53</sup>Gallatin to Flagg, October 10, 1837, ibid.

Gallatin informed Flagg of an up-coming bank convention in November which would study ways to improve credit and currency. He feared the power and influence of the pro-Biddle faction which might be used to neutralize or destroy what good had been thus far accomplished. He doubted the sincerity and integrity of the six banks which were allowed to purchase stock. Gallatin specifically named the Bank of America, Bank of New York, and the Merchants Bank. He censured their boards of directors for being shortsighted and foolish. He felt that, if these banks did not manifest fiscal responsibility, the people would cause their downfall.<sup>54</sup>

By October, 1837, Gallatin directed Flagg to consider selling stock to the once shaky Mechanics Bank. The bank had made serious efforts to rectify its finances. Gallatin relied on Flagg to have the bank investigated further and to offer \$400,000 of 1850 stock at five percent to enable it to resume specie payments. In the spring of the following year, Flagg informed Gallatin about the meeting with the Board of Commissioners of the Canal Fund regarding a loan to the Mechanics Bank. Flagg went on to describe the situation of the state's stocks, which he felt militated against the loan. Flagg reported that the 1850 stock amounted to \$210,753.90 and the unredeemed 1837 stock

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<sup>54</sup>Ibid.

amounted to \$131,940.91, leaving a difference of \$78,813. If the stockholders of 1837 would accept bank paper drawn on the country banks, a loan to the Mechanics Bank might be negotiated. However, the country banks felt that too much had been drawn on them already. Flagg hesitated to draw on the 1850 issue of stock for the benefit of the Mechanics Bank. Although their present board had Flagg's respect, their past history of frauds made him question the feasibility of exposing himself to future censure by a legislative investigation for allowing large sums of public money to be in the hands of unscrupulous men. Flagg ended his letter to Gallatin saying, "I am aware that the rule on which we act may appear hard and somewhat unreasonable particularly to the officers of the interested institution."<sup>55</sup> However, Flagg's responsibility as comptroller demanded that he view the situation from a greater perspective.

Flagg manifested his sternness toward delinquent banks in a letter to Gallatin in which he told of his threats to the President of the Union Bank for not issuing

. . . the amount of specie equal to the stock loaned and equal to the amount to which the other banks similarly situated, have agreed to procure. . . . I have heard before that this bank was not doing what in good faith it should do, and if it does not toe the

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<sup>55</sup> Flagg to Gallatin, March 6, 1838, Gallatin to Flagg, March 6, and October 11, 1838, Gallatin Papers, New York Historical Society.

mark, I am ready to adopt any measures which properly can be adopted to make the Union Bank do its duty in their promises.<sup>56</sup>

As days became months, the resumption of specie payments became more difficult than was at first anticipated. In early March of 1838, Gallatin warned Flagg, after attending the bank convention in Philadelphia, that fear, uncertainty, and corruption were the major obstacles to resumption. He told Flagg to hold the New York banks participating in the stock sale to their contracts. By March 20, 1838, Gallatin and other New York City bankers had written to Governor Marcy explaining their difficulty of resumption which was aggravated by the hesitancy of the other banks of the nation. Biddle's bank proved to be the chief obstacle by refusing cooperation. Agreement could not be had on the date for resumption.

Governor Marcy obtained Gallatin's permission to publish his letter which described the fear, uncertainty, and corruption which were the major obstacles to resumption. This publication would bring to the public's attention the serious efforts made to resume specie payments, and the villains who thwarted this effort. Gallatin believed that New York State's aid to the banks "cannot fail to have a

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<sup>56</sup> Flagg to Gallatin, March 14, 1838, ibid.



powerful effect on the Convention . . . it will encourage the timid and decide the wavering."<sup>57</sup>

Although there was a general feeling that most banks were willing to cooperate, the big banks of New York City and Philadelphia were the key ones. The banks of Boston and Baltimore sided with Philadelphia against resumption. The Banking Committee of New York's seven banks, headed by Gallatin, stated that, "We trust that supported by the community of this city and by the state, the banks will be able to surmount all obstacles and on, or before the tenth of May, 1838 to resume and maintain specie payments."<sup>58</sup>

A Mr. J. Murray of New York City informed Flagg of his meeting with Biddle in Philadelphia regarding the resumption of specie payments. He reported: "The result is that they avow a determination not to respond to such a movement. They feel secure in their immunity as well from the legislature as from popular sentiment."<sup>59</sup> Although all attempts to influence the bank in Philadelphia failed, Murray showed his emotions when he said: "I feel pride as a

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<sup>57</sup>Gallatin to Flagg, March 6, 1838, Gallatin to Marcy, March 20, 27, 1838, ibid.

<sup>58</sup>Gallatin to Flagg, March 6, 1838, ibid.

<sup>59</sup>J. Murray to Flagg, March 19, 1838, Flagg Papers, New York Public Library.

New Yorker in New York State taking a lead and that we are triumphant and successful, even if alone in this act."<sup>60</sup>

Biddle's fury against New York State's resumption of specie payment was described by Thomas Olcott in a letter to Flagg. Olcott emphasized New York City's confidence in the resumption of specie payments and its ability to maintain the resumption. Olcott pointed out that the "most sagacious apprehend the secret and determined hostility of Mr. Biddle as his reputation is concerned [either] in resuming with our banks or in driving them again to suspend." This seeming ambivalence was clarified by Gallatin who judged Biddle's manifesto as a declaration of war against the banks and the government by attempting to dictate to the legislature in an offensive manner. Charles King regarded the document as the most "arrogant audacious document he ever saw," and believed it would serve to polarize public opinion. In this manner, the document would serve as a rallying point and close the ranks of those "supporting the Banks" in the resumption of payment.<sup>61</sup> Olcott pointed out that the bankers in general believed that with the resumption of specie payments,

there should be a prudent extension of discounts in order to move business . . . but to do this while guarding against the designs of Biddle . . . which

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<sup>60</sup>Ibid.

<sup>61</sup>Olcott to Flagg, April 10, 1838, Flagg Papers, New York Public Library.

are nothing short of perpetuating an undesirable paper currency and of arranging all the Banks of the nation in hostility to the administration--this he boldly avows and declares that upon this ground and behind our cotton bags (Biddle hoped to corner the cotton market) the battle might be fought until not an enemy is left upon the field--or in other words until the present administration is beaten down and the present President of the United States (Van Buren) is drawn into retirement.<sup>62</sup>

Olcott reassured Flagg that in the April convention the strong Boston banks would vote for resumption with New York City.

Flagg and Gallatin had succeeded in holding the dam against the threatening fiscal debacle which nearly swept New York State into bankruptcy. The most trying period had been the spring and summer of 1839, but by September the New York banks were secure. But, politically, things were not well with the Regency. The bank war had thrown its ranks into disarray. Preston King, a staunch Democrat from Ogdensburg, New York, vented his spleen on Flagg for his handling of the banking crisis.<sup>63</sup> King summarized Flagg's work with the resumption of specie and the banks in bold and salty language. King represented the Democrats who believed that all banks and monopolies were inherently harmful to the country. King revealed strong emotions in a letter to

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<sup>62</sup>Ibid.

<sup>63</sup>Henry Cohen, Business and Politics in America from the Age of Jackson to the Civil War (Westport, Connecticut: Greenwood Publishing Corporation, 1971), pp. 145-160; Preston King to Flagg, November 22, 1837, Flagg Papers, New York Public Library.

Flagg which contained no punctuation, other than a dash. He condemned the moderate tone of the Argus, the party newspaper.

The tone of the Argus is altogether too tame for my stomach--full grown democrats require stronger food than the votes of conciliation and compromise and resumption of specie payments at an early day and causes that may or may not retard the resumption and the prattle about dissensions and distractions and unhappy difference[.] . . . In the Senate the democrats have heretofore elected too many men whose interests are identified with the Banks--Will they all be true to the honest equal democratic principle or will enough of them be seduced to support the interest of the Banks and thus promote their own private speculation and personal interests[?] . . . What has democracy to do with compromise--with conciliation[?] . . . I say down with the idea of compromise--give us liberty, perfect liberty--equal and exact justice to all men--honest impartial legislation--give us the democratic principles unstained unmixed or give us the ground to fight for it[.] . . . I want to hear from you--I begin to feel the marrow moving in my bones--<sup>64</sup>

The bank war was the rock on which the Regency split. In the November elections of 1839, the Whigs won control of the Albany legislature and Flagg was replaced by Bates Cook as comptroller. During the Van Buren administration the division had become more pronounced. Moreover, the popular identification of the depression with the Van Buren Democrats gave the Whigs an added advantage. The Regency had lost much of its former dynamism. Its determination to maintain the status quo proved to be too limiting for those

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<sup>64</sup>Preston King to Flagg, November 22, 1837, Flagg Papers, New York Public Library. Some punctuation has been inserted for clarity.

who wanted change. The Whig political machine had achieved the party discipline which the now badly disunited Regency once had. Dissident Democrats worked against their own party by apathy or by supporting the Whigs.<sup>65</sup>

For the next two years (1839-1841) Flagg occupied the position of Postmaster at Albany. He maintained a correspondence with Gallatin regarding the general finances of the state. He also expended considerable effort to try to unite the fragmented Regency Democrats in preparation for the 1840 elections.<sup>66</sup>

The achievements of Flagg's first term as comptroller are indicated in a brief excerpt found in one of his annual reports which stated:

. . . it is of the highest importance that the State of New York should give the full force of its example to the establishment of a sound currency and the honest payment of State debts and the sacred preservation of the public faith.<sup>67</sup>

Flagg's efforts toward achieving "a sound currency . . . payment of State debts and the sacred preservation of the public faith" marked his first term as comptroller. Later, these same efforts would characterize his second term when the finances of New York once again reached a new low.

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<sup>65</sup>Goldstein, "The Albany Regency," pp. 366, 374, 408.

<sup>66</sup>Dexter Perkins, "Granger, Francis," D.A.B., IV, part 1, pp. 482-483; The Rough-Hewer, Albany, February to December, 1840, passim.

<sup>67</sup>Flagg, Banks and Banking, pp. 84-85.

## CHAPTER IV

### FLAGG'S SECOND TERM AS STATE COMPTROLLER:

1842-1847

By 1837, serious rifts had developed in the Democratic Party. The Albany Regency was showing unmistakable signs of weakness. John L. O'Sullivan, a perceptive Democrat, maintained that the once-splendid political machine was suffering from a political malady caused by a too long undisputed possession of power.<sup>1</sup> The ideal of a political party perfectly united for the sake of party proved impossible to maintain for long. Gone were the years when party discipline was insured by the members' singleness of purpose, as reflected by unanimous decisions, or when contrary opinions were quietly sacrificed before the idol of party unity. In many areas of the state a political anemia spread throughout the former Democratic strongholds. While some Democrats relaxed their fervor, others joined the more progressive Whigs. Flagg would be

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<sup>1</sup>Quoted in Kalman Goldstein, "The Albany Regency: The Failure of Practical Politics" (unpublished Ph.D. dissertation, Columbia University, 1969), pp. 369-370, hereinafter cited as Goldstein, "The Albany Regency."

concerned with problems of achieving sufficient party unity by 1840 to ensure Van Buren's re-election and the dominance of the Democratic Party. His efforts would be met with failure, however.

The Whigs had profited by their failures in 1836. They quickly learned the important lessons regarding party structure and organization from the successful Regency. In 1839, under Governor Seward's direction, they developed the cadre system, a form of political organization at the district level, which added to their efficiency in communication and propaganda. Van Buren succinctly described the Whigs' success when he wrote, "They do what we used to do in the old times."<sup>2</sup> By 1838, the Whigs controlled the state legislature and in 1839 elected Seward as the new Governor. In that election, Flagg was replaced as comptroller by the Whig, Bates Cook.

State elections were frequently marked by corruption and irregularities. The state elections of 1838 and 1839 were no exceptions. They were accompanied by the election frauds so common in the political world of the nineteenth century. Whigs and Democrats accused each other of purchasing the immigrants' votes and of employing "floaters"

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<sup>2</sup>Van Buren to Flagg, 1839, Flagg Papers, Columbia University; Goldstein, "The Albany Regency," pp. 367-368, 375-377.

(voters transported from one election to another to cast ballots). Flagg informed Charles S. Benton of Little Falls, New York, that he had been notified by the

. . . New York General Committee that a large number of desperadoes will come up this . . . way to interfere in the elections here and in neighboring places. Perhaps some of them will go along the canal and will . . . try to vote at each poll and to create rows. Look out for them.<sup>3</sup> Write . . . to me after the closing of each poll.<sup>3</sup>

Flagg, Peter Gansevoort, and Seth Hastings were appointed by the Albany County Convention to serve as members of the Corresponding Committee of Albany County, "to correspond with the republicans of the several counties . . . for the special purpose of preserving the purity of the elective franchise, by enforcing the laws passed in 1829 and 1839 'to preserve the purity of elections.'"<sup>4</sup> Flagg, Gansevoort, and Hastings prepared a circular which briefly reviewed New York State's history regarding the gradual liberalization of the franchise in 1821 and 1826. The three recalled Van Buren's 1829 message to the legislature in which he bemoaned the extensive use of money at election time:

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<sup>3</sup>Flagg to Charles S. Benton, October 31, 1840, Charles S. Benton Correspondence, State Historical Society of Wisconsin.

<sup>4</sup>"Circular to insure the purity of elections," Azariah Flagg, Peter Gansevoort, and Seth Hastings, October 1, 1839, Manuscript Collection, New York Public Library.



If the expenses of our elections continue to increase with the same rapidity that they have done for some years past, the time will soon arrive when a man in middling circumstances, however virtuous, will not be able to compete, upon any thing like equal terms, with a wealthy opponent. The evil is certainly within the reach of legislation. Evasions of any law that you may pass, will, without doubt, take place; but their range can be greatly circumscribed, by the discreet and intelligent action of the legislature.<sup>5</sup>

Van Buren had appealed to the legislature for effective laws guaranteeing the honesty and validity of the elective process. In 1829, the legislature had responded to Van Buren's appeal by passing laws to preserve the purity of elections. But this legislation remained ineffective as the successive elections were to show. Within a ten-year period, fraud had again reached new levels. "The fraudulent practices at the general election in 1838 . . . were so alarming in their character, as to induce the legislature to pass a law for their suppression."<sup>6</sup> New legislation was passed in May, 1839, strengthening the election laws and increasing the punishment for their disregard. Flagg, Gansevoort, and Hastings ended the circular by saying,

The State of New York is essentially democratic, and if the ballot boxes are protected from illegal and fraudulent votes, the result of the coming contest will show it. . . . An honest election is all that is needed or desired, to secure the triumph of democratic principles.<sup>7</sup>

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<sup>5</sup>Ibid.

<sup>6</sup>Ibid.

<sup>7</sup>Ibid.

Whether the committee was sincere, or only trying to sound hopeful, the Democratic Party had other serious obstacles to surmount besides the dangers of frauds at the ballot boxes.

The Van Buren Democrats were assured of a tough up-coming election. Any administration that has suffered a crisis such as war, depression, or sensational scandal has usually failed at the polls. During Van Buren's administration no war occurred, but it was marked by the nation's worst depression (1837). No sensational skeletons were found in closets, although the Whigs outdid themselves in a smear campaign. Van Buren was unjustly accused of effeminate and aristocratic living in the White House, a charge denied by a leading Whig, Levi Lincoln, of Massachusetts. Lincoln's efforts were in vain as the crowds preferred sensationalism.

The Democratic Party was burdened with Van Buren's weak record of the past four years. The Independent Treasury System, which followed on the heels of the long stormy struggle over the Second Bank of the United States, had polarized public opinion. The Regency Democrats were badly shaken and divided over banking, the extension of canal construction, and New York's fiscal policies in general. Factionalism pervaded the party and promised

defeat in November unless some strategic tour de force reunited the party.<sup>8</sup>

Flagg and Dix, in an effort to reinstill party loyalty, idealism, and a sense of purpose, founded a newspaper, The Rough Hewer, for the 1840 election campaign. To the masthead, Flagg and Dix added the long, descriptive subtitle, "Devoted to the Support of the Democratic Principles of Jefferson." The Rough-Hewer, employing an emotional approach, was used by the Democrats to defend their past record, stressing the virtues of Jeffersonianism. It served as the 1840 campaign newspaper in which the Democrats battled the Whigs on every count. The long past contentions between Jefferson and Hamilton were resurrected. The old Federalists and their Whig descendants, and all others opposed to Jefferson, were attacked unmercifully in the editorials. The issues regarding canals, banks, tariffs, the Independent Treasury System, and internal improvements were reviewed in the terms of what Jefferson would have decided. The "Restoration" image of the Democratic Party was coming more into focus. The Whigs' fiscal policies, which were in keeping with Hamilton's

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<sup>8</sup>Herbert D. Donovan, The Barnburners (New York: New York University Press, 1925), pp. 26-33; Arthur Schlesinger, The Age of Jackson (Boston: Little, Brown and Company, 1945), pp. 290-294.

philosophy that a public debt was a blessing, were severely criticized. In contrast to the Whigs' liberal spending policies, The Rough-Hewer proudly announced that the Democratic administration had paid almost ten million dollars for the liquidation of the state's debts.

The Democrats were extremely sensitive to the Whig charges that they had curtailed expenditures for internal improvements. A number of these charges were printed in The Rough-Hewer in 1840, and Flagg, who saw clearly the fiscal dichotomy between the two parties, lashed back at the Whigs in his newspaper.<sup>9</sup> He ascribed the 1837 depression to the bank war and the evils of inflation and speculation. He also defended New York's economic prosperity and development as being superior to most of the states. New York's canals and railroads had been developed to an enviable degree, and in that respect were ahead of the canal and railroad systems of the other states. Moreover, New York State had assumed full responsibility for the financing of such projects. Several of the other states had spoken of repudiating their debts or having them assumed by the federal government as the costs of their internal improvements had greatly exceeded the estimates. Flagg further defended himself against the accusations of Seward who blamed him for not

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<sup>9</sup>The Rough-Hewer, February 20, 1840, to July 23, 1840, passim, Albany, New York State Library.

supporting the railroad system of the state. If, Flagg said, the railroads had shown fiscal responsibility with past loans made to them by the state, the aid from the state probably would not have been cut off. The loss to the state on account of the railroads' failure to repay amounted in the aggregate to \$7,250,000. In another case of mismanagement, the funds which had been appropriated from the treasury to finance the wagon road from the Hudson River to Lake Erie ended up, through the most remarkable frauds, in the Erie Railroad.<sup>10</sup>

Through The Rough-Hewer, Flagg berated the irresponsible spending of the Whig financiers. He alluded to the 1838 Free Banking Law which required that corporations desiring to open a bank should deposit with the comptroller state stocks as securities for their notes. The Whig financiers had allowed the large amount of stocks from the several states to depreciate so rapidly that the 1840 legislature passed an act modifying the original law,

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<sup>10</sup> Azariah C. Flagg, "Banks and Banking in the State of New York from the Adoption of the Constitution in 1777 to 1864" (Brooklyn: Rome Brothers, Printers, 1868), p. 36, hereinafter cited as Flagg, "Banks and Banking"; The Rough-Hewer, February 20, 1840, to July 23, 1840, passim; Azariah C. Flagg, "Internal Improvements in the State of New York," pp. 32-33, New York Public Library (originally published in the Merchants Magazine, 1851), hereinafter cited as Flagg, "Internal Improvements."

limiting public stocks to those of the state of New York exclusively.<sup>11</sup>

The struggle between the Whigs and Democrats during the campaign of 1840 was waged with every available weapon. At a meeting of the Democratic Committee, it was resolved that the caption, "New York must be redeemed," would be printed on the front page of The Rough-Hewer until the time when the caption would be replaced with "New York is redeemed."<sup>12</sup>

The Rough-Hewer carried Van Buren's August, 1840, address to the Kentucky Democratic Convention. His address was titled "The Old Landmarks Ascertained and Re-established." In this speech, Van Buren praised the Kentucky Resolutions as the people's first attempts to restrain the federal government controlled by Hamilton. He praised the signing of the Independent Treasury Bill (July 4, 1840) as a return to the original spirit of the founding fathers.<sup>13</sup>

The Rough-Hewer carried numerous brief articles expounding the virtues of thrift and integrity. The Whigs' adoption of "hard cider" as part of their campaign rhetoric

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<sup>11</sup> Flagg, "Banks and Banking," pp. 88-89.

<sup>12</sup> The Rough-Hewer, July 30, 1840. The term "redeemed" meant that the state was to be redeemed from Federalist-Whig indebtedness and privilege.

<sup>13</sup> The Rough-Hewer, August 13, 1840.

was ridiculed and censured. Accounts of mock elections between Van Buren and Harrison held in the several counties always revealed Van Buren as the winner. Frequently, the campaign speeches were made in the presence of veterans of the American Revolution, enhancing the Jeffersonian democratic spirit which the Regency desired to restore.<sup>14</sup> The Democratic Republican Party owed its origin to Jefferson and the Regency Democrats always claimed that the true Jeffersonian spirit was transmitted through their political group. To them, the Clintonian and Adams Republicans had been tainted with the Federalist philosophy which digressed from the true meaning of the Constitution. The Regency Democrats sponsored Jackson in 1828 and in 1832 because of his leanings toward Jeffersonianism.<sup>15</sup> Thus, during the campaign of 1840, the strong "Restoration" image, which would further divide the Regency Democrats, took shape.

The four members of the State Central Committee, Flagg, Dix, Erastus Corning, and P. Cagger, co-authored an article, "Mr. Van Buren and the Elective Franchise." The article associated the New York State Whigs with the British

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<sup>14</sup>The Rough-Hewer, February 20, 1840, to December 24, 1840, passim.

<sup>15</sup>"Address of the Delegates from this state [New York] in the Democratic General Convention," Baltimore, Maryland (printed in the Plattsburgh Republican, June 22, 1832), North Country Historical Research Center, State University College, Plattsburgh, New York.

Whigs. A parallel was drawn between the wealth, power, and privilege of the two groups. The idealism and patriotism of the American Revolution was recalled and compared with the Whigs' abuses. Another article was printed with the rather derogatory title, "The Money Power of England and the British Whigs in America--Proposition to Mortgage the Whole Country to the British Fundholders for Three-Hundred Millions of Dollars." The implication was that the Whig monied interests would benefit from selling New York stock to English bankers, the interest being paid by the patriotic American taxpayers.<sup>16</sup>

During the last days of the campaign, an emotional appeal was made to the electorate:

But a few days are left us in preparing for the day of battle. Are the townships properly organized? . . . committees appointed? . . . We cannot be defeated, if we are true to ourselves. . . . We must be at the Polls EARLY . . . ALL DAY.<sup>17</sup>

The protection against violence and fraud at election time by the laws of 1829 and 1839 was doubtful indeed:

We must keep an unshrinking eye upon the Ballot Box: We must look out for IMPORTED VOTERS. . . . The Patriot Fathers of '76 gave whole years of toil in securing our rights. We must sustain these rights by at least THREE WHOLE DAYS devoted with untiring energy to the cause in which we are engaged.<sup>18</sup>

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<sup>16</sup>The Rough-Hewer, August 20, 1840, to September 3, 1840, passim.

<sup>17</sup>The Rough-Hewer, October 22, 1840.

<sup>18</sup>Ibid.



On October 29, 1840, the State Central Committee launched an appeal to the Democratic Electors of the State of New York for their support in the November elections. The committee predicted that the Democratic victory at the polls would most probably depend on New York State. Flagg, Corning, Dix, Cagger, and H. H. Van Dyck recalled that the great struggle of 1800 was decided by New York, and that in all probability New York would decide again, as the same principles were at stake.

But all the fire and enthusiasm which The Rough-Hewer tried to elicit failed of its purpose. The masthead no longer printed "New York must be redeemed," nor was it replaced with "New York is redeemed." The Whigs won a resounding victory as Harrison polled 234 electoral votes to Van Buren's 60. The popular vote, however, seemed less spectacular, as Harrison won by less than a 150,000 vote majority.

Flagg made a number of attempts in his paper to rationalize the Democratic Party's failure at the polls. The loss was accepted "with contentment, if not with cheerfulness" as being the decision of the electorate. The Democratic Party could not disguise its "regret and mortification" that the people's future would be entrusted to Harrison whose stand on important issues was never made

known.<sup>19</sup> Harrison was elected because he was considered to be the most likely candidate "to command the support of the conflicting interests which were united on the single point of hostility to Mr. Van Buren's administration, though differing widely among themselves on great questions of government and policy."<sup>20</sup>

The Rough-Hewer, voicing the feelings of the "remnant" of the once-powerful Albany Regency in its analysis of failure, came closest to the truth when it said,

We believe a majority of our fellow countrymen under the influence of a variety of motives, most of them honest and disinterested, have contributed to a result, which will neither promote the prosperity nor the honor of the country.<sup>21</sup>

Key members of the Regency, such as Flagg, Dix, and Wright, were conscious of the signs of disunity as far back as the early days of the bank war. The division widened during Van Buren's administration. Prior to the 1840 campaign, the Regency was too weak to weld the party's disparate political elements into an effective fighting force equal to that of the Whigs. As Kalman Goldstein states in his dissertation on the Regency, this unique political leadership in the final days could not convince the party, nor even

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<sup>19</sup>The Rough-Hewer, October 29, 1840, to December 24, 1840, passim.

<sup>20</sup>The Rough-Hewer, December 24, 1840.

<sup>21</sup>Ibid.

themselves, of the need to sacrifice personal views on the country's changing needs for the sake of party unity.<sup>22</sup>

The Rough-Hewer's editor ignored, intentionally or not, the existence of the serious party divisions during the election campaign. Instead, the editorials complained of "the grossest misrepresentations" by members of Congress at Washington, citing federal leaders such as Daniel Webster and William C. Rives of Virginia "who have traversed the country proclaiming falsehoods as unscrupulous as those which were put forth simultaneously by their co-adjutors at the capitol."<sup>23</sup> The paper defended Van Buren's administration as being in strict conformity with the old Jeffersonian principles. Thus, the Whig victory was not a "victory over him, but over the fundamental principles of democracy." The paper's closing admonition read:

To the Democracy of New York, we say once more--be vigilant, firm, tenacious of your principles, and unshaken in your determination. Your liberation from misrule in your own state cannot be far distant. . . . In another year perhaps--certainly in two years from this time it will be reached. Let the intervening period be devoted to an efficient organization of your strength, a rigid trial of your principles by the standard of Jefferson, and the cultivation of a just spirit of conciliation among yourselves.<sup>24</sup>

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<sup>22</sup>Goldstein, "The Albany Regency," passim, pp. 390-405.

<sup>23</sup>The Rough-Hewer, October 29, 1840, to December 24, 1840, passim.

<sup>24</sup>The Rough-Hewer, December 24, 1840.

To the Democrats in the 1840 campaign, who were caught up in the emotions of restoring their hero's Jeffersonianism, the issue was simply one of choosing between the good of the people over the power of the privileged classes. Arthur Schlesinger, Jr., evaluates the Democratic defeat of 1840 in the broader terms of "recurrent swings of conservatism and of liberalism." According to his views, the nation under Jacksonianism became weary with the struggles over banks, tariffs, nullification, secession, and reforms. The "liberal impulse . . . exhausted," the country and its people longed for a period of assimilation, consolidation, and conservatism.<sup>25</sup>

Within the ebb and flow of the waves of conservatism and liberalism in which the Whigs and Democrats were engulfed in 1840, the death of President Harrison turned the tide of history. The new president, John Tyler, proved that he was not to be the pliable president that Harrison had been. The quality and extend of the Whigs' unity and strength was soon to be tested.

The Democrats made a surprising comeback on the state level. In the autumn of 1841, the Democrats carried both house of the legislature. The margin was great enough in the 1842 legislature to re-elect Flagg to his former post

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<sup>25</sup>Schlesinger, The Age of Jackson, p. 391.

of comptroller. This re-election disappointed the Whigs to be sure, but some of the more conservative Democrats also shared the Whigs' chagrin. Flagg left no doubt that he stood for a balanced budget and fiscal accountability. Internal improvements in the form of extended canal construction and railroad expansion was encouraged and supported only as the state was able to finance them responsibly. The Whigs' fiscal policy pursued the course of over-pledging the credit of the state as collateral for the continued construction of canals and railroads. On this major issue of finance, the Whigs and Democrats would violently disagree. The quarrel revealed its serious dimensions as the state legislature debated the projected 1842 Stop and Tax Law.

During the decade of the 1830's, the financial world had undergone the severe shock created by the bank controversy initiated by Jackson and Biddle, and the repercussions were felt long after. In 1837 and 1838, Flagg had offered the state's stock for sale to solvent banks provided the banks used them to purchase specie and to prepare for a resumption of specie payments. In 1838, New York State alone resumed specie payments. Soon there were signs that the economy was righting itself as the bigger solvent banks remained open and specie payments were maintained. But the evils of a double banking system caused

by passage of the Free Banking Law added to the monetary confusion.<sup>26</sup> The Whigs' notorious fiscal policy of over-extension of the state's credit for extensive canal construction and repairs led the state by the early 1840's to the brink of bankruptcy. By 1842, the debt had increased 225 percent and the state's credit had fallen to a new low.

The dangerous condition of the state's finances alarmed Gallatin. In a letter to Flagg, Gallatin expressed the desire that "the Legislature will stop the farther [sic] increase of public debt, which is the road to ruin. Far better to lay equal taxes than to borrow in time of peace."<sup>27</sup> Gallatin proceeded to compliment Flagg for his vigilance vis-a-vis New York's increasing debt. This increasing indebtedness, however, was not unique to New York, as several of the states were similarly burdened, particularly Pennsylvania and Maryland.

Michael Hoffman, Democratic member of the Assembly, worked closely with Flagg and Gallatin to move the lawmakers to remedy the situation. In February of 1842, Hoffman informed Gallatin that New York City had become the

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<sup>26</sup>Schlesinger, The Age of Jackson, pp. 394-397; Azariah C. Flagg, "History of the Canal Policy of the State of New York" (printed in the Evening Post Extra, probably in 1849), passim, pp. 7-15, hereinafter cited as Flagg, "History of the Canal Policy."

<sup>27</sup>Gallatin to Flagg, December 24, 1841, Gallatin Papers, New York Historical Society.

financial exchange point for the United States and Europe. By 1842, New York State was in dire financial straits. A \$3,000,000 loan was being proposed to rescue the state from insolvency. Gallatin had asked Mann whether the New York City banks were both willing and able to help extricate New York from debt by additional loans. The banks had manifested their interest in, and concern for, the plight of the state. They, along with other corporate interests, shared the responsibility for the unhappy situation.<sup>28</sup>

Hoffman disagreed with Gallatin on the issue of further borrowing from banks by the state. Hoffman cited the comptroller's report of February, 1842, which stated that the commissioners of the Canal Fund had pushed to the extreme the questionable expedient of borrowing from banks. Hoffman did not want to depend on loans from the city banks since these had become the center of all the monied transactions of the nation and the point where almost all the monetary balances between the United States and Europe were finally settled. This fact placed on the New York City banks the obligation to be always ready to meet every demand for specie resulting from an unfavorable rate of exchange.<sup>29</sup> Hoffman feared that the state's stocks put on the open

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<sup>28</sup>Hoffman to Gallatin, February 15, 1842, Gallatin Papers, New York Historical Society.

<sup>29</sup>Ibid.

market would subject them to the risky fluctuations of the world money market. In these circumstances, the state could stand to lose in the competitive money market. Hoffman recommended that the liquidation of the debt be in the form of a direct tax on the people. The crisis was considered a most crucial one which should be met with firmness by the legislature. Only stringent measures would restore the credit of the state and secure the confidence and welfare of its citizens.<sup>30</sup>

In 1842, Hoffman, ill and despondent, wrote to Flagg. The legislature had been called into special session to deal with the state's debt. Hoffman, exasperated, questioned whether the special session would amount to anything. He could not understand how New York with its abundant harvest and good health in a time of peace could be brought down, and its people disillusioned. Both men prepared financial reports and studies to be presented at the session. The Whigs requested their canal commissioners to prepare reports also on the finances of the canals, but Hoffman questioned the validity of such reports. Only the whole truth about the financial state would prevent its ruin.

Hoffman foresaw the needs of a state constitutional convention in which the electorate would decide the extent of the debts:

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<sup>30</sup>Ibid.



Yes, if we are to have further loans and additional debts, I go for a Convention and new constitution-- Monopoly may hiss . . . but a convention of the people must be called to sit in judgment on the past and command the future--"and let the loser chafe."<sup>31</sup>

Hoffman ridiculed the Whigs who looked forward to a federal distribution of money to the states from the sale of western lands. He regarded the move as a political trick and compared it to the "thirty pieces of silver." The money, Hoffman reasoned, was accumulated by taxing the people, and he saw in this a threat to states' rights and liberties. Hoffman directed his fire at the state legislature whose power to create debts in the time of peace should be restrained. The legislature, after the passage of the 1842 Stop and Tax Bill, had the power

. . . to tax in every form and to spend what they dare to raise by taxes, direct or indirect--and destroy forever the power of the legislature to seize on the laudable capital of banks and thus ruin currency trade and the productive power of the people.<sup>32</sup>

Hoffman believed that, if the legislators had to depend on taxes for their projects, they would be more responsive to the wishes of the electorate.

Michael Hoffman was the prime legislative architect who introduced the Stop and Tax Bill. The bill provided for the suspension of all canal construction not absolutely

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<sup>31</sup>Hoffman to Flagg, November [n.d.], 1842, Flagg Papers, New York Public Library.

<sup>32</sup>Ibid.

essential and the levying of a direct tax. After much heated debate, the bill passed, and about 10,000 workers were suddenly jobless.<sup>33</sup>

The Whigs and Conservative Democrats lashed out at the radical, reform-minded Democrats and the epithet, "Barnburners," came into use. The Radicals were compared by the Whigs to the legendary farmer who burned his barn to get rid of the rats. The Radical Democrats were accused of impeding or destroying all previous internal improvements for the sake of their short-sighted finances.<sup>34</sup>

The Barnburners accused their more conservative members of opportunism--of siding with the Whigs because they saw a better opportunity of victory at the polls, and thus a chance for the spoils of office. This "hankering" after positions earned them the derogatory appellation of "Hunkers." The Hunkers' most prominent leaders were the newly elected Governor William C. Bouck, Edwin Croswell, Daniel S. Dickinson, and Horatio Seymour. The Barnburners were led by the radicals in the now-defunct Regency, that is, by Flagg, Dix, Colonel Samuel Young, Preston King, Wright, Benjamin Butler, William C. Bryant, and David Field,

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<sup>33</sup>Schlesinger, The Age of Jackson, p. 397; Donovan, The Barnburners, pp. 26-30.

<sup>34</sup>Donovan, The Barnburners, pp. 30-33; Flagg, "History of the Canal Policy," pp. 12-13.

while Michael Hoffman continued as their legislative leader.<sup>35</sup>

The Radicals at first resented the designation of Barnburners. Flagg saw no relationship between his fiscal policies and the "barnburning farmer." He responded to the charge that the Democrats had impeded the progress of internal improvements by showing the Whigs that responsible financing and internal improvements need not be mutually exclusive. He pointed out that from 1825 to 1837, when Wright and he were comptrollers, \$107,000 was paid toward the state's debt. This amount represented more than the amount borrowed during the same period. During these twelve years, five of the lateral canals totaling 205 miles in extent were constructed. This proved that a sound system of finance was not detrimental to the advancement of public works, all the while guaranteeing the credit of the state.<sup>36</sup>

Flagg reinforced his point by recalling his attempt to borrow money for the state. The Stop and Tax Law, while suspending non-essential canal construction, had authorized the state to borrow \$5,000,000 at seven percent interest to meet the state's obligations. Flagg visited New York City and tried to negotiate a \$1,000,000 loan. Although the law

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<sup>35</sup>Schlesinger, The Age of Jackson, pp. 397-398.

<sup>36</sup>Flagg, "History of the Canal Policy," p. 14.

pledged a mill tax and all the canal revenue for the loan's reimbursement payable in seven years at seven percent yearly, payable quarterly, he could not obtain it. Only later was a much smaller loan obtained. Such was the poor credit standing of the state.<sup>37</sup>

New York's public credit gradually improved as the direct tax supplied collateral for further loans and the debts were gradually reduced. Flagg rebutted Samuel Ruggles' description of the years 1842-1847 as "years of famine or folly" by pointing out that the canals were never in better condition during those years. He maintained that they were

. . . much improved by giving full four feet of water to them, that boats carrying 80 tons navigated them with the same ease as boats of 50 tons, when less attention was paid to bottoming out the canals, and less skill exhibited in constructing boats. . . . The people never had greater reason to rejoice for the rich returns of their industry, while the public revenues steadily increased from two and a half to three and a half millions of dollars per annum.<sup>38</sup>

To solve the problems caused by the Free Banking Law, the state legislature, in April of 1843, passed an act abolishing the office of Bank Commissioners. To regulate the validity of bank notes, the law demanded that all the plates of the Safety Fund banks be deposited with the comptroller. The comptroller was responsible for

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<sup>37</sup>Ibid.

<sup>38</sup>Ibid., p. 15.

registering and countersigning all the circulating notes issued to the banks. An agent was charged with the destruction of all the old notes previously issued by the banks. The practice was similar to contemporary currency being signed by the Secretary of the Treasury with the addition of a serial number. Flagg promptly prepared the procedures and regulations required to put this law into effect. He outlined in clear and detailed form the directions for implementing the law with its banking reforms.<sup>39</sup>

New York State did not go bankrupt, but the gulf between the Hunkers and Barnburners regarding the financing of internal improvements widened. Governor Bouck tried to placate both the Hunkers and the Barnburners when the situation promised political dividends. By 1843, the unity of the Whigs which produced the spectacular victory of 1840 was weakened considerably. In regard to the Barnburners, the Whigs sought to sow the seeds of dissension, particularly in the matter of state appointments, the proposed constitutional convention, and the state printer-ship quarrel.<sup>40</sup> The internecine quarrels did not prevent the Democrats in the elections of 1843 from capturing 92 out

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<sup>39</sup> Flagg, "Banks and Banking," p. 57.

<sup>40</sup> Donovan, The Barnburners, p. 44.

of 128 Assembly seats, and 26 out of 32 Senate seats. The victory had the effect of blinding both factions to the serious polarization occurring within the Democratic Party, and both factions continued the debilitating quarrels.<sup>41</sup>

Issues which had been secondary during the 1830's reached proportions of the first magnitude by the mid-1840's. The burning political question around which the 1844 elections revolved was the fate of the newly-independent Republic of Texas, with the closely related issue of the extension of slavery. Both the Whig and Democratic Parties would be badly shaken as these two issues caused the recurrence of the ugly spectre of sectionalism. Henry Clay looked forward to the Whig nomination while Van Buren was nearly certain of his party's nomination. Clay later lost the election because of his ambivalence regarding annexation. Van Buren's political faux pas was the publication of his letter to a Mississippi senator in which he pronounced himself against annexation, thus incurring violent Southern disapproval. The antislavery Democrats, among whom was Flagg, saw in this seemingly untimely action the energetic, noble, forthright stance of a man who dared "to take boldly the side of truth and principle, though it may be disastrous in a popular sense, than to temporize with

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<sup>41</sup>Ibid., p. 47.

a matter which may prove to be so vital to the perpetuity of our institutions."<sup>42</sup> However, through a combination of the effects of the letter and the adoption of the two-thirds majority vote for nomination, Van Buren lost his bid for the presidential nomination.

The Barnburners' fiery Assembly leader, Hoffman, had warned Flagg back in 1843 of the dangers of the party's disunity affecting their chances in 1844. The bank controversy had caused a wide split in the Regency, and now the question of the annexation of Texas and the slavery issue would further widen the division. Hoffman disliked Seward's conservative political thinking. He said:

If Conservatism remains with us we are dead--I want to see Democracy live. It is a living thing with thought and soul--God's creature, and I want to see it live--It is our only reality that it is not a putrid ghost--dug up by the resurrection men Hunkers and Whigs and paraded in old grace's clothes.<sup>43</sup>

Flagg was aware of the growing division, but was unable to inspire the Regency with the same sense of party unity. The Democratic Party was victorious in November, but the victory left the Van Buren Barnburners seething with anger and disappointment. Van Buren had been betrayed by the Hunkers

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<sup>42</sup>Wright to Van Buren, April 8, 1844, Van Buren Papers, quoted in Schlesinger, The Age of Jackson, pp. 431-432, 436.

<sup>43</sup>Hoffman to Flagg, July 31, 1843, Flagg Papers, New York Public Library.

and the dominant proslavery South. Thomas H. Benton shared with Silas Wright his hope that the party would win. The party need not despair with such followers as Van Buren, Wright, and Flagg. "Three such men," Benton declared, "are sufficient not merely to save a party, but an age, a generation, an era. . . ."44

The Hunker-Barnburner split within New York's Democratic Party widened during the Polk Administration. The wheeling-dealing of Polk's cabinet appointments healed no wounds. Hunkers and Barnburners disagreed with each other, and the Barnburners disagreed with the Administration. In 1844, a secret circular, which manifested a skepticism toward Polk's views and his concern for the interest of the North, was sent to prominent party leaders. The Barnburners, in the circular, questioned whether or not it would be best to support the Administration or look for new leadership in 1848. When the response to the circular was not gratifying, it was quietly dropped.<sup>45</sup> But the question of slavery in the territories gained increasing importance as the merits of the Wilmot Proviso were hotly debated in Congress. The bill failed in the Senate, but the famous Proviso polarized the views of the Democratic Party.

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<sup>44</sup>Wright to Flagg, June 8, 1844, Flagg Papers, quoted in Schlesinger, The Age of Jackson, p. 438.

<sup>45</sup>Donovan, The Barnburners, pp. 84-87.



Meanwhile, New York State was occupied with her new Constitutional Convention. The convention, called in 1846, proposed among other matters to limit the legislature's powers in assuming state's debts. The state's internal improvements program, typified mainly by canals, caused considerable friction between the Whigs and Democrats, and the two groups hurled angry charges at each other. The debates in the convention covered the whole gamut of canal history. Included were discussions on policies, principles, political parties and individuals. Agreement on the financial sections of the constitution was difficult to secure.

Samuel B. Ruggles, as a Whig canal commissioner, and Flagg, as a Democratic comptroller, never minced words when debating the merits of their respective fiscal policies. Flagg supported Hoffman, a hard-money man who believed in a balanced budget. Hoffman was the one who composed the articles of the constitution pertaining to finances.

In response to Ruggles' boast that Hoffman had been prevented by the Whigs from forcing the narrow fiscal principles of 1842 (an allusion to the Stop and Tax Law) on the 1846 Convention, Flagg retorted that Hoffman's financial article in the constitution saved the taxpayers from the payment of loans amounting to \$7,000,000 to the railroads, which loans were to be paid from the tolls of the railroads,

and also provided for the reimbursement to the treasury of the \$11,250,000 canal loan. Moreover, appropriations from the canal tolls were assigned to the general fund. These provisions proved that the constitution was more favorable to the general fund than was the law of 1842. Flagg elaborated on Ruggles' allusion to Hoffman's "destructive propositions" in the financial section of the constitution. According to Flagg, Hoffman's original plan called for a canal sinking fund of \$1,500,000 until the debt was paid. Any surplus would be applied to the enlargement of the canals or whatever the legislature would decide. The convention modified this article so as to give \$200,000 annually less to the fund until 1855 and \$200,000 more after that date. The surplus would be assigned to the enlargement and construction of canals.<sup>46</sup>

Flagg praised Hoffman for his work on the fiscal article of the constitution:

Few men have had the opportunity, and fewer still the ability to erect such a noble monument to their own memories. It secures to the people the means of preserving their independence by withholding from their rulers the power of loading them with debts. . . . Five or six other states have already engrafted on their organic laws the principle, that debts shall not be contracted for the constituent to pay without his consent.<sup>47</sup>

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<sup>46</sup> Flagg, "History of the Canal Policy," pp. 15-16.

<sup>47</sup> Ibid., p. 16.

The constitution of 1846 preserved the credit of the state. It delineated the limits of future expenditures, and provided a generous allowance from the canal revenues to finance the state government's general expenses.<sup>48</sup>

The newly ratified state constitution of 1846 settled, for a time, New York's fiscal course of action. Its ratification indicated that the people desired sound fiscal planning. Later modifications would be made by the Whigs but for now the standards were established. Had the Hunkers and Barnburners been able to reconcile other political differences, the state of New York might have regained its former leadership under the Regency. But this direction was not to be taken. President Polk, like his predecessor President Tyler, determined to be president in his own right. Both tried to placate and unify the factions in their parties without siding or favoring one faction over the other. This approach led both factions to believe that since Polk did not wholly support one or the other he was in league with the opposite faction, but this was not the case. Polk proved himself an able statesman. He was aggressive, and his achievements seemed to surpass those of Van Buren. He reinstated the Independent Treasury System, which pleased the Democrats, and signed a lower tariff bill in 1846, which

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<sup>48</sup>Alexander C. Flick, ed., History of the State of New York (10 vols.; New York: Ira J. Friedman, Inc., 1962), V, p. 325.

pleased the Southerners. He was not as successful with the Westerners. He vetoed two internal improvement bills, as he sincerely believed that the national government had no legal power to finance such projects. The Westerners were angered and disappointed, believing that their needs had been sacrificed to those of the South.<sup>49</sup>

The Hunker-Barnburner split within New York's Democratic Party widened during the Polk Administration. Hunkers and Barnburners disagreed with each other, and the Barnburners disagreed with the Administration. The Barnburners resented Polk's method of choosing his cabinet, and his ignoring of Van Buren and the New York Democrats. On the other hand, the Hunkers and Whigs interpreted the limited favors Polk bestowed on the Van Buren Democrats as being pro-Democrat, while they believed they were being slighted. Polk's major fault was that he was a "one man committee," and, as such, he was unable to delegate some of the onerous work attendant to the presidential office. His approach is shown in the following entry in his diary: "I prefer to supervise the whole operations of the Government myself rather than entrust the public business to subordinates and this makes my duties very great."<sup>50</sup> Thus,

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<sup>49</sup>Richard Current, Harry Williams, and Frank Freidel, American History, A Survey (3rd ed.; New York: Alfred A. Knopf, 1971), pp. 334-340.

<sup>50</sup>Schlesinger, The Age of Jackson, p. 442.

Polk was not aware of the seriousness of the division within New York's Democratic Party. This lack of awareness caused the feud between the Hunkers and Barnburners to continue. A tragic victim of the irreconcilable division was New York's Governor, Silas Wright. In 1844, Wright was asked by his party to accept the gubernatorial nomination for New York, so as to unite the party and to help swing the state's vote for Polk. Wright acquiesced, but very much against his personal desires and inclination. He did so for the party's sake, but not without knowing that he would lose his effectiveness.

Once in Albany, Wright was caught between the Hunker-Barnburner political crossfire. The Hunkers feared Wright would be overly influenced by the Barnburners. His close friendship with Flagg and with the Radicals alerted the Hunkers to a possible threat to their canal policies. As a result, the Hunkers determined to thwart his administration and to defeat his second term nomination. Polk, not understanding the seriousness of the Hunker-Barnburner split, by default, gave the impression that his administration opposed Wright. Wright's defeat in the 1846 gubernatorial elections left Wright relieved, Polk dismayed, and the Barnburners enraged.<sup>51</sup> Silas Wright, the ideal

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<sup>51</sup> Donovan, The Barnburners, pp. 63-67, 82-83; Schlesinger, The Age of Jackson, p. 455.

"party man" had given his total dedication to the Regency. Now defeated by a faction of his party, he retired without bitterness to his farm in Canton, New York, from which he continued to correspond with friends.

In 1846, the Polk Administration became embroiled in the Mexican War. As the war progressed, it became very unpopular as the Congressional Hawks and Doves debated its merits. Polk's Administration soon lost much popular support. The question of the extension of slavery in the territories aggravated the already strained relations among the Northeast, West, and South. Polarization increased over the Wilmot Proviso. The Proviso was proposed when Polk requested from Congress a \$2,000,000 appropriation to negotiate peace with Mexico. David Wilmot, a Pennsylvania Congressman and antislavery Democrat, introduced an amendment to the bill which provided that slavery should be prohibited in any territory secured from Mexico. While the bill failed in the Senate, the controversy it aroused made reconciliation between sections more difficult.

The 1847 New York State Democratic Convention at Syracuse was marked by the Hunkers' and Barnburners' struggle to dominate the party. Both factions wanted as many of their members as possible to be elected as delegates to the National Democratic Convention at Baltimore in 1848. Added to the usual conflict over economic policy that

plagued both groups was the resurgence of the slavery issue as a result of the Wilmot Proviso. This further polarized the party members, forcing them into proslavery or anti-slavery positions.

Silas Wright, now retired in Canton, New York, commented in a letter to Flagg on the condition of the Democratic Party:

The Independent Treasury has been established and is in operation. We have succeeded in establishing the most sound and safe financial principles in our new constitution, and yet the party which alone as a party was favorable to these reforms, was beaten at the very election which adopted them.<sup>52</sup>

Wright proceeded to elaborate on the distinction he made between the Democratic principles of the party and the party leaders who were guilty of double talk:

All this shows that our principles possess a strength with our people which our men do not. Or perhaps it may be as true to say that our people are more careful in distinguishing principles than men, and while they adhere to what is sound in the former, they can be gulled by pretenders as to the latter. I cannot but look upon the efforts now making [sic] by the combined efforts of the Whigs and the unsound portion of our party [Hunkers] as intended to defeat our great principles, not by making open opposition, but by yielding to them. Am I compelled to apprehend that another great battle must be eventually fought to correct this error, or that we shall have gained nothing; and I confess I am not without deep fears that the principles may be practically undermined, before the public mind will become aroused to a sufficient sense of danger.<sup>53</sup>

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<sup>52</sup>Wright to Flagg, July 21, 1847, Flagg Papers, New York Public Library.

<sup>53</sup>Ibid.

The great battle to which Wright alluded was to break out at the 1847 Syracuse Convention and would finally resolve itself after the 1848 National Convention. The Barnburners would eventually merge with the newly organized Free Soil Party.

The Syracuse Convention of 1847 was the great rehearsal for the 1848 National Democratic Convention at Baltimore. At Syracuse, both factions faced each other in rounds of bitter and frustrated debate and wrangling. Issues and personalities were reexamined then praised or condemned on near-partisan lines. The Hunkers were more united than the Barnburners. During the debates, many of the latter left the convention convinced of the injustice and hopelessness of the situation. The Barnburners were divided on issues of national and local importance, such as the need to support the national administration and the feasibility of replacing Flagg as comptroller. Although these issues were treated in Chapter I, it is important to remember that at this time Flagg was under heavy fire. Since the Barnburners' rejection of the Hunkers' proposal of the "new man" approach to the election of state officers, Flagg was accused of being too selfish to sacrifice himself for party unity. Wright, just before he died in 1847, had written to Thomas Burt, the printer of The Rough-Hewer, that he wanted to nominate Flagg for another term as comptroller,



but he feared and deplored the disunity of the party.<sup>54</sup>

Preston King, of Ogdensburg, New York, expressed his admiration and respect for Flagg for his response to his renomination as comptroller. King wrote:

If I recollect correctly your letter was distinct upon the point that you desired to stand or fall with the principles of freedom declared in the Wilmot Proviso. This was the principal point and purpose as I read your letter. I had no doubts myself of your principles and wishes and had written to you for the reasons mentioned in my letter and for the additional reason that your personal efforts might be accepted in behalf of freedom without regard to the fact that you were a candidate for nomination and without disregard of the effect such efforts on your part might have upon the question of your nomination. I did not need your letter to be myself assured that you held your nomination as comptroller to be subordinate to the importance of declaring and maintaining all the essential principles of democracy, chief among which at this time, is the principle of freedom. . . .<sup>55</sup>

Although Flagg was losing popularity with his party, his closest friends continued their support and respect for the man whose genuine qualities they admired.

The secessionist Barnburners called a convention of their own at Herkimer, in October, 1847. Martin Van Buren and Flagg feared that the extremists among the Barnburners would weaken their position. This situation would give the Hunkers an added advantage. Ironically, John Van Buren, without repudiating his loyalty to his father, would assume

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<sup>54</sup>Donovan, The Barnburners, pp. 91-92; Wright to Burt, 1847, Flagg Papers, New York Public Library.

<sup>55</sup>King to Flagg, November 17, 1847, Flagg Papers, Columbia University.

the leadership of the new group. Later, John Van Buren would persuade his father to accept the presidential nomination of the new Free Soil Party.

John Dix, who was serving in the Senate at this time, wrote from Washington to Flagg describing politics on the national level. Dix told of the efforts the Whigs were making to embarrass Polk's Administration. Referring to the up-coming 1848 National Democratic Convention which promised to be fiery, Dix wrote, "We will not go into a packed convention, nor stay in one which will not be governed by the majority, and by the will of its constituents."<sup>56</sup>

The 1848 National Democratic Convention was held at Baltimore. The delegates arrived in Baltimore burdened with the divisive issue of slavery in the territories. The Barnburner and Hunker factions of New York's Democratic Party each sent a full slate of delegates to the convention. The touchy question of the extension of slavery in the territories necessitated, for both parties, Whigs and Democrats, a platform which was vague enough to be broadly interpreted.

The Whigs' political strategy for the 1848 election campaign was remarkably similar to their successful strategy of 1840. The Whigs chose Zachary Taylor, who, like William

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<sup>56</sup>Dix to Flagg, January 16, 1848, Flagg Papers, Columbia University.

Henry Harrison, was a military hero. Both were plastic candidates who allowed the party to dictate the country's policies. However, the 1848 campaign would witness the realignment of political parties over the burning issues of slavery and annexation.

If Polk could see no connection between making peace with Mexico and the extension of slavery, there were plenty of Americans in both the North and the South who could. Although the Proviso was voted down in the Senate in 1846 and again in 1847, it let loose the winds of conflict which would develop into a destructive whirlwind. The Northern Whigs had overwhelmingly backed the Proviso and so had a good many Democrats from the free states, while Southern congressmen voted against it almost to a man. From 1846 on, the question of whether the newly acquired territory would be slave or free was angrily debated.

With the approaching presidential election of 1848, neither the Democratic nor the Whig party leaders were eager to confront the slavery issue. The Northern Democrats were badly split between the strong antislavery men, who were reluctant to sacrifice their principles for party harmony, and the regulars, who were working for compromise and party unity. In New York, the antislavery Democrats, or Barnburners, clashed with the conservative Democrats, or

Hunkers. The party was similarly divided in the New England states.

The regular Democrats triumphed at the 1848 Baltimore noninating convention and chose Lewis Cass of Michigan on a platform that avoided the critical issue of the extension of slavery. At the convention, the Barnburners refused to support the candidates chosen by the party regulars as being too compromising on slavery. The Barnburners recognized their weaker position as the Hunkers sided with the regulars. Van Buren's defeat in 1844 and Silas Wright's defeat in 1846, which had been caused by such a position, were still painful memories. Since both factions had sent two slates of delegates to the convention, the convention had to decide on the seating and voting procedures for both slates. The decision was that both slates of delegates were to be seated but each would have only a half vote. The Barnburners formally refused as this arrangement would further jeopardize their already slim chances of victory. In true Barnburner fashion, they bolted the convention and returned to New York City.<sup>57</sup>

The warm welcome extended to the bolting Barnburners on their return indicated that they had substantial support from the people, and this encouraged them to form a separate

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<sup>57</sup>Donovan, The Barnburners, pp. 96-97.

party. The faction's principal leaders, Preston King, David Wilmot, Gideon Wells, David Field, Benjamin Butler, and John Van Buren, arranged for a convention in Utica, New York, for the purpose of organizing a new party.<sup>58</sup>

Flagg, Benton, Dix, and Francis Blair were opposed to or at least were unenthusiastic about the new convention. Flagg was no extremist in a political sense. He objected to the first "maverick" Herkimer Convention and again to the Utica Convention. For a second time, he disapproved of the convention-bolting Barnburners. He was a Democrat of the Jeffersonian school, but he refrained from violent or extraordinary means of achieving his goals. Flagg, now residing in New York City, observed from the sidelines the radicalization of the Barnburner movement.

The Barnburner Convention at Utica attracted the attention of the rising Free Soil Party and both joined in sponsoring a rousing convention in Buffalo. Martin Van Buren was the party's unanimous presidential choice. The Free Soil Party attracted the disillusioned, discontented, revengeful, and indifferent from both the Whig and Democratic Parties. The convention drew up a platform opposing the extension of slavery in the territories and calling for free lands to bona fide settlers. The mood of many Americans

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<sup>58</sup>Donovan, The Barnburners, pp. 98-106; Schlesinger, The Age of Jackson, p. 463.

seemed to be what the Free Soil Party inscribed on their banners: "Free Soil, Free Speech, Free Labor, and Free Men."

Van Buren failed to carry a single state, but he polled an impressive 291,000 votes and the Free Soilers elected ten members to Congress. Van Buren drew enough votes away from the regular Democrats in New York to throw that state into the Whig column and, thus, enabled Taylor to defeat Cass.

By 1852, the breach in the Democratic Party had been closed, and the Barnburners returned to the fold. This consolidation of the party enabled Flagg to be elected comptroller of New York City in 1852. Although five years had passed since he had held the office of state comptroller, his fiscal philosophy had not changed. His fiscal conservatism demanded a balanced budget and accountability at all times and under all circumstances. Flagg's tenure as comptroller of the city of New York was marked by conflicts with less conservative and sometimes less honest city officials.

As city comptroller, Flagg worked with subordinates and other department heads. His reports were often dependent upon the reports of other clerks and officers in the department. When, in 1856, he was accused of improper bookkeeping, he defended his position and demanded that the

books of other officials be investigated as well. During a committee hearing, Flagg was asked whether he knew about a city bond of \$4,000 being recorded as one of \$400. Flagg replied, "Yes, we do make mistakes, but we correct them."<sup>59</sup> The error in this case proved to be a typographical one.

A scandal occurred during Flagg's last year as city comptroller. James B. Smith, an officer in the comptroller's department, was accused of defrauding the city treasury of \$10,000. A long court case ensued in which Flagg was one of the defendants. But, in March of 1858, Flagg's name was cleared while Smith was convicted of fraud.<sup>60</sup>

Flagg, in the interest of economy, did not hesitate to cut the estimates of New York Central Park Commissioners, Mayor, or Street Commissioners. When the Central Park Commissioners presented a \$300,000 estimate for contemplated improvements of the Central Park, Flagg refused to add such a sum in a single year to the present tax burden without a previous act of the legislature.<sup>61</sup>

But Flagg did not always win his battles over financial problems. When he refused to pay the salary increases of the tax assessors because no appropriation had

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<sup>59</sup>New York Times, October 15, 1856.

<sup>60</sup>New York Times, January 25, 1858, March 31, 1858.

<sup>61</sup>New York Times, November 27, 1856.

been made for the purpose, an irate assessor by the name of Sheridan sued Flagg. The court upheld Sheridan's claim but Flagg still refused to pay. Sheridan obtained a warrant to seize Flagg's office furnishings to be sold at auction. When Flagg realized his case was hopeless, he promised to pay Sheridan on the following Monday morning.<sup>62</sup>

Preston King, long-time friend and fellow Democrat, wrote to Flagg from Washington telling him of the need for "retrenchment and reform" in the new (1852) administration. King remarked, "it is a good sign that all are expecting more accountability and economy in the new administration. I think you have got the toughest job of any one man from all we hear and see of city politics and expenditures."<sup>63</sup> But Preston King was well aware of the fine sterling qualities of his friend who was equal to the challenge.

In evaluating the career of Azariah Flagg as state comptroller, a major question concerns Flagg's approach to internal improvements. Was he short-sighted in this area, or was he simply a fiscal conservative? His fiscal policies during both terms as state comptroller aroused some controversy. In an unsigned article in the Tri-Weekly

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<sup>62</sup>New York Times, June 8, 1857.

<sup>63</sup>Preston King to Flagg, January 25, 1853, Flagg Papers, New York Public Library.



Wisconsin, the author complained bitterly about Flagg's fiscal practices. In angry words he said:

Comptroller Flagg is determined to die with his clutches on the banks. He has made his office from its commencement subservient to a war upon the currency of the State; a war which has helped more than any other cause to break up and defeat the Democratic Party.<sup>64</sup>

It is difficult to decide whether the author was a disillusioned Democrat or an irate Whig. In reference to his complaint, it should be pointed out that Flagg declared "war upon the currency of the state" only in response to the Jackson-Biddle bank controversy and the 1837 depression, both of which were beyond Flagg's control. The author continued with his tirade, "Through his [Flagg's] connection with the Regency politicians, and his tact at intrigue he has managed to lead the legislature by the nose, and pass just such laws as he wished."<sup>65</sup> Unfortunately, the author did not specify which laws. If the financial section of the 1846 state constitution is in question, Michael Hoffman, radical Democrat and friend of Flagg, was mainly responsible. However, the electorate ratified the constitution in the popular election of 1847.

The unknown writer continued:

Not satisfied with having the circulation of the banks limited, dollar for dollar, to the amount of stock

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<sup>64</sup>Tri-Weekly Wisconsin, November [n.d.], 1847, Flagg Papers, New York Public Library.

<sup>65</sup>Ibid.

deposited, he is striving to have a law passed compelling the banks to redeem their bills at par at their own counters and in Albany and New York, a scheme that would actually require the banks to have three capitals.<sup>66</sup>

The author was alluding to the Free Banking Law of 1838 which replaced the Safety Fund System. The latter had proved to be inadequate because it placed the responsibility on the solvent banks for preserving the solvency of the less responsible banks. To insure sufficient collateral for the banks, the Free Banking Law required stocks equal to the banks' capitalizations to be deposited with the comptroller. Flagg was always adamant in demanding that banks be fiscally responsible. The unknown author continued with a rather generalized accusation. "He [Flagg] also proposes to have them taxed for all their stock deposited and capital, and eventually he would insist on having the three capitals taxed."<sup>67</sup> Flagg's work on "Banks and Banking in the State of New York" and his lengthy correspondence with Gallatin do not substantiate the author's claim. Moreover, in the first part of the statement, the unknown author charged that Flagg proposed to tax the banks, while, in the second part of the statement, "and eventually he would insist" bordered on speculation and exaggeration. The author continued along

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<sup>66</sup>Ibid.

<sup>67</sup>Ibid.

the same vein: "In addition to these narrow restrictions, he is urging that the banks be no longer allowed to issue their bills, except at their own counters under a heavy penalty."<sup>68</sup> The Free Banking Law required the banks to deposit their plates for printing money with the comptroller. After the money was printed, the comptroller would sign each of the bills. This controlled the banks' tendency to print too many bills, thereby contributing to a greatly inflated currency.

Flagg's critic continued:

Not content with quarterly returns from the banks, he [Flagg] is moving the appointment of commissioners empowered to examine them as often and whenever they choose. This extra-ordinary visiting committee numbering from twenty-five to fifty persons forms a nice little bill for the state to pay, and places not a little patronage in the hands of the appointing power.<sup>69</sup>

Three bank commissioners had been appointed for the inspection of banks under the Safety Fund System, but this arrangement had proved inadequate. Of course, there was no guarantee that twenty-five or fifty would be more adequate; however, considering the large number of banks in the state of New York, this number does not seem to be unwieldy. Distances and slow means of travel must also be taken into consideration. Again, this was "proposed" legislation.

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<sup>68</sup>Ibid.

<sup>69</sup>Ibid.

Should it be passed, would not the benefit of patronage reward the Whigs as well as the Democrats? In 1847, the Democratic Party was badly divided into Hunker and Barnburner factions, thus the opportunity for patronage was unlikely. The following year the Whigs won the national and state elections. With a note of sarcasm, the unknown author stated:

Nor are these all of our wise Comptroller's new fangled annoyances. In order to hold the banks completely under his thumb and harrass them as much as possible he has got up a petition, pretending to come from the merchants of this city praying for a law forcing the banks to make monthly reports, and if he were to remain in office another term, he would drive them to a weekly report. By this species of tinkering he has run his party ashore, and himself out of office.<sup>70</sup>

The controversy over the Second Bank of the United States was one of the prime factors that divided the Democratic Party. The harsh depression that followed in 1837 compounded the problems. By 1842, the state's insolvency had reached a point that bordered on near-bankruptcy. The state could, after long negotiations and great difficulty, borrow only a million dollars from different banks. It must be remembered that Flagg did not work alone in the financial crisis. Men of the stature of Gallatin, Mann, and Hoffman advised and supported Flagg in resolving the state's financial distress. It is difficult

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<sup>70</sup>Ibid.

to accept the combined efforts of these men as "tinkering." The anonymous critic answered his own questions in his next lines: "His [Flagg's] extreme suspicion that something wrong may be done, betrays his susceptibility of all the chances for fraud, a knowledge owing possibly to his long connection with corrupt offices and institutions. . . ."71

Flagg was completing his twelfth year as comptroller. During these years, he was confronted with innumerable instances of fraud, dishonesty, and outright corruption. Flagg, by force of necessity, had to develop the talents of a financial trouble-shooter. The critic terminated his newspaper article on an optimistic note regarding the Whigs:

. . . we hope the Whigs, when they come into power, will thoroughly repudiate the entire Flagg system, and give us something equal to that of Ohio, which has the safest and best-regulated paper currency in the Union. If the Whig legislature is as farseeing and efficient as the present Whig Governor, John Young, the State may expect to be rid of some rank annoyances foisted upon it by Comptroller Flagg and his advisors.72

Another anonymous article, critical of Flagg's policies, was printed in the New York Tribune. The author, who commented on Governor John Young's message to the New York legislature, criticized Flagg indirectly by attacking the policies of the Democratic Party. He began his article

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<sup>71</sup> Ibid.

<sup>72</sup> New York Tribune, January 5, 1847, Flagg Papers, New York Public Library.

by saying that the "unprecedented productiveness" of the state's public works confirmed the "estimates and anticipation of the Ruggles Report" which had been "ridiculed."<sup>73</sup> Governor Young's message had shown "the fatuity and factious folly of the Stop and Tax policy of 1842" which had been initiated by the Democrats. The author went on to say how the "State had been impoverished and set back by the Stoppage of her Public Improvements." But, then, the author came full circle and gave the Democratic Party, Flagg, and his financial associates the finest of tributes:

Yet in view of the fierce opposition which Internal Improvement has ever, but especially of late years, encountered in our State, we cannot regret the adoption of Art. VII of our New Constitution nor favor any movement to repeal it. That Article secures a regular and constant prosecution of the unfinished Canals, at the same time that it secures the rapid extinction of the Public Debt. It has taken the Canals out of the arena of party contention and covered them with the protecting canopy of the Constitution. If the People of our State were all ardent Canal men, as we are, we would gladly get rid of the Constitutional provision, but, in view of all the facts, we think that the Canals will be completed quite as soon under the Constitutional regulation as without it.<sup>74</sup>

The reason for the 1842 Stop and Tax Law and Article VII of the 1846 state constitution was to put the finances of the state on a solid basis. This would insure that canal

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<sup>73</sup>Ibid.

<sup>74</sup>Ibid.

construction and repairs would proceed satisfactorily without waste of time, effort, and money. In spite of what the author said regarding how the "State had been impoverished and set back by the Stoppage of her Public Improvements," he concluded by admitting that "the canals will be completed quite as soon under the Constitutional regulation as without it." An added blessing was the provision in the constitution that took "the Canals out of the arena of party contention. . . ." <sup>75</sup> That was in itself a major contribution of the Democratic Party. The Whigs seemed to have interpreted Flagg's adamant position on a balanced budget and complete fiscal accountability as being anti-internal improvement. One must remember that Flagg was trained in the school of New England Puritanism. Added to this was his deep admiration for Benjamin Franklin whose virtues of industry, honesty, and economy he exemplified.

Azariah C. Flagg, New England Puritan, Jeffersonian, and admirer of Benjamin Franklin, was, during the first half of the nineteenth century, a part of the evolving conflict of men and ideas which characterized the expansion of the United States in that era. His personal and leadership qualities met the demands of the rapidly expanding nation. During his tenure in public office, he worked tirelessly for

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<sup>75</sup>Ibid.

the sound development of New York State, and his contributions helped the state to become one of the strongest and most prosperous in the union, justly deserving its title of the "Empire State."



## CHAPTER V

### THE USE OF BIOGRAPHY AND LOCAL HISTORY IN THE TEACHING OF HISTORY

The use of local history and biography in a college class should stimulate greater interest and more active participation in the process of learning and appreciating history on the part of the student. The use of local history and biography brings to a focus the basic ingredients of history for the students and should enable them to relate their own experiences to historical events. This procedure allows the students to see the dynamics of history on a more basic level. Once this relationship is understood, the students are able to transfer this skill to the more complex levels of national and international history. Students are thus encouraged to understand the more complex aspects of history. The process of comparing and relating the dynamics of local history with national and international history gives greater relevancy and reality to historical ideas, facts, and personages. This approach to the teaching-learning process provides for instructors and students a clearer and more comprehensive understanding and evaluation of their respective teaching-learning responsibilities.

A study of the biography of an historical figure shows the students the subtle and powerful undercurrents and crosscurrents which contribute to the final expression of national events. This final expression may be seen as the results of personal and individual effort rather than the effect of fate or other intangible forces.

Azariah Cutting Flagg was a strong believer in Jeffersonian principles. This political creed combined with his Puritan background of strict honesty, integrity, and industry made him an important leader of the Albany Regency. Flagg's admiration for Benjamin Franklin further strengthened his concept of responsible fiscal accountability. Flagg campaigned against the speculation and extensive credit financing of the banks and the dangerous credit spending of the Whig dominated New York legislature from 1839-1842. His determination to maintain a balanced budget and a strict pay-as-you-go approach to finance earned for him the Whigs' condemnation as being tight-fisted and shortsighted, while overlooking his success at keeping the state of New York solvent.<sup>1</sup>

A study of local and regional history shows that these are microcosms of the greater national and

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<sup>1</sup>Robert V. Remini, "The Albany Regency," New York History, XXXIX (October, 1958), pp. 346-348; H. W. Howard Knott, "Flagg, Azariah C.," Dumas Malone and Allen Johnson, eds., Dictionary of American Biography (11 vols.; New York: Charles Scribner's Sons, 1927-1957), III, part 2, 447.

international historical scene. This study reveals to the inquiring and discriminating student that popular demands and grass-root movements which occur at the local level become a part of the nation's history. For example, the state of New York during the first half of the nineteenth century led the way toward a greater liberalization of the franchise. The state also led in the construction of canals, turnpikes, and railroads at state expense. Her wealth, industries, and transportation network attracted immigrants from Europe and from the older New England settlements. Both factors led to New York's control of an enviable trade with the west. In such favorable circumstances, the Empire State became a political and financial asset to win over when considering national goals.<sup>2</sup>

The use of biography and local history becomes most meaningful when considered within the broader context of human history with its evolving movements and ideologies. Both biography and local history are records of man's works and as such are a part of history. They are microcosms of a greater mosaic revealing how man interacts socially, culturally, and politically with other men and events in his

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<sup>2</sup>Alexander C. Flick, ed., History of the State of New York (10 vols.; New York: Ira J. Friedman, Inc., 1962), V, passim, pp. 143-215, 256-257.

environment. Biography and local history are more than just studies which make the past alive with personalities. They humanize the past while enriching the present by showing life with a relevancy and completeness that few men experience during their lifetime.

Allan Nevins, in The Gateway to History, explores the criticisms of the use of biography and local history in the teaching of history. One criticism he mentions is that the narrow personal element of past history is less important than the comprehensive national element. Another is that the more influential and representative cultural richness, economic forces, and governmental traditions of nations are neglected in favor of the much narrower perspective of an individual's life in a local setting.<sup>3</sup>

Critics point out three major limitations regarding the use of biography. First, biography tends to oversimplify the past. Students will interpret and understand major events only in reference to the ideas and performances of one individual. While this is a danger, students will find a certain amount of simplification a help in breaking down areas of history that are too vast and complex to be mastered without great effort. The French Revolution with its highly complex interaction of political, philosophical,

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<sup>3</sup>Allan Nevins, The Gateway to History (New York: D. C. Heath and Company, 1938), pp. 49-54.

economic, and religious forces will be more understandable after reading biographies of Robespierre, Louis XVI, Napoleon, Lafayette, and Marie Antoinette. The period during which the men at the constitutional convention of the United States formulated a new constitution will, likewise, become more manageable after reading biographies of Thomas Jefferson, George Washington, James Madison, John Randolph, Roger Sherman, and John Jay, to name only a few.

A second criticism is that the biographical approach to history is always subjective and frequently biased; that, instead of trying to view events impartially, the biographer, of necessity, presents them in terms of the ideas, emotions, and interests of his hero.

Most historians are extremely conscious of historical bias. Many have tried in their writings to overcome the pitfalls of bias only to discover that in avoiding one pitfall they fall into another. A good rule to follow in reading history of all types and styles is to be alert to the bias inherent in each.

A third criticism is that the use of biography offers little or no interpretation or understanding of the corporate action of groups or of the masses. Again, it must be remembered that biography is not meant to be a study of societal behavior or to offer an interpretation of the corporate action of peoples. A biography reveals how the

individual reacted to the prevailing economic, political, and cultural traditions of the day. The reader must then relate this narrower concept to the broader concept on the national plane.<sup>4</sup>

These criticisms should cause no major obstacles to the use of biography and local history. It must be remembered that biography explains how the individual reacts to economic forces, governmental institutions, and cultural traditions and ideas. The next step is to view this miniature history against the comprehensive history of the period and analyze the interrelationships and interactions.

No serious student of history can fully enjoy his study unless he becomes acquainted with its primary sources. This first-hand information, the "stuff of history," whether scanty, fragmented, or abundant, makes up the underpinnings of history. Letters, newspapers, public documents, diaries, photographs, family records, miscellaneous artifacts, and historic sites all contribute to the composite and total story. The student must read, examine, question, relate, and interpret the first-hand materials. He must develop a keen, critical, and analytical attitude toward his work. Only in this way can he begin to form a picture of how people interacted within their social, economic, political,

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<sup>4</sup>Ibid., pp. 319-320.

and cultural environment. The student once familiarized with the process of critical analysis in a restricted area such as local history and biography is thus equipped to transfer this technique and procedure to the national and international scenes.<sup>5</sup>

The art of critical analysis acquired by the student will serve him well as he reads the historical research of others. He will be prepared to appreciate the long, careful, tedious, but sometimes exhilarating, process of arriving at a new interpretation of the truth. He will see how other historians have examined, selected, analyzed, and interpreted primary sources. This experience becomes singularly meaningful for the student when he has gone over the identical and/or related sources of the major historians in their research.

By applying a critical and analytical approach to the primary sources used in the study of the career of Azariah Flagg, the author of this dissertation experienced the long, careful, tedious, and exciting process of gaining new insights into and understanding of the political life of the nineteenth century.

In the dissertation, the study of the primary sources such as genealogies, family records, newspapers,

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<sup>5</sup>Ibid., p. 321.

letters, and articles written by Flagg on banking, internal improvements, and railroads helped to create the total image of Flagg as he responded to the political, financial, and social forces of his times. His personal qualities and limitations in meeting the challenges of the proposed Electoral Law and the controversial election of 1824 showed Flagg to be an ardent Democratic Republican and a devoted party man. His long and frequent correspondence with Gallatin, Wright, Hoffman, Dix, King, and many others shed light on Flagg's pugnacious personality as he confronted the problems caused by the bank war and depression of the 1830's. It became clearer as the study progressed that Flagg recognized total fiscal responsibility as the only acceptable course in economic matters.

Flagg's efforts expended in the 1840 election campaign as expressed by The Rough-Hewer showed him to be a fiscal conservative. He always insisted on fiscal accountability and loyalty to the party. His loss of political office in 1824, 1839, and 1847 did not cause him to alter his political or fiscal views in the least. His last political office as comptroller of New York City did not cause him to change his philosophy in any way. He was as adamantly opposed to irresponsible financing as ever.

Thus, through the study and analysis of these primary sources, one can determine how Flagg interacted



within the social, economic, and political environment of the times. With this understanding of Flagg's contributions, one can realize how the role of the Albany Regency in general, and of Flagg in particular, directed the course of New York State, which in turn influenced the direction of the nation during a period of rapid and extensive economic and political growth.

A suggested division of American History from 1800 to 1850 follows which correlates and utilizes the research done on Flagg, the Albany Regency, the evolution of the Democratic Republican Party, and the general history of this period.

## I. Introduction

### A. Developments in New York State

1. revised New York State constitution of 1821-1822
2. Van Buren organizes the Albany Regency
  - a. Van Buren elected to the United States Senate
  - b. Flagg elected to the State Assembly, 1822
3. De Witt Clinton initiates the building of the Erie Canal
  - a. rise of the Clintonians
  - b. the Electoral Bill

### B. Jeffersonian Revolution of 1800

- C. The philosophies of Jefferson, Hamilton, Calhoun, Clay, Webster, and John Q. Adams
- D. The Role of the Federal and State Governments vis-a-vis:
  - 1. banking
  - 2. internal improvements
  - 3. agriculture and manufacturing
  - 4. War of 1812
  - 5. the polarization of the northeast, south, and west
  - 6. foreign relations
  - 7. Missouri Compromise of 1820

## II. John Quincy Adams' Administration: 1824-1828

- A. Developments in New York State
  - 1. the Regency's support for Crawford as presidential candidate
  - 2. passage of a modified Electoral Bill
  - 3. Flagg defeated in his re-election to the State Assembly
  - 4. the Albany Regency holds the monopoly of granting bank charters
  - 5. Governor Clinton presides at the opening of the Erie Canal
  - 6. the Regency unites in support of Andrew Jackson for president
- B. Sectionalism vs. Nationalism
- C. The election of 1824

D. Major issues:

1. tariff
2. internal improvements
3. banking
4. extension of slavery

III. First Administration of Andrew Jackson: 1828-1832

A. Developments in New York State

1. the Regency supports Jackson
2. the extension of the canal system, roads, and railroads
3. Flagg elected Secretary of State, 1826
4. the Safety Fund of 1829

B. Sectionalism vs. Nationalism

C. The election of 1828

D. Major issues:

1. internal improvements
2. tariff
3. nullification
4. banking
5. foreign relations

IV. Second Administration of Andrew Jackson: 1832-1836

A. Developments in New York State

1. Flagg elected as state comptroller, 1832
2. Moderate position of Flagg vis-a-vis banks

3. Flagg, Gallatin, Mann work to restore solvency to New York State banks threatened by the bank war
- B. Sectionalism vs. Nationalism
  - C. The election of 1832
  - D. Major issues:
    1. the Jackson-Biddle bank controversy
    2. nullification and secession
    3. tariff
    4. internal improvements
    5. rise of the Whig Party in opposition to Jackson
- V. Martin Van Buren's Administration: 1836-1840
- A. Developments in New York State
    1. Flagg offered New York State stock as collateral to banks after 1837 depression to restore specie payments
    2. Restraining Law succeeded by Free Banking Law, 1838
    3. Whig victories in 1838 and 1839
    4. Flagg fails of re-election as comptroller in 1839
  - B. Sectionalism vs. Nationalism
  - C. The election of 1836
  - D. Major issues:
    1. continuing bank struggle
    2. Independent Treasury System

3. Depression of 1837
4. division within the Democratic Party
5. decline of the Albany Regency

VI. William Harrison's Administration: 1840-1844

A. Developments in New York State

1. the 1842 Stop and Tax Law passed in response to New York's serious financial deficit
2. Flagg re-elected in 1843 for second term as comptroller
3. the Democratic Party divided into Hunker and Barnburner factions

B. Sectionalism vs. Nationalism

C. The election of 1840, the Log Cabin Campaign

D. Major issues:

1. the Independent Treasury System vetoed
2. the Whigs elect their first president
3. increasing Abolitionist sentiment
4. serious division within the Democratic Party
5. gradual recovery from the depression

VII. James K. Polk's Administration: 1844-1848

A. Developments in New York State

1. Barnburners blame Hunkers for the defeat of Van Buren in 1844
2. Polk alienates New York Democrats by his cabinet appointments

3. the revised New York State constitution of 1846 settles the state's fiscal problems
  4. alienated Hunkers and Barnburners hold separate state conventions, 1847 and 1848
  5. Hunkers join with Whigs; Barnburners join with Free Soil Party in 1848 elections
- B. Sectionalism vs. Nationalism
- C. The election of 1844
- D. Major issues:
1. the Independent Treasury System reinstated
  2. Manifest Destiny
  3. the Oregon Question
  4. Texas Annexation
  5. the Mexican War
  6. the Wilmot Proviso
  7. disunity and realignment within both the Whig and Democratic Parties forming the Free Soil and Whig Parties in 1848

#### VIII. Summary and Conclusion

- A. Discuss how the philosophy of Jefferson, Hamilton, Clay, Calhoun, Jackson, and Webster determined the direction of American History in reference to:
1. slavery in the territories
  2. Manifest Destiny
  3. industrialization
  4. banking
  5. states rights vs. the Union

- B. Alexis de Tocqueville once said that the American, in contrast to his European counterpart, did not have to struggle for his freedom, that he was born free. Discuss the validity of Tocqueville's statement in reference to this period, 1800-1848.

AN APPROACH TO THE TEACHING OF AMERICAN  
HISTORY: 1800-1850

I. The Instructor's Role:

- A. The instructor provides, through well developed lectures, the political and philosophical background for the events occurring during the period. The events are clearly and logically presented as to their cause and effects. The instructor may use the suggested teaching outline provided.
- B. The instructor provides the students with the pertinent biographies and primary sources for each period. Primary sources may be obtained from major libraries on microfilm and/or photostatic copies. Bibliographies of secondary works are also provided.
- C. The instructor and students cooperatively determine their goals through discussion and planning. Goals regarding content are suggested in the teaching outline provided above; goals regarding learning experiences are suggested in (C, 1-2-3) which follow. As the course work progresses, the goals are refined, if necessary, to meet changing needs. This procedure will:
  - 1. provide the students with relevant and vicarious experiences involving them in the process of seeing history being made in a tangible way.
  - 2. acquaint the students with primary sources which will motivate them to read comprehensively to round out and expand the areas and periods relative to biography and local history.

3. interest the students in other curriculum areas and periods relative to the biography and local history, such as psychology, sociology, anthropology, geography, literature, and the fine arts and crafts.
4. refine the students' research skills.

## II. The Students' Role:

- A. Among the methods by which students can participate in the learning process are:
  1. case studies
  2. role playing and/or dramatization
  3. panel discussions
  4. debates
  5. research paper
- B. The students may be assigned the readings and research pertinent to each period of history.
- C. Within the respective activity suggested above (A, 1-5), the students evaluate the views of the political figures under consideration.
- D. The students accept, refute, reject, or recognize the views of the political figures and their historians. For example, What are your views on Andrew Jackson after reading his letters? How was Andrew Jackson viewed by historians Robert Remini, Arthur Schlesinger, Jr., Glyndon Van Deusen, and John Ward? Was Flagg's membership in the Barnburner faction indicative of his radicalism? What conclusions can be drawn from comparing the Whigs' and Democrats' record of internal improvements as shown by Flagg's and Bates Cook's comptrollerships?

## III. Skills Developed from the Learning Activities:

- A. The students develop a greater ability to discriminate between facts and opinions.



- B. The students learn to differentiate between the internal and external criticism of primary sources.
- C. The students learn to evaluate critically the statements of a colleague; to accept as a whole, or in part, the statements with intelligence, clarity, and precision.
- D. The students learn to agree or disagree with deference, courtesy, and consideration for the other person.
- E. The students increase their competence in vocabulary, grammar, sentence structure, and style. The students become progressively more sensitive to the necessity of meaningful communication.
- F. The students acquire skills in oral expression which are readily transferred to the needs of written communication.

#### IV. Evaluation of the Teaching-learning Process:

- A. The students may be rated on their oral presentation and active participation in the learning activity based on their factual knowledge and logical reasoning.
- B. The students may be asked to write a brief summarizing essay on the topic discussed.
- C. The students may be evaluated on the quantity and quality of sources used to prepare their assignments.
- D. The students may be asked to evaluate themselves as to their individual contribution, either orally or in writing.
- E. The students may be asked to evaluate each other's contribution to the group's activity.
- F. The students may be asked to evaluate the instructor's methodology and his understanding and appreciation of the material.
- G. Formal tests, using objective and subjective items, may be given.

A final evaluation of how well the use of biography and local history contributed to the greater appreciation of history is to notice the change in the level of the instructor's and students' enthusiasm during the course. Enthusiasm is a quality that is communicated by both the instructor and students who understand and appreciate the value of the material being studied.

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