Weekly #7

**Henry Clay’s American System**

**The American System** was a program for economic development championed in the era following the War of 1812 by [Henry Clay](https://www.thoughtco.com/henry-clay-1773856), one of the most influential members of Congress in the early 19th century. Clay's idea was that the federal government should implement protective tariffs and internal improvements to help develop the nation's economy.

Clay's basic argument for the program was that by protecting American manufacturers from foreign competition, ever-increasing internal markets would spur American industries to grow. For example, people in the Pittsburgh region could sell iron to the cities of the East Coast, in place of iron which had been imported from Britain.

Clay also envisioned a diversified American economy in which agricultural interests and manufacturers would exist side by side. Essentially, he saw beyond the argument of whether the United States would be an industrial or agricultural nation that was developing and beginning to divide the North and South. He argued the U.S. could be both a nation of industry and a nation of agriculture.

When he would advocate for his American System, Clay would focus on the need to build growing home markets for American goods. He contended that blocking cheap imported goods would ultimately benefit all Americans.

His program had a strong nationalist appeal. Clay's urging to develop home markets would protect the United States from uncertain foreign events. And that self-reliance could ensure the nation was protected from shortages of goods caused by distant events. That argument had great resonance, especially in the period following the War of 1812 and Europe's Napoleonic Wars. During the years of conflict, American businesses had suffered from disruptions.

Examples of the ideas put into practice would be the building of the [National Road](https://www.thoughtco.com/the-national-road-1774053), the chartering of the [Second Bank of the United States](https://www.thoughtco.com/the-bank-war-by-president-andrew-jackson-1773350) in 1816, and a protective tariff, which was passed in 1816. Clay's American System was put into place during the [Era of Good Feelings](https://www.thoughtco.com/era-of-good-feelings-1773317), which corresponded with the presidency of [James Monroe](https://www.thoughtco.com/james-monroe-5th-president-united-states-104747) from 1817 to 1825.

Clay, who had served as a Congressman and a Senator from Kentucky, [ran for president in 1824](https://www.thoughtco.com/the-election-of-1824-1773860) and 1832 and advocated extending the American System. But by that time sectional disputes made aspects of his plans controversial.

Clay's arguments for high tariffs persisted for decades in various forms and were often met with stiff opposition. Clay himself ran for president as late as 1844 and remained a potent force in American politics until his death in 1852.

Clay's American System was perhaps ahead of its time, and the general concepts of tariffs and internal improvements did eventually become standard government policy in the late 1800s.

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_

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**Directions:** Answer all questions in **complete sentences.** Each response should be **at least 5 sentences.** Your responses must be typed (double-spaced, 12-point font)

1. Why did Henry Clay want to implement protectionist policies in the United States economy?
2. How was Clay’s American System linked to nationalism?
3. Compare Clay’s American System to Alexander Hamilton’s earlier economic plan for the United States
4. You’ve discussed the potential benefits of a protectionist economic system in your responses above. What drawbacks can you think of that might come with a protectionist system?
5. Overall, do you agree or disagree with Clay’s American System? Justify your response