

## Book News

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James Olson

*Banking in Frontier Iowa, 1836-1865*, by Erling A. Erickson. Ames: Iowa State University Press, 1971. pp. x, 166. \$7.50.

IN THIS IMPORTANT scholarly work, Professor Erickson outlines the dynamics of frontier Iowa's financial evolution. During those three economically chaotic decades following Andrew Jackson's demolition of the Second Bank of the United States, Iowans tried to establish a stable banking system and a reliable paper currency. They were caught, however, on the horns of a dilemma, for their desire to create a financial system capable of stimulating economic development did not coincide with their agrarian hostility toward concentrated economic power: In 1836, for example, the territory chartered the Miner's Bank of Dubuque. But because of severe shortages of specie, dishonesty and mismanagement on the part of the bank's officers, and the suspicion of the hard-money, anti-bank Jacksonian Democrats, the bank's charter was revoked in 1845. The Iowa State constitutional convention of 1846, controlled by those Democrats, then prohibited the existence of commercial banks throughout the state. For the next decade Iowa conducted her economic affairs without the assistance of either a commercial banking system or a stable circulating medium.

Such stagnant political economy could not long prosper. Despite the ideological opposition maintained by Jacksonian Democrats toward commercial banking, Iowans desperately needed legitimate banks to supply the credit and currency demands of the state's farmers and businessmen. Political ideology gradually but inexorably succumbed to economic reality. Between 1836 and 1856 Iowa's population increased

from 10,000 to 517,000, an expansion which was accompanied by critical changes in the economy. During those two decades Iowa successfully completed the transition from frontier, subsistence farming to complex, commercialized agriculture, thereby effectively integrating Iowa into the national market economy. A mature banking system, one which could stimulate purchasing power and rapid economic development, was absolutely essential. That need undermined the political philosophy and credibility of the anti-bank Democrats; in 1857 the new Republican Party successfully amended the Iowa constitution to permit commercial banking. The State Bank of Iowa and its network of branches was quickly chartered, and fulfilled the state's financial needs until 1865 when it disbanded to join the newly-created national banking system. That new system of national banks and national paper currency finally concluded the thirty-year struggle to provide Iowa with an adequate financial structure.

Professor Erickson has made an important contribution not only to the history of Iowa but to the history of frontier and Jacksonian America as well. Within the scope of his work Iowa develops from an uninhabited frontier to a complex economic and political society, a society in which philosophy or ideology could not long resist the demands of demographic change and economic reality. The separate strands of political behavior, economic development, and social change are here successfully weaved into a unified and fruitful exploration of Iowa history.



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David Crosson

*Railroads and the Granger Laws*, by George H. Miller. Madison: University of Wisconsin Press, 1971. pp.ix, 296. \$12.50.

THIS IS THE first booklength examination of the state railroad regulatory laws of the 1870s since Solon Justus Buck's classic study in 1913. According to Buck the regulatory and agrarian

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