

American System

A plan to strengthen and unify the nation, the American System was advanced by the Whig Party and a number of leading politicians including Henry Clay, John C. Calhoun and John Quincy Adams.

Henry Clay first used the term “American System” in 1824, although he had been working for its specifics many years previously.



Henry Clay

The System was a new form of Federalism that included:-

- Support for a high tariff to protect American industries and generate revenue for the federal government
- Maintenance of high public land prices to generate federal revenue
- Preservation of the Bank of the United States to stabilize the currency and rein in risky state and local banks
- Development of a system of internal improvements (such as roads and canals) which would knit the nation together and be financed by the tariff and land sales revenues

Clay argued that the West, which opposed the tariff, should support it since urban factory workers would be consumers of western foods. In Clay’s view, the South (which also opposed high tariffs) should support them because of the ready market for cotton in the newly emerging northern mills.

This last argument was the weak link. The South was never really on board with the American System and had access to plenty of markets for its cotton exports.

Portions of the American System were enacted by Congress. The Second Bank of the United States was rechartered in 1816 for 20 years. High tariffs were kept from the days of Hamilton until 1832. However, the national system of internal improvements was never adequately funded; the failure to do so was due in part to sectional jealousies and constitutional scruples about such expenditures.