

Hugh McCulloch Biography

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Biography

Hugh McCulloch (1808-1895), American banker who helped launch the national banking system, was secretary of the Treasury during the Civil War and Reconstruction.

Hugh McCulloch was born on Dec. 7, 1808, in Kennebunk, Maine. He attended Bowdoin College, leaving in his sophomore year to study law in Boston. A year after his admission to the bar in 1832 he moved to Fort Wayne, Ind., where he practiced law for 2 years. In 1835 he became cashier and manager of the Fort Wayne branch of the State Bank of Indiana. Though he had no banking experience, McCulloch learned fast and was soon one of the soundest bankers in the country. His bank was one of the few that did not suspend specie payments in the Panic of 1857.

In 1862 McCulloch went to Washington, D.C., as a lobbyist for state banks against the proposed legislation creating a national banking system. Despite his efforts the law was passed in 1863. It was intended to help finance the Civil War and provide a uniform, stable national currency. Secretary of the Treasury Salmon P. Chase, impressed by McCulloch's abilities, asked him to help put the new system into effect as comptroller of the currency. Deciding that the new system was better than the old, McCulloch accepted the job. He persuaded existing state banks to apply for Federal charters, and more than any other single person he was responsible for the successful inauguration of the national banking network.

In March 1865 President Abraham Lincoln appointed McCulloch secretary of the Treasury. After the Civil War, McCulloch urged that greenbacks issued as emergency currency during the conflict, with no specie backing, be gradually retired in order to reduce war-inflated prices and end speculation in gold. From 1866 to 1868 some \$82 million of the greenbacks was gradually retired. In 1868, however, Congress heeded anticontractionist pressures and suspended retirement. The rest of the greenbacks remained in circulation, though in 1879 they were brought to a par with gold, thus achieving McCulloch's objective.

In 1869 McCulloch returned to banking. He served again briefly (1884-1885) as secretary of the Treasury under President Chester A. Arthur. In 1888 his autobiography, *Men and Measures of Half a Century*, appeared. He died at his Maryland estate on May 24, 1895.