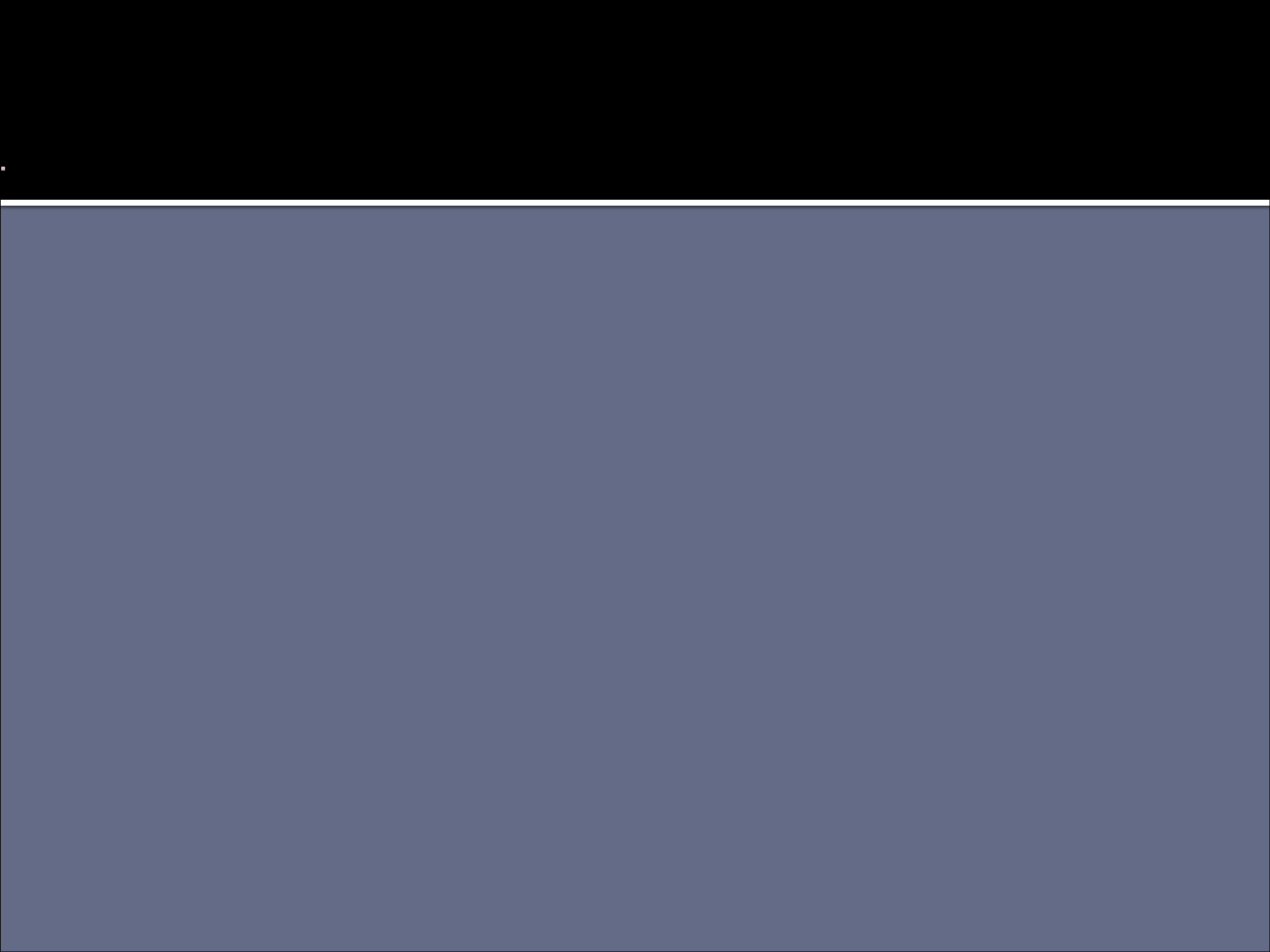


Section 1: Washington Leads a New Nation
Section 2: Hamilton & National Finances
Section 3: Challenges for a New Nation
Section 4: John Adams's Presidency

Chapter 8

A New Nation

Ch7 Section 1: Washington Leads a New Nation



A NEW GOVERNMENT

- In 1789 each of the states that passed the Constitution sent electors to choose the first president
- **ELECTORAL COLLEGE**: a group of electors that represent the people's vote for president
- Washington was elected unanimously, and John Adams became his Vice President

George Washinton



- Washington was hoping to retire, but was convinced that he was the best fit for president
- He Was “Mr. President”
- He set many **Precedents:**
 - an action or decision that later serves as an example



George Washington taking the 1st Presidential Oath of Office



Executive Branch

- Three Departments in Executive Branch
 - Department Treasury – financial matters
 - Department of State – foreign affairs
 - Department of Defense – national defense
- Office of the Attorney General was created to handle national legal matters.
- **The CABINET:** Group of advisors to the President made up of three department heads (Secretaries) and the Attorney General

Secretary of Treasury

Financial Matters

ALEXANDER HAMILTON
1789-1795
1ST SECRETARY



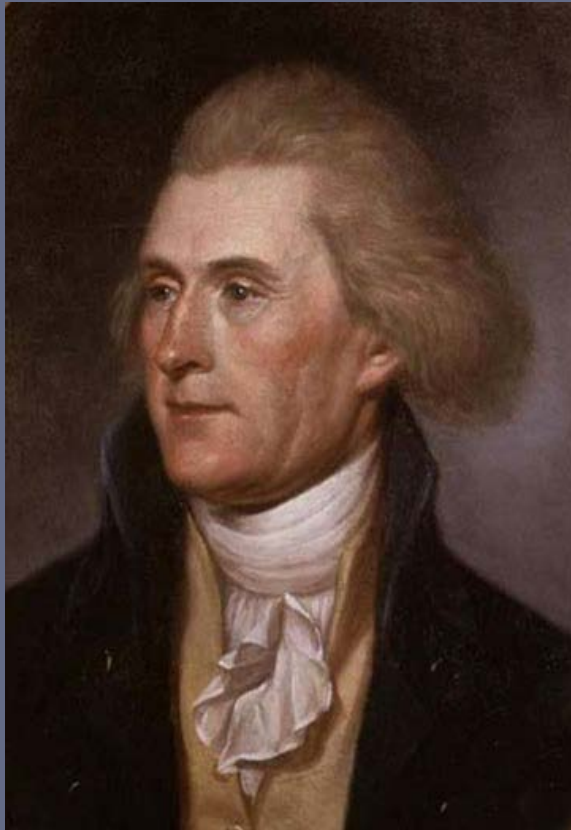
JACOB LEW
2013- PRESENT
76TH SECRETARY



Secretary of State

foreign relations

THOMAS JEFFERSON
1790-1793
1ST SECRETARY



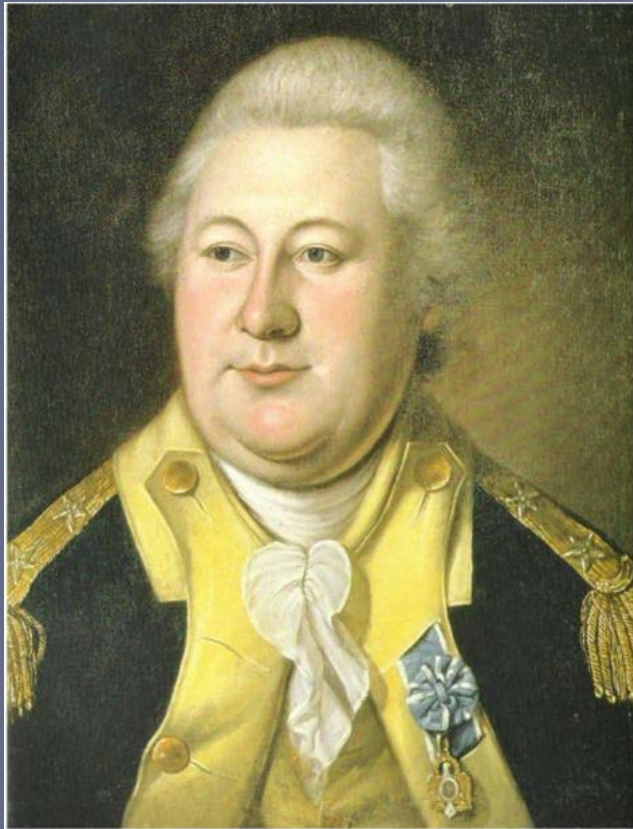
JOHN KERRY
2013-PRESENT
68TH SECRETARY



Secretary of Defense

National Defense

HENRY KNOX
1789-1794
1ST SECRETARY



ASHTON CARTER
2015-PRESENT
25TH SECRETARY



JUDICIARY ACT OF 1789

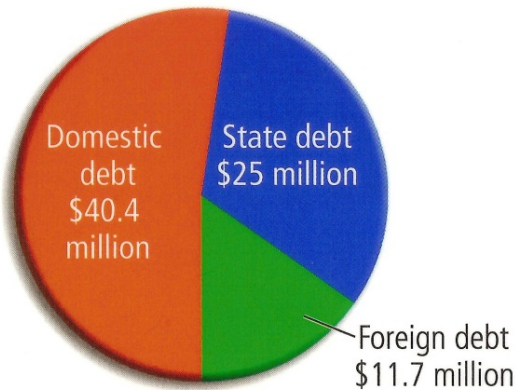
- Congress set up the federal court system
- It established a Supreme Court with 6 judges
- 13 district courts and 3 courts of appeal
- State Laws remained but Federal courts have the power to reverse state decisions
- President nominated judges, then they had to be approved by the senate
- John Jay – 1st Supreme Court Justice

Ch7 Section 2: Hamilton & National Finances

Hamilton's Economic Plan

Alexander Hamilton developed a three-point plan to solve the nation's financial problems.

Total Debt



1 Deal with the Debt

- Take on the foreign and domestic debt by replacing creditors' old, low-value bonds with new, interest-bearing bonds
- Take over most of the states' \$25 million Revolutionary War debts

would build investor confidence in the stability of the new nation

2 Gain Revenue

- Pass a tariff to both bring in money and help American manufacturers

would free up state money for business and trade

3 Stabilize the Banking System

- Create a national bank
- Create a national mint

Sec. of Treasury, Hamilton had to deal with a huge debt
NATIONAL DEBT: The amount of money owed by the U.S.

[US National Debt Clock](#)

HAMILTON'S ECONOMIC PLAN

Hamilton wanted to pay down US debt, place tariffs on imports and create a national bank.

- He proposed that the government take on the entire debt of the federal government and the states
- His plan was to pay off old debt by borrowing new money at a lower interest rate.

ECONOMIC PROBLEMS:

The debt fell into 3 categories

- **Foreign Countries:** Owed \$11.7 million (mostly to France)
- **U. S. Citizens:** Owed \$40.4 million (Bonds)
- **States:** Owed \$25 million (food, weapons, etc.)

Hamilton's 3 Point Plan

1. **DEAL WITH THE DEBT**: Pay foreign debt first. Gradually pay off bonds. Pay state debt
2. **GAIN REVENUE**: Raising protective tariffs would increase prices of foreign products, causing Americans to buy more US goods
3. **STABILIZE THE BANKING SYSTEM**: create a national bank and a national mint



NATIONAL DEBT

- Congress could not agree on how to pay the debt to American citizens
- Bonds were issued during the war, and promised to be repaid in a given amount of time
- **BONDS**: Certificates of debt that carry a promise to buy them back at a higher price
- Speculators bought the bonds at a cheaper price
- Hamilton wanted to pay off the bonds at the original price, making speculators rich
- Jefferson opposed Hamilton, unfair to original bondholders

Revolutionary War Bond

£. 100. 0. 0

specie.

No. 2161

S T A T E of M A R Y L A N D, fc.

THIS certificate shall entitle *John Robertson* or bearer, to receive the sum of *One hundred pounds,*

specie, at the rate of seven shillings and six-pence for a Spanish milled dollar, ~~with an interest at the rate of six per cent. per annua, from the~~
~~_____ day of _____ 178_____~~ according to an act passed at a session of assembly, begun and held at the city of Annapolis, on the tenth day of May, 1781, entitled, An act to adjust the debts due from this state.

Issued the

5. day of *Aug^r* 178*3*

Tho Greenwood

Treasurer.



States' Debts

- States owed \$25 million
- Hamilton suggests federal govt. pays \$21.5 million.
- Some states upset because they have very little debt.
- Southern states had little debt and opposed Hamilton's plan

Moving the Capital

- Jefferson and Madison urged the Southern States to compromise
- For acceptance of the plan, the new capitol of the United States would be permanently moved from New York to a site on the Potomac River
- If left in New York or Philadelphia, political and economic power might be in the North

Jefferson opposes Hamilton

HAMILTON'S VIEWS

- Believed in a strong central government.
- Wanted a balance of power between the “mass of people” and wealthier citizens.
- Wanted to promote manufacturing and business.
- Wanted higher tariffs on foreign goods to protect American manufacturers.

JEFFERSON'S VIEWS

- Wanted to protect the states power.
- Believed in the right of “the people” to rule the country.
- Supported agriculture and farmers.
- Wanted lower tariffs to keep costs low for goods farmers bought.



Hamilton's Plan for a National Bank

- Hamilton wanted to create a national bank
 - Government has safe place to keep its money
 - Make loans to gvt & businesses
 - National mint to make coin & paper money
- Washington signed the bill to create the bank for a term of 20 years
- States were charged with creating state banks

DEATH TO COUNTERFEITS

TWO THOUSAND DOLLARS.

No. *10183* £ 600 ⁊

HIS Bill of TWO THOUSAND DOLLARS shall be exchanged and redeemed in *Spanish Milled Dollars*, or the value thereof in Gold or Silver, at the rate of *One for Forty*, at the Treasury of VIRGINIA, on or before the *thirtieth* day of DECEMBER, *One thousand seven hundred and ninety-four*, according to an Act of Assembly passed the seventh day of *May*, 1781.

SIX HUNDRED POUNDS.

John Mark
Mark Perkins

PRINTED BY JOHN DUNLAP.


CONTINENTAL CURRENCY.

Twenty Dollars.

No. *1652* TWENTY DOLLARS.

THIS BILL entitles the Bearer to receive *TWENTY* Spanish milled DOLLARS, or the Value thereof in Gold or Silver, according to the Resolutions of the CONGRESS, held at Philadelphia, the 10th of *May*, 1775.

In thee *J. Lawrence*





Jefferson Opposes the Bank

- Jefferson and Madison believed Hamilton's plan gave too much power to the federal government
- They thought the bank was unconstitutional
- Hamilton brought up the elastic clause – congress can make all laws which shall be necessary and proper to govern the nation



Loose vs. Strict Interpretation

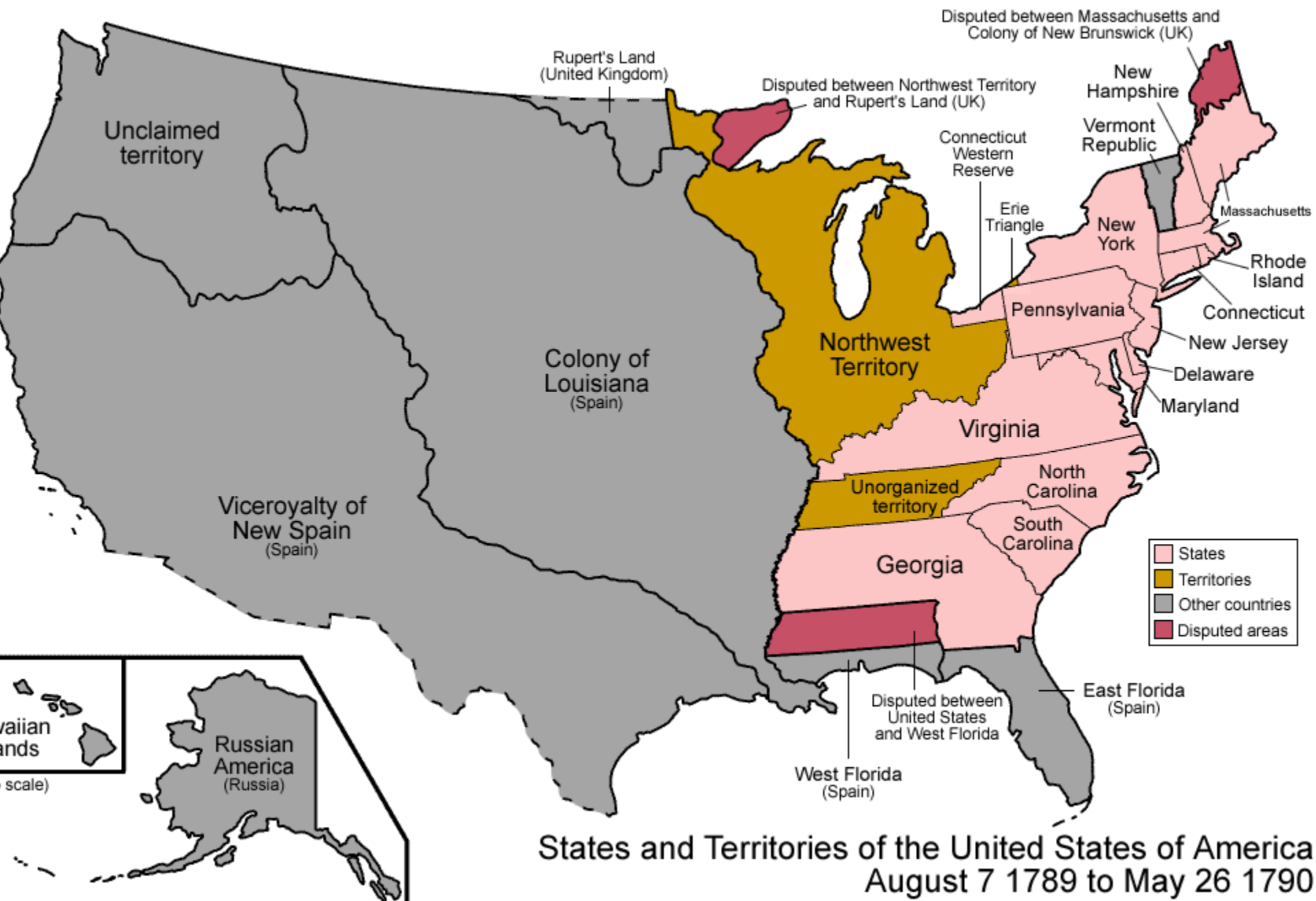
- Hamilton believed in Loose Construction
- **Loose Construction:** the government can take reasonable actions that the Constitution does not specifically forbid
- Jefferson believed in Strict Construction
- **Strict Construction:** the government should do only what the Constitution specifically says it can do

Bank of the US created

- President Washington and Congress approved the charter for the bank
- The bank helped stabilize the US economy



Ch7 Section 3: Challenges for the New Nation



Remaining Neutral



French Revolution:

Inspired by the American Revolution, the French people overthrew the government & created a republic



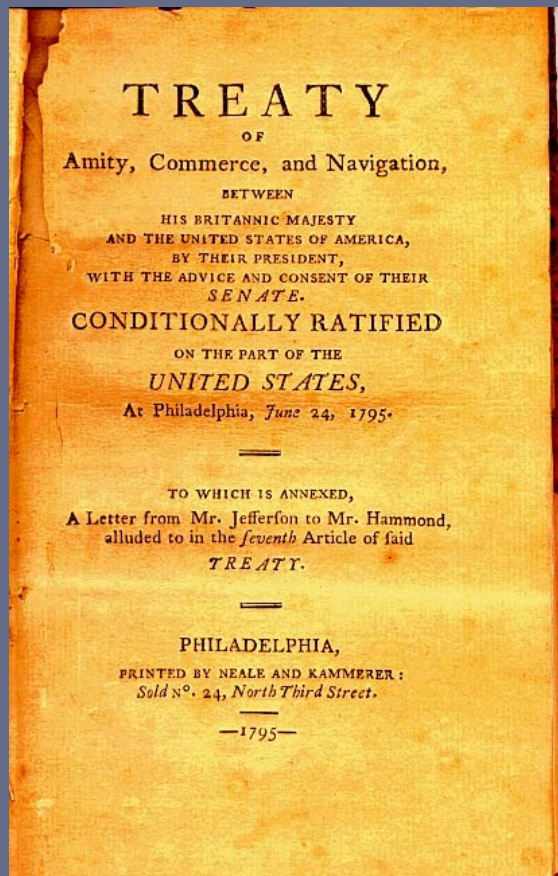
The Neutrality Proclamation

- A few years later France and Great Britain went to war.
- The French tried to involve the U.S.
- Proclamation of Neutrality
 - Stated that the U.S. would not take sides with any European countries at war.
- The British began **impressment** of sailors & capturing American trade ships
- Washington sent John Jay to negotiate

The French Question

- France had asked for Privateers from President Washington
- Privateers – private ships hired by a country to attack its enemies
- Washington refused, it violated neutrality
- Hamilton supported Washington
- Jefferson thought Hamilton was interfering in foreign policy & resigned from cabinet in 1793

Jay's Treaty



- British ships are seizing American ships going to the French West Indies.
- John Jay sent to work out a compromise.
- British will pay for damages on American ships
- British will abandon forts in the NW frontier.
- US will pay debts it owes Britain.

Pinckney's Treaty



- Spain disputed US/Florida border.
- Spain closed port of New Orleans to US trade in 1784.
- Pinckney wants:
 - port reopened
 - right of deposit in New Orleans
 - border decided.
- Spanish minister, Godoy agrees to all demands.
- US/Florida border set at 31°N Latitude

Struggle Over the West

- Americans continued to settle in the Northwest
- Native Americans protested
- British provided guns to Natives
- Natives were defeated @ Battle of Fallen Timbers.



The Battle of Fallen Timbers by R. F. Zogbaum,
from Harper's Magazine, 1896.

Fighting in the Northwest Territory



- Northwest Territory
- Land ceded by Native Americans in Treaty of Greenville (1795)
- Indian victory
- American victory
- Fort

0 50 100 Miles
0 50 100 Kilometers

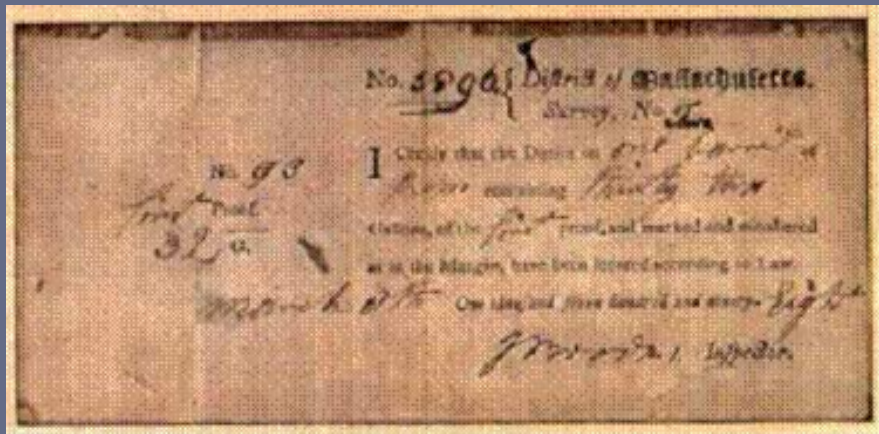


- Treaty of Greenville gave U.S. claim to almost all Native lands in the Northwest Territory.

Whiskey Rebellion

- Farmers resisted the tax on whiskey
- Tax collectors were attacked and buildings were burned

A receipt for the whiskey tax, 1798.



A tax collector is tarred and feathered by anti-tax frontiersmen during the Whiskey Rebellion.



- Washington led an army to quiet the rebellion
- This showed people the government was willing to use force to maintain order



WASHINGTON SAYS FAREWELL

- Lists the benefits of uniting the states under one government.
- Warned against the dangers of political parties
 - political unity was a key to national success.
- Warned against dangers of foreign ties.
- Warned against too much public debt.
- Points out the need for education.

Ch7 Section 4: John Adams's Presidency

POLITICAL PARTIES DEVELOP

- By 1796 Americans were beginning to divide into opposing groups and to form political parties (factions)
- Within Washington's Cabinet Hamilton & Jefferson had opposing views
- Party differences were based on where and how people lived
 - Businesspeople in the cities supported the Federalists
 - Farmers in isolated areas supported the Democratic-Republicans



FEDERALIST

- Leader: Hamilton
- Strong federal government.
- Rule by Wealthy Class
- British alliance
- National Bank
- Protective Tariffs
- Implied powers of Constitution

DEMOCRATIC-REPUBLICAN

- Leader: Jefferson
- Strong State government
- Rule by the People
- French Alliance
- State Banks
- Free Trade
- Strict interpretation of Constitution



The Federalists

1792 TO 1816

Alexander Hamilton

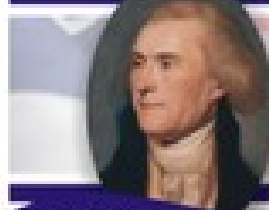
THE FEDERALISTS, LED BY ALEXANDER HAMILTON FAVORED A STRONG FEDERAL GOVERNMENT. THEY ADMIRER BRITAIN, BECAUSE OF ITS STABILITY AND DISTRUSTED

FRANCE IN THE AFTERMATH OF THE FRENCH REVOLUTION.

FEDERALISTS FAVORED BANKING AND SHIPPING INTERESTS, AND ENJOYED STRONG SUPPORT IN THE NORTHEAST AND FROM THE WEALTHY PLANTATION OWNERS IN THE SOUTH.

FEDERALISTS FAVORED:

- ★ RULE BY THE WEALTHY CLASS
- ★ STRONG FEDERAL GOVERNMENT
- ★ MANUFACTURING BASED ECONOMY
- ★ LOOSE INTERPRETATION OF THE CONSTITUTION
- ★ STRONG ALLIANCE WITH BRITAIN
- ★ A STRONG NATIONAL BANK



The Democratic Republicans

FOUNDED 1790'S

Thomas Jefferson

THE DEMOCRATIC REPUBLICANS, LED BY THOMAS JEFFERSON FAVORED STRONG STATE GOVERNMENTS AND A LESS INVASIVE NATIONAL GOVERNMENT. THEY FAVORED THE YEOMAN FARMER, AND A STRICT AND LITERAL

INTERPRETATION OF THE CONSTITUTION. THEY DISTRUSTED BRITAIN, AND FAVORED SUPPORT FOR THE PROPOSENTS OF REVOLUTION IN FRANCE. DEMOCRATIC REPUBLICAN POLICIES APPEALED TO SMALL FARMERS AND URBAN WORKERS, ESPECIALLY IN THE MIDDLE ATLANTIC STATES AND THE SOUTH.

DEMOCRATIC REPUBLICANS FAVORED:

- ★ RULE BY THE PEOPLE
- ★ STRONG STATE GOVERNMENTS
- ★ EMPHASIS ON AGRICULTURAL PRODUCTS
- ★ STRICT INTERPRETATION OF THE CONSTITUTION
- ★ ALLIANCE WITH FRANCE
- ★ STATE CONTROLLED BANKS
- ★ FREE TRADE

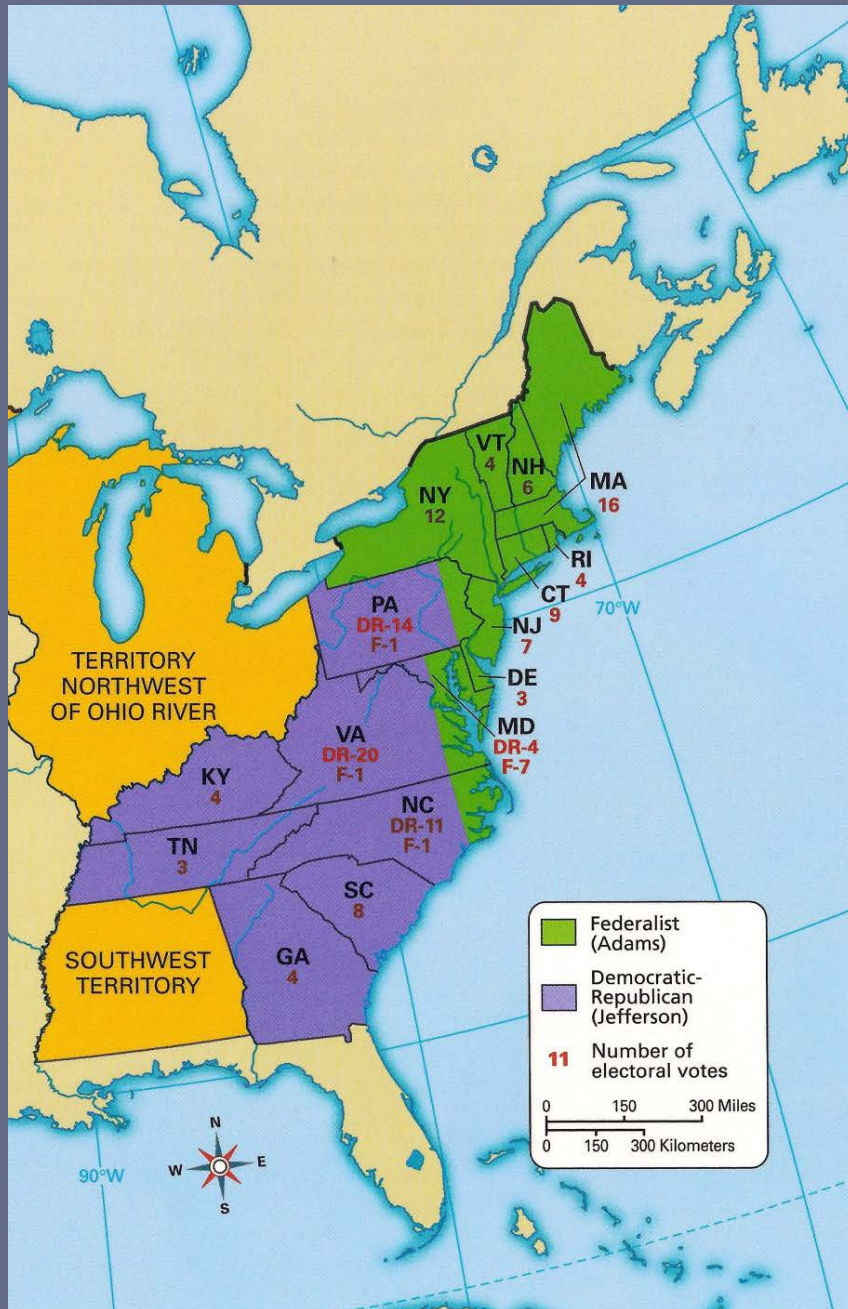


Election of 1796

- Election of 1796; first time more than one candidate ran for president
- Parties held Caucuses (meetings) to choose their candidate
- Federalists chose John Adams and Thomas Pinckney as candidates.
- Republicans chose Thomas Jefferson and Aaron Burr as candidates.
- Good Friends Adams and Jefferson became Rivals

Election of 1796

- Adams
 - 71 electoral votes
- Jefferson
 - 68 electoral votes
- Adams defeated Jefferson.
- Whoever had the second most votes became vice president, so Jefferson joined Adams in office.




XYZ AFFAIR

[THE XYZ AFFAIR Video](#)

- Adams tried to improve American relationship with France.
- Sent diplomats to negotiate to protect U.S. shipping.
- They were met by three French agents.



- The agents said a treaty would be discussed only in exchange for \$250,000.
- The French government also wanted a “loan” of \$10 Mil.
- The US diplomats refused.
- When Adams told Congress of the talks, he replaced the agents names with the letters X, Y, Z.

- 
- Federalists wanted war—Adams did NOT—too costly.
 - Treaty was eventually signed



ALIEN AND SEDITION ACTS

- Included four laws
- Aimed at stopping the growth of Democratic-Republican party & to stop opposition to the war!
- Supposedly to protect the country from foreigners



ALIEN AND SEDITION ACTS

ALIEN ACT

- Gave President power to deport any foreigner considered "dangerous to the peace and safety of the United States."
- Federalists hoped to silence French refugees who opposed them.

SEDITION ACT:

- Made it a crime to speak or write critically about the government.
- It's purpose was to silence criticism.
- Most controversial of the 4





KENTUCKY & VIRGINIA RESOLUTIONS

- Documents that argue that the Alien & Sedition Acts were unconstitutional
- Stated the Federal govt. could NOT pass these acts because they interfered with state govt.
 - Cited the 10th Amendment
- Resolutions did not have the force of national law, but supported the idea that states could challenge the Federal Govt.