# Jacksonian Monetary Policy, Specie Flows, and the Panic of 1837

Peter L. Rousseau

SHARE

WORKING PAPER 7528

DOI 10.3386/w7528

ISSUE DATE February 2000

The Panic of 1837 stands among the most severe banking crises in U.S. history, marking the start of a business downturn from which the nation would not recover for six years. Given the serious consequences of the panic for the rapidly evolving commercial and industrial sectors, it is thus not surprising that a number of hypotheses have emerged to disentangle the true' causes from a host of aggravating domestic and international shocks. To this day, however, the event remains not fully understood. In this paper, I organize previously unexploited information from the U.S. government documents and contemporary newspapers to take a fresh look at the panic. These sources point to a new explanation which places neither the official distribution of the federal surplus to the states in the Spring of 1837 nor an international shock at the heart of the crisis, although the latter may have served as a catalyst in the final weeks. Rather, a series of hitherto unremarked interbank transfers of government balances ordered in the year leading up to the crisis combined with a policy-induced increase in the demand for coin in the Western states to drain the largest New York City banks of their specie reserves and render the panic inevitable.

Download a PDF

Information on access

## Acknowledgements and Disclosures

## Citation and Citation Data

# Published Versions

Rousseau, Peter L. "Jacksonian Monetary Policy, Specie Flows, And The Panic Of 1837," Journal of Economic History, 2002, v62(2,Jun), 457-488. citation courtesy of RePEc

# Related

TOPICS

History
Macroeconomic History
Financial History

PROGRAMS

Development of the American Economy
Monetary Economics

# More from the NBER

In addition to working papers, the NBER disseminates affiliates' latest findings through a range of free periodicals—the NBER Reporter, the NBER Digest, the Bulletin on Health, the Bulletin on the Economics of Alzheimer's, and the Bulletin on Entrepreneurship—as well as research spotlights, lectures, and panel videos.

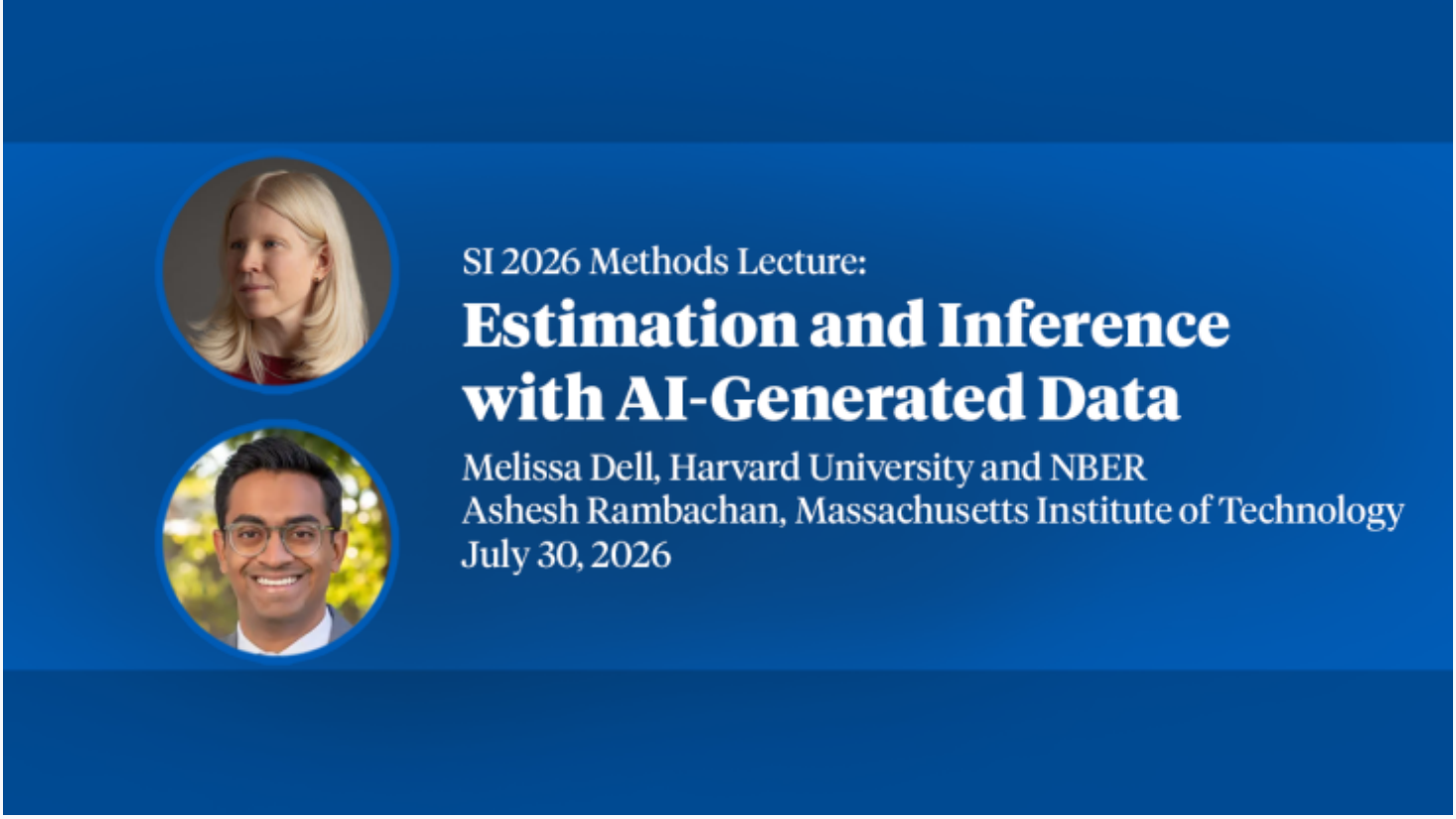



**2026, 18th Annual Feldstein Lecture, Mark Duggan, "Social Security Reform in an Era of Fiscal Deficits"**

FELDSTEIN LECTURE

PRESENTER: MARK DUGGAN

Mark Duggan, who is currently the Wayne and Jodi Cooperman Professor of Economics at Stanford University and will soon...




## 2026, Methods Lecture, Melissa Dell and Ashesh Rambachan, "Estimation and Inference with AI-Generated Data"

METHODS LECTURES

PRESENTERS: MELISSA DELL & ASHESH RAMBACHAN

Research Associate Melissa Dell of Harvard University and Ashesh Rambachan of MIT delivered the 2026 Methods...



**2026, SI Household Finance, Paul Goldsmith-Pinkham, "Using AI in Household Finance Research: A Practical Guide"**

VIDEO

PRESENTER: PAUL GOLDSMITH-PINKHAM

Supported by the Vanguard Group

**National Bureau of Economic Research**

Contact Us
1050 Massachusetts Avenue
Cambridge, MA 02138
617-868-3900
info@nber.org
webaccessibility@nber.org



© 2026 NATIONAL BUREAU OF ECONOMIC RESEARCH. ALL RIGHTS RESERVED.