**JACKSONIAN ECONOMY, THE**

Published in 1969, Peter Temin’s landmark historical work *The Jacksonian Economy* offered a revelatory new interpretation of the economic policies of President Andrew Jackson (1767–1845). Using the then-groundbreaking approach known as cliometrics—applying statistical analysis and economic theory to historical events and trends—Temin refuted the established belief that Jackson’s strategies were disastrous for the U.S. economy. Although some of Temin’s conclusions have been challenged in the decades since *The Jacksonian Economy* first appeared, historians interested in the American economy of the early-to-mid-nineteenth century continue to study and value the book.

Temin’s principal argument in *The Jacksonian Economy* is that historians’ central beliefs about the economic events of Jackson’s presidency were incorrect. One event was the president’s effective termination of the second Bank of the United States (the first had existed earlier in the century), which served as the nation’s central bank. The bank had provided a national currency and a well-regulated system of credit and was widely believed to have helped stabilize and expand the American economy during the early nineteenth century. The bank’s charter was due to expire in 1836, and in 1832, near the end of his first term as president, Jackson vetoed a bill that would have renewed the charter. Further destabilizing the bank, he moved all federal deposits to state-chartered banks in 1833, shipping them the specie (gold and silver) that guaranteed the value of these deposits. Soon thereafter the United States entered a period of rapid inflation: the supply of paper currency nearly doubled between 1832 and 1836 (each dollar thus had less value), and commodity prices increased by 50 percent during the same period.

According to conventional thinking, the national bank’s demise led to fewer banking regulations: local banks were allowed to print and issue more paper currency, even though their reserves of specie did not increase correspondingly. This, in turn, led to inflation (rising prices) because dollars, now backed up by proportionally less specie and so worthless, could purchase fewer goods and services. In *The Jacksonian Economy*, however, Temin argues that the cause of this inflation was not the closure of the national bank and a glut of paper money. Analyzing the available historical data, he shows that the state banks did not change their ratio of specie to paper currency between 1832 and 1836. The cause of inflation, Temin explains, was an influx of silver from Mexico and gold from Europe during the same period. According to this explanation, the increase in the supply of gold and silver in the country made these metals less rare and thus less valuable. As the gold and silver coins held by banks as specie also lost value, so did the paper currency it backed.

Temin provides a similarly revisionist account of the Panic of 1837—an economic collapse in the United States that led to widespread bankruptcies and financial ruin—and the subsequent economic depression (a prolonged period of recession) from 1839 to 1843. Temin argues against long-held assumptions that the 1837 panic (which started after President Martin Van Buren took office that year) was caused by the Jackson administration’s actions, especially an 1836 law (the Specie Circular, or Coinage Act) requiring that federal lands be purchased with gold and silver coin rather than paper currency. According to previous explanations, the 1836 law increased demand by paper currency holders for specie and led to sudden and
dramatic deflation (reduction of prices) in land values, undermining people’s general faith in the stability of the economy. A distribution of the federal budget surplus to the states a year later forced banks to reallocate funds in a sudden and unnatural way, which further undermined public certainty about the stability of the banking system.

According to Temin, these factors were too minor to have caused the panic. Rather, he attributes the run on specie reserves (when customers flocked to banks to withdraw their funds in silver and gold coin) to the Bank of England’s decision to tighten its lending in mid-1836. At the time, the American and English economies were closely intertwined. Thus, as lending tightened in England, it also became more difficult for American consumers and businesses to borrow money from banks. This led to increased uncertainty about the future of both the English and American economies. As lending declined and uncertainty spread, the American economy stalled, purchases of goods declined, and prices fell. Cotton prices, in particular, were undermined, because England was traditionally a major importer of American cotton, which was one of the most important agricultural products in the United States. Temin shows that the tightening of lending and the sudden drop in prices led to a general economic panic. Although the American economy fluctuated over the next two years, between 1837 and 1839, the loss of economic faith that had arisen during the panic had become pervasive and entrenched by 1840. The result was an economic depression that lasted until 1843.

The Jacksonian Economy was widely reviewed upon its initial publication. One result was the wider acceptance of Temin’s methods, which evidenced the power of the cliometric approach. Although Robert B. Zevin’s contemporary analysis of the book in the Economic History Review finds some fault with Temin’s methodology and argument, it concludes with an overwhelmingly positive assessment of the work’s merits: “Regardless of these trivial caveats, Temin’s books stands as the single most comprehensive, accurate, analytically sound treatment of the years 1830–43.” In contrast, although Mary Young’s commentary in the Journal of American History recognizes the work as a “significant analysis of the Jacksonian economy,” she associates Temin with “other significant revisionists” in that he “exaggerates both the unanimity of his predecessors and the consistency of his own evidence.” Young complains that his “historiography is careless, and some of his revisions may need revising.”

In the early twenty-first century, The Jacksonian Economy continues to provide food for study and debate.
Japan’s role in World War II, which culminated with the nuclear destruction of two major Japanese cities in late 1945, left its economy and infrastructure in ruins. Recognizing the potential value of a democratic and capitalist Japan—both as a politically against Communism and as an economically in the Pacific—the United States acted quickly to help rebuild the nation’s shattered economy. A major part of this was the quick reestablishment of trade between the two nations. Japanese exports to the United States brought much-needed revenue back to Japan, while American imports into Japan sped up the reconstruction of Japan’s devastated industrial infrastructure and increased opportunities for American investment in the Japanese economy.

U.S. exports to Japan during the period after 1947 were greater than Japanese imports to the United States. This balance of trade began to change in the mid-1960s, as Japanese imports into the United States began to outpace U.S. exports to Japan. Much of this change can be attributed to the dramatic growth of Japanese industry during the early 1960s, which saw the development of native industries in commercial vehicles, agricultural machinery, and consumer electronics. By the late 1960s, Japanese corporations, including automobile producers Toyota and Honda and consumer electronics companies Yamaha, Sony, and Toshiba, had developed a reputation for mass-producing high-quality, low-cost products. Desire for these products, particularly the more fuel-efficient Japanese automobiles, as well as consumer electronics and televisions, led Japanese exports to increase at a rate of 16.9 percent annually during the 1960s and at a rate of 21 percent in the 1970s. Japanese penetration of the U.S. market eventually led the United States to impose voluntary export restrictions on Japanese automobiles in the late 1970s.

The continuous increase in Japanese imports to the United States eventually resulted in a backlash against Japanese trade policies, which many Americans saw as unfair. Although this displeasure initially focused on the steadily growing imbalance in trade in favor of Japan, which had grown to $46,152 billion by 1985, criticism soon shifted to the question of U.S. access to Japanese markets. This led to a number of trade disputes during the period, including a conflict over what the United States perceived as Japan’s “dumping” of semiconductor chips onto the U.S. market.

Both countries worked to improve their trade relationship in the 1990s and into the twenty-first century through an increase in bilateral and multilateral agreements, but growth in trade remained slow. This was due in part to the weakness of the Japanese economy during

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JAPAN, ECONOMIC RELATIONS WITH THE UNITED STATES SINCE 1945

The island nation of Japan is an economic superpower that boasts the fourth largest economy in the world in 2013 according to the International Monetary Fund. Its economic relationship with the United States fluctuated between 1945 and 2014. After the U.S. victory in World War II (1939–45), the United States dominated the Japanese economy. This began to change in the 1960s as massive influx of products from the growing Japanese automotive and electronics industries challenged the dominance of American brands and reversed the long-standing trade relationship between the two countries. Although disputes over market access, the value of the Yen, and intellectual property rights in the 1990s and the early twenty-first century led to a long period of slow growth in trade, the relationship between the two countries, as expressed by trade and direct investment, remains a fundamental part of their economic strength.

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BIBLIOGRAPHY


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