

The Political Economy of Banking Reform in Jacksonian-Era New York

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## 1. Introduction

Born in the South and a child of the West, William Leggett arrived in New York City in 1826 at age 25, supporting himself as an actor and author. He quickly gained notoriety as a literary and theater critic and published his own weekly magazine, *The Critic*, for eight months before accepting William Cullen Bryant's offer in 1829 to write for the New York *Evening Post*.

Leggett had little taste for politics and he accepted Bryant's offer on the condition that he not be asked to write about politics. Within a year, however, Leggett was writing some of the most powerful political editorials of his era, most of which championed Jacksonian free-market populism. In 1831 Bryant took Leggett in as a partner and coeditor. Three years later Leggett assumed sole editorship of the *Post* when Bryant sailed for Europe. Though ill health and financial setbacks ended his political editorializing by 1837, Leggett's writings energized the working classes and galvanized an emergent opposition wing of the Democratic Party.<sup>1</sup>

Leggett's message was simple yet powerful: Equal rights. Equal rights to property. Equal rights to the ballot box. Equal rights to economic opportunity. Not unexpectedly, the radical Democrats he championed adopted the term and became known as the Equal Righters, sometimes known as the Loco Focos.

Important and influential as they were, Equal Righter ideas were not the vanguard of the era's political thought. The Antimasonic Party of the late 1820s and early 1830s anticipated much of the Equal Righters' equalizing agenda, and Cathy Matson argues that the modern Smithian notion of advancing the common weal through unfettered self-interest can be dated to pre-Revolutionary times.<sup>2</sup> Nevertheless, a fundamental shift had occurred in the Democratic Party. Jeffersonians attacked market-oriented relationships, whereas Jacksonians attacked the privileges accruing to the elite through favoritism, especially when its fruits failed to trickle down to working men. A potent

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<sup>1</sup> White, "Foreword."

<sup>2</sup> Benson, *Concept of Jacksonian Democracy*; Matson, "Public Vices, Private Benefits."

source of political change in the early antebellum era was rising intolerance for the government's violation of Adam Smith's *laissez faire* prescriptions. Many contemporaries believed that too many opportunities were foreclosed by traditional economic regulation.

Contemporary discussions of favoritism centered on the financial sector, especially banking. New York's restrictive acts prohibited entry into any banking activity – issuing notes, taking deposits, and certain types of lending – and corporate charters were reserved for political insiders.<sup>3</sup> Frustration with the existing system of legislative chartering led to free banking, which is considered by some as the most important regulatory reform of the antebellum era.<sup>4</sup> After meeting a few modest regulatory hurdles, a capitalist with sufficient capital could establish a bank any place he thought fit. Banks proliferated, which led Bray Hammond to conclude that it was “somewhat harder to become a banker than a bricklayer, but not much.”<sup>5</sup>

Despite an outpouring of historical research on the economics of free banking, the political economy of free banking remains little researched. Hammond interpreted the impetus as Equal Righter agitation, or an emergent urban distaste for the traditional agrarian bugaboos: monopoly and privilege.<sup>6</sup> Traditional sentiments, even among farmers, held that credit was the farmer's bane, but tradition evaporated when agrarian interests “at last gave way before enterprise and speculation.”<sup>7</sup> Fritz Redlich, the other respected authority on early American banking policy, also attributed free banking to “inarticulate [rural] equalitarians” who believed success could only be had through easy credit.<sup>8</sup>

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<sup>3</sup> Bodenhorn, “Bank Chartering and Political Corruption in Antebellum New York.”

<sup>4</sup> Gunn, *Decline of Authority*, p. 229.

<sup>5</sup> Hammond, *Banks and Politics in America*.

<sup>6</sup> In nineteenth century vernacular, “monopoly” is best interpreted as regulatory privilege rather than the classic single supplier of economic theory. Although some banks enjoyed local monopolies, contemporary critics often included banks in oligopolistic markets within the meaning of “monied monopolies.”

<sup>7</sup> Hammond, *Banks and Politics*, pp. 622-23.

<sup>8</sup> Fritz Redlich, *Molding of American Banking: Men and Measures* (New York: Johnson Reprint Company, 1968), p. 188.

I offer an alternative interpretation of free banking reform. Although New York's free banking act was passed during a brief period of Whig ascendancy in the late 1830s, brought into being by a financial panic and dissatisfaction with the policies of the long-dominant Democrats, free banking was not the product of panic-induced, cheap-credit agrarian inflationism. The inflationist interpretation is the product of reading history backwards: of the Great Depression generation projecting their fears onto an earlier period.<sup>9</sup> The explanation offered here is that free banking was the product of the frustration felt by merchants and prospective bankers unable to capture the benefits of new market opportunities. Using previously unexploited sources, I show that the increased demand for credit was not primarily a rural, agrarian phenomenon. Rather it originated in towns and villages in southern and western New York State. Democrats failed to provide these places with the banks they wanted because they were the strongholds of the Antimasonic and Whig opposition. When the opposition finally took control of the legislature, they eliminated one vestige of mercantilism used against them. The consequence, as I have shown elsewhere, was a more egalitarian distribution of banking facilities.<sup>10</sup>

## **2. Political economy of legislative petitioning**

Modern political economy typically uses roll call voting to make sense of legislative decision making. In determining how to vote on a particular piece of legislation, elected representatives weigh their own interests against the preferences of their constituents, any special interest groups with which they are associated, and the party leadership. The difficulties in modeling and empirically estimating the factors that influence voting behavior are manifold, largely because observing and accounting for preferences or ideology is problematic. The difficulties are all the more severe because the four, theoretically separable influences are often correlated. How is a researcher to separate a party effect from a personal ideology effect when observing that nearly all party members vote alike? Similar voting may be driven by allegiance to party, or it may reflect that people with

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<sup>9</sup> Larry Schweikart, “,” *Business History Review* (date).

<sup>10</sup> Bodenhorn, “Free Banking and Bank Entry.”

similar preferences belong to the same party.<sup>11</sup>

Although various models and methods have been developed to disentangle the disparate, and sometimes conflicting influences, of legislative voting behavior, this paper circumvents the issue by looking directly at constituent behavior.<sup>12</sup> Because there were few roll call votes on the important pieces of banking reform legislation of 1836/37, I use alternative information on constituent interest. In this, I follow Charles Calomiris and Eugene White's study of the adoption of federal deposit insurance, who were also foreclosed from using roll call votes. Despite Congressional consideration of 150 separate deposit insurance bills between 1886 and 1933, there was only one roll call vote.<sup>13</sup> Calomiris and White overcome the lack of roll call votes by correlating state characteristics with the number of bills introduced by state representatives to explain regional sources of support for federal deposit insurance. I employ a similar strategy to investigate the political economy of banking reform in nineteenth-century New York.

Nineteenth century New Yorkers were not averse to exercising their right to petition the legislature in seeking public and private acts and the petitions reveal strongly held constituent interests. In seeking a private act, including a request for a bank charter, a constituent or group of constituents initiated the process by petitioning for a bill conferring corporate status. The clerk of the state assembly (assuming the petition was forwarded to the assembly; the senate process was comparable) then recorded and announced receipt of the petition and laid it on the table for legislators to view. After remaining on the table for a period, petitions were forwarded to the appropriate committee for deliberation. Committees could report unfavorably on a petition, as did Mr. Cash on May 3, 1837 when he reported the committee's being "against the bill to lay a tax on the Banks to enlarge the Erie Canal" (*Albany Argus*, May 4, 1837). If the committee favored the petitioners' request, however, they reported a bill to the relevant chamber for consideration by the whole.

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<sup>11</sup> Levitt, "How Do Senators Vote?"

<sup>12</sup> See Levitt, "How Do Senators Vote;" Poole and Rosenthal, "Patterns of Congressional Voting;" and Segal, Cameron and Cover, "A Spatial Model of Roll Call Voting."

<sup>13</sup> Calomiris and White, "Origins of Federal Deposit Insurance."

When a committee reported a bill to the assembly, the clerk read the title of the bill, an exercise known as the “first reading.” Once read, the bill was ordered printed and circulated among the members and made available for public view. The bill was next scheduled for a “second reading,” when the bill’s title was again read by the assembly clerk, reported to the floor and eligible for debate and amendment. Once debate ceased, the bill was ready for a “third reading” at which time further amendments could be offered and, once finalized, voted on. If a majority voted in favor, the bill was delivered to the senate where it traveled the same path.<sup>14</sup> If it did so successfully, the act was forwarded to the governor who could sign the act into law or veto it, subject to legislative override. When and if the governor signed the bill, it became law.

While it would be convenient to believe that legislators met their public trust and allocated bank charters based on the merits of each case, including local demand and the prospective bankers’ qualifications, political and pocketbook concerns mattered at least as much or more. It was well established practice in early America that Federalist bankers received charters from Federalist-majority legislatures and Republicans from Republican-majority legislators. Under Martin Van Buren’s leadership, New York’s Democratic majority controlled the legislature between 1819 and 1836 and rewarded party supporters with the few bank charters granted.<sup>15</sup>

Moreover, successfully navigating the committee and legislative process often involved greasing the legislative wheels. One group of prospective bankers in Ohio, for example, were told by their representative that “if the ‘people’ will only attend to my notes [debts], I assure them that they will have the best of my exertions.”<sup>16</sup> By the 1830s, New Yorkers were notorious for the graft surrounding bank charters. Chartering scandals erupted in 1803 and 1805. In 1812, two well-known lobbyists were handing out hundreds of dollars in return for support of the chartering bill for the Bank of America in New York City. In his annual message to the legislature Governor Tompkins admonished the legislators and asked that they not fall prey to “intrigue and hollow promises” and

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<sup>14</sup> Under New York’s 1820 constitution, bank chartering acts required a two-thirds majority of each chamber for passage.

<sup>15</sup> Bodenhorn, “Bank Chartering and Political Corruption.”

<sup>16</sup> Bodenhorn, *State Banking in Early America*, p. 14.

that they not “corrupt and subdue republican notions.”<sup>17</sup> By March the corruption had grown so blatant that the governor invoked his constitutional privilege to suspend the legislature for 60 days. The suspension had little effect. After the hiatus the legislators returned and chartered the bank.<sup>18</sup>

During the two decades of Democratic rule, the political opposition – most notably Thurlow Weed in his *Albany Evening Journal* – exposed other bribery cases. In 1831, for example, the *AEJ* reported that several legislators had accepted shares in a bank for which they voted favorably and did so with “no sense of impropriety.”<sup>19</sup> In 1833 Alvah Bebee was indicted by the state Assembly for bribing one of its members. Bebee’s attorney argued that his client was unfairly singled out for an otherwise common practice. After a brief debate, the Assemblymen reprimanded Bebee in a “forceful and solemn manner” and sent him on his way.<sup>20</sup>

Statistics reported in Table 1 reveal that widespread bribery translated into relatively few bank charters. Although the Assembly received 535 chartering petitions between 1830 and 1837, with the banking committee reporting 236 bills, only 53 groups of hopeful petitioners ultimately received a charter. Most of those were political allies of the majority Democrats. There is no way of knowing the value of resources used in securing these 53 charters, but if the contemporary discussion is reasonably accurate, bank charters were not cheap.

Corruption and political spoils did not end with the award of a corporate charter. Beginning in 1811 every bank incorporation act appointed administrators responsible for distributing shares in the new bank. The method of distributing shares came under increasing public scrutiny after 1825 when the opposition Antimasonic Party publicized the politicized distribution scheme adopted in allocating the Commercial Bank of Albany’s shares. Administrators allocated most of the shares to themselves and a small group of friends. Political opponents contended that the administrators had

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<sup>17</sup> Lincoln, *Messages*, p. 697.

<sup>18</sup> This is not the same Bank of America in operation today. The modern BoA is a California-based firm, which started in San Francisco in the latter nineteenth century.

<sup>19</sup> *Albany Evening Journal*, February 21, 1831.

<sup>20</sup> Alexander, *Political History*, p. 190.

subverted a public trust to their private advantage.<sup>21</sup> During debate on the charter of the Bank of Herkimer County, assemblyman Isaac Van Duzer proposed an amendment reducing the number of shares that administrators could take from 200 to 50. When his amendment was overwhelmingly rejected after brief debate, he exclaimed that the majority Democrats, “manifested no disposition to surrender the source of ‘Spoils.’”<sup>22</sup>

Public dissatisfaction with the politicization of the chartering process from committee consideration of petitions to the distribution of shares in chartered banks ultimately led to passage of New York’s 1837 free banking act, which eliminated the chartering system and the consequent politicization of banking. In the interim, however, prospective bankers were forced to work within the chartering system and forwarded hundreds of petitions in hopes of receiving bank charters.

Table 2 provides some insights into the geographic centers of petitioning and, ultimately, reform. Panel A reports the number of petitions sent to the legislature, per capita petitioning and bank capital per capita in 1830 by senate district. Senate districts I (New York City) and VIII (northwestern New York) tendered the largest number of petitions in total and per capita. It is not surprising that New York City generated a large number of petitions given the value of a bank charter in New York City in the 1830s. What is more interesting is the petitioning activity generated in the Eighth Senate district, which included the western terminus of the Erie Canal (Erie and Niagara counties) to Rochester and south to the New York-Pennsylvania border. While all eight senate districts generated petitioning activity, the Eighth District experience underscores the hypothesis offered here. Support for banking reform, which I proxy with mostly unsuccessful petitioning activity, originated in western and southern New York. As Kenneth Sokoloff shows, the opening of the Erie Canal widened people's horizons and created new market opportunities in western New York that were better exploited with bank credit.<sup>23</sup> The legislature's slow response in the 1830s created the impetus for regulatory reform.

Informative as the statistics in Panel A of Table 2 are, it is not clear that New York's senate

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<sup>21</sup> Chaddock, *Safety Fund Banking*, p. 252.

<sup>22</sup> *Albany Evening Journal*, February 4, 1833.

<sup>23</sup> Sokoloff, "Inventive Activity."

districts are meaningful economic units. Each was constructed from a set of contiguous counties to contain approximately 225,000 residents. District VIII, for example, includes counties from the Pennsylvania border north to the Buffalo area. Residents in the so-called Southern Tier had very different economic concerns from residents in the Niagara region. Although Buffalo-Niagara area merchants believed that more banks were needed, the region was not without banks. Many residents, too, had easy access to the canal. Residents in the Southern Tier, on the other hand, believed that they had been overlooked. The canal passed far to the north, calls for the construction of feeder canals were not taken seriously, and banking facilities were few indeed as Panel B makes clear. Panel B constructs five geographic regions that better correspond to contemporary economic and political realities. Again, the New York City area was the source of a large number of petitions, but on a per capita basis petitioning was heaviest in western and southern New York. This alternative division of the state reveals that calls for banks from western New Yorkers had not been completely ignored, but the bulk of the region's banking resources in 1830 were in Buffalo and not widely dispersed. The statistics also reveal the potent source of frustration in the Southern Tier. Not only had the economic transformations promised by the canal eluded them, the legislature had provided fewer banks than other regions of New York State.

A casual inspection of the statistics reported in Table 2 could lead to the conclusion that calls for bank credit were driven by agrarian calls for credit. But, as will be discussed later, farmers were not the principal source of chartering petitions. Petitioning and later calls for reform originated not in the rural countryside, but in the emerging villages and towns in western New York. More and more places were being drawn within the orbit of the market and mercantile and manufacturing enterprises flourished with access to credit.

### **3. Empirical strategy and results**

Lacking any ideological variables and facing an inability to estimate a Hotelling-type spatial model of legislative voting, I estimate a number of simple specifications using several demographic and geographic variables gathered from federal censuses as proxies for constituent preferences. The legislature received one or more petitions requesting a bank charter from residents of approximately

10 percent of the state's incorporated municipalities so two types of models are estimated.<sup>24</sup> The first are OLS regressions of the form:

$$\text{Petition}_j = x_j \beta + \epsilon_j$$

where the Petition variable for each town,  $j$ , is alternatively specified as the number of petitions or the number of petitions per capita. A third specification is the standard probit specification of the form:

$P(\text{Petition}_j = 1 | x_j) = \Phi(x_j)$  where  $\Phi$  is the standard normal cumulative density function or in latent variable form:

$$\text{Petition}_j^* = x_j \alpha + v_j \quad \text{where } \text{Petition}^*=1 \text{ if } \text{Petition}_j > 0$$

The second column of Table 3 reports the means and standard deviations of the independent variables. The third column reports the estimated parameters from an OLS specification where the dependent variable equals the number of petitions received from a particular municipality. The fourth column reports parameter estimates where the dependent variable equals the number of petitions per 1,000 residents. The fifth column reports the marginal effects derived from a probit specification where the dependent variable equals one if a municipality's residents petitioned the legislature at least once.

The statistical results afford several notable interpretations of nineteenth century New York banking reform. Not surprisingly, larger cities offered more petitions than smaller towns (column 3) and were more likely to petition (column 5). Larger cities were not, however, the source of more petitions on a per capita basis (column 4). Similarly, faster growing cities and towns generated more petitions, but not more petitions per capita.

The next four variables are included to capture the influence of local economic activity on bank petitioning. Seeing the profitability and power of a bank at first hand was likely to have encouraged others in the community to establish their own. The presence of an existing bank in a city elicited 1.3 more legislative petitions than a city without a bank, or nearly 0.4 additional

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<sup>24</sup> I was unable to match all of the petitions to a particular municipality. Some petitions mentioned only a county. Rather than selecting a method of attribution, unmatched petitions were dropped.

petitions per 1,000 population. The mechanism is unclear. Given the long-standing politicization of banking, the establishment of a Democratic bank in a community may have elicited greater efforts by Antimasons or Whigs to get their own bank. The presence of a Democratic bank may have provided local Democratic merchants with a competitive advantage in the marketplace, which spurred greater effort among merchants of different political persuasions. Alternatively, calls for additional banking facilities may have been endogenous to the presence of an existing bank. If banks provided the benefits often attributed to them, the existence of a bank may well have expanded opportunities more generally and local economies with banks grew fast enough to outstrip the capabilities of the existing banks to satisfy the corresponding credit demands.

The next two variables capture the municipality's industrial mix. The 1840 census reported employment in agriculture, commerce, manufacturing and professional employments. The regressions includes the percentage of commercial and manufacturing employment as separate determinants and reveal a powerful influence.<sup>25</sup> A one percentage point increase in the labor force engaged in commercial activities led to 5 additional chartering petitions, or about 1 additional petition per 1000 persons. A one percentage point increase in manufacturing employment led to 0.4 additional petitions, or about 0.3 petitions per 1000 population. Finally, having a canal pass through the county in which the municipality was located significantly increased the number of bank petitions. The canal opened market opportunities that were better exploited the greater the supply of credit.<sup>26</sup>

What implications do these findings have for the political economy of antebellum reform in New York? Unlike previous interpretations that view free banking as an ill-advised response to agrarian inflationism and demands for farm mortgage credit, the statistical results suggest an alternative interpretation.<sup>27</sup> Charter petitions came not from areas with heavy agricultural

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<sup>25</sup> Given the discussion in the previous paragraph, the industrial mix variables may be endogenous to existing banks. I need to think about whether this important and how I might deal with it.

<sup>26</sup> Sokoloff, "Inventive Activity," shows that inventive activity increased after the Erie Canal was built and interprets the increase as a response to the greater access to the market and rewards to market activity once the canal connected the rural hinterland with urban markets.

<sup>27</sup> Hammond, *Banks and Politics*; and Redlich, *Molding of American Banking*.

employment.<sup>28</sup> Charter petitions were significantly more likely to originate in cities and towns that had already experienced some modern economic development, which is consistent with Formisano and Kutolowski's contention that Antimasonry, and its leveling impulse, was not an agrarian movement.<sup>29</sup> Antimasonry's strongest support came from middling businessmen in western towns, men with greater market aspirations but who considered themselves foreclosed from equal access. Based on petitioning patterns, prospective bankers were likely drawn from the ranks of middling businessmen.

The final four variables are included to capture regional influences in bank charter petitioning. Historians have argued that, unlike most nineteenth century trends which moved from city to country, the Jacksonian era's egalitarian impulse originated in the West and gradually captured the imagination of the East. Equal Righters, for instance, are often viewed as eastern, urban mechanics enamored with the leveling message of western, rural merchants and farmers. In an antebellum New York context, it was the citizens of the Southern Tier, several western counties bordering Pennsylvania, that considered themselves in need of a Antimasonic "fair deal." The Erie Canal passed well to their north and the legislature had yet to commission feeder canals to facilitate the region's ability to capture the benefits of greater market access. Citizens in such Southern Tier towns as Binghamton, Genesee and Ithaca witnessed the advantages accruing to canal-side towns, such as Syracuse, Lockport and Buffalo, and considered themselves deserving of comparable state-sponsored infrastructure investments. The regressions reveal the strength of that attitude. The coefficient on the Southern Tier variable in column 5, for instance, implies that residents in towns in that region were 13 percent more likely than Upstate residents to petition for a bank charter holding all other characteristics constant. In no other region is the coefficient as large or statistically significant.

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<sup>28</sup> Although the unit of observation is the city, town or village, across 833 municipalities for which data was available, fully 77 percent of the labor force was engaged in agriculture. Recall, even as late as the 1840s, most of upper Manhattan was still home to more farms than factories or commercial enterprises. When the percentage of the population engaged in agriculture is included in the regression instead of commercial and manufacturing, employment the coefficient is close to zero and statistically insignificant. All three variables cannot be included simultaneously because they are multicollinear.

<sup>29</sup> Formisano and Kutolowski, "Antimasonry and Masonry."

#### **4. Concluding comments**

Economic institutions, such as free banking, emerge as a result of manifold interactions and negotiations in the political, economic, and social spheres. We will not understand economic change without a reasonable appreciation of the interactions between these three areas of human interaction. The information contained in the hundreds of legislative petitions forwarded to the New York legislature between 1830 and 1837 afford a deeper appreciation of the interactions in an era when New Yorkers grew increasingly frustrated with corrupt practices involved in obtaining a bank charter. Traditional interpretations that focused on the western half of the state as the source of change were correct, to a point. Where the traditional interpretation falls short is in attributing the impetus for change to agrarian egalitarianism or panic-induced inflationism. Change emerged in villages and towns led by an emerging commercial middle class of merchants and small manufacturers in need of working capital and whose chances for successes would be improved with easier access to bank credit.

Considered in a broader frame, one impetus behind the fundamental changes that swept over Jacksonian New York was a broad-based push toward greater equality of economic opportunity. But the state's citizens were increasingly concerned with equality more generally. As a result, New York expanded the franchise, encouraged mass education, and elaborated a policy of more humane treatment of debtors and prisoners. Modern conceptions of the connection between the state and its citizens emerged in the Jacksonian era so deeper understanding of that era will lead to a fuller understanding of our own.

#### **Appendix: Modeling the decision to petition**

Petitioners must have recognized the low probability of success. The question then arises about what motivated petitioning activity and how it might be modeled. Petitioning for a bank charter was not a costless exercise. Costs involved forming a coalition of local notables and others who would take an interest in the operations of a bank if the petition succeeded. Most petitioners hired an attorney to draft the petition in the appropriate language, a committee to deliver the petition to the legislative clerk, and a lobbyist to work on their behalf in ensuring that the petition was not recorded and forgotten. Finally, bribery was common and included everything from cash payments

to promises of equity shares in chartered banks. The benefits of petitioning included the direct and indirect utility from involvement in a successful petition, which may have included the increase in consumption derived from dividends received, incremental profits derived from bank loans secured from the new bank and any improvement in social or political status following from one's affiliation with the bank.

An agent would participate in a petition when the expected utility from doing so exceeded the costs involved.

$$U_i = \text{Prob (success)}_{it} * \int_{i=t}^T u_{it} e^{-rt} dt - C_{it}(x_{it})$$

where  $u_{it}$  is the individual's utility derived from successful involvement in time  $t$ ;  $r$  is the discount factor, and  $C(x)$  is the individual specific marginal cost function. The probability of success was a function of a number of variables likely to influence success, including the legislators' and the electorate's ideologies, among other factors, and can be modeled as a Levitt-style unidimensional ideological distance function of the form:

$$\text{Prob (success)} = \alpha(P_{it} - R_{it})^2 + \beta(P_{it} - M_{it})^2 + \gamma(P_{it} - D_{it})^2 + \delta(P_{it} - V_{it})^2$$

where  $(P_{it} - R_{it})$  represents the ideological distance of the petitioners' preferences from the personal preferences of their representative;  $(P_{it} - M_{it})$  represents the ideological distance of the petitioners' preferences from those of the leadership of the majority party;  $(P_{it} - D_{it})$  that between the petitioners and those of their fellow constituents from within their legislative district; and  $(P_{it} - V_{it})$  represents the ideological distance between the petitioners and the state-wide median voter. The issue, of course, is operationalizing the function, both in term of measuring ideological distances and in defining the parameters so that the function is restricted to the closed interval  $[0,1]$ .<sup>30</sup>

[maximization and implications of the model ....]

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<sup>30</sup> One component of the larger project will be to construct ADA-type measures for individual assemblymen based on their votes on non-chartering bills.

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**Table 1: Bank charter petitions received, bills reported and acts passed: 1830-1837**

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Year	Assembly			Senate			
	Petitions received	Bills reported	Acts passed	Petitions received	Bills reported	Acts passed	Chartering Acts
1830	23	22	12	37	34	13	9
1831	54	36	26	27	26	20	9
1832	91	49	19	23	19	16	7
1833	83	38	22	39	26	12	8
1834	92	31	21	33	24	13	8
1835	20	4	2	1	1	1	0
1836	118	54	32	36	28	19	12
1837	54	2	0	3	0	0	0
Total	535	236	134	199	158	94	53

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**Table 2: Regional sources of banking petitions**

<b>Region</b>	<b>Petitions</b>	<b>Petitions/ 1000 capita</b>	<b>Bank capital/1000 capita</b>
Panel A: Senate districts			
I	146	0.52	\$51.18
II	75	0.32	1.77
III	84	0.40	11.67
IV	61	0.27	0.45
V	63	0.26	2.45
VI	69	0.30	1.49
VII	67	0.30	5.66
VIII	148	0.53	1.25
Panel B: Geographic regions			
New York Region	157	0.25	\$11.96
Upstate	161	0.30	4.66
Northern NY	80	0.27	1.47
Southern Tier	103	0.41	0.36
Western NY	212	0.43	4.19

**Table 3: Determinants of bank chartering petitions**

Variable	Mean (Std Dev)	Petitions OLS (t-stat)	Petition/Capita OLS (t-stat)	Petition (0,1) Probit (dF/dx) (z-stat)
Population (000)	2.52 (7.43)	0.14 (57.2)*	-0.001 (1.3)	0.04 (4.0)*
Pop growth	0.15 (0.30)	0.27 (4.5)*	0.03 (1.0)	0.06 (1.4)
Banks/capita	0.02 (0.10)	1.35 (6.6)*	0.38 (4.8)*	0.15 (1.8)
Commercial employment %	0.02 (0.03)	5.04 (6.7)*	1.03 (3.3)*	1.23 (2.5)*
Manufacturing employment %	0.18 (0.11)	0.40 (2.1)†	0.32 (4.1)*	0.41 (3.7)*
Canal	0.06 (0.24)	0.16 (2.0)†	0.08 (2.6)*	0.14 (2.8)*
NYC region	0.07 (0.25)	-0.20 (2.5)†	-0.05 (1.5)	-0.07 (1.5)
Northern NY	0.21 (0.41)	0.04 (0.8)	0.02 (0.9)	0.04 (1.0)
Western NY	0.28 (0.45)	0.02 (0.7)	0.02 (0.9)	0.04 (1.3)
Southern tier	0.23 (0.42)	0.12 (2.2)†	0.06 (2.8)*	0.13 (2.9)*
Constant		-0.42 (8.4)*	-0.05 (2.4)*	
Adjusted R-sq		0.85	0.19	0.33

Sources: Petitions; *Albany Evening Journal* (1830-1837); U.S. Census 1830; U.S. Census 1840.

Notes: \* implies  $p < 0.01$ ; † implies  $p < 0.05$ .