Chapter 8
A New Nation
Ch7 Section 1: Washington Leads a New Nation
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 Washington

- 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
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 Defense
National Defense

HENRY KNOX
1789-1794
1ST SECRETARY

ASHTON CARTER
2015-PRESENT
25TH SECRETARY
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
Sec. of Treasury, Hamilton had to deal with a huge debt

**NATIONAL DEBT:** The amount of money owed by the U.S.

- **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

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

- **Stabilize the Banking System**
  - Create a national bank
  - Create a national mint

**US National Debt Clock**
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.
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
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

STATE of MARYLAND, &c.

THIS certificate shall entitle
John Roberts
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 annum, from the
day of 1781 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. 1793

Tho Harwood
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.
<table>
<thead>
<tr>
<th>HAMILTON’S VIEWS</th>
<th>JEFFERSON’S VIEWS</th>
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<tbody>
<tr>
<td>Believed in a strong central government.</td>
<td>Wanted to protect the states power.</td>
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<tr>
<td>Wanted a balance of power between the “mass of people” and wealthier citizens.</td>
<td>Believed in the right of “the people” to rule the country.</td>
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<tr>
<td>Wanted to promote manufacturing and business.</td>
<td>Supported agriculture and farmers.</td>
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<tr>
<td>Wanted higher tariffs on foreign goods to protect American manufacturers.</td>
<td>Wanted lower tariffs to keep costs low for goods farmers bought.</td>
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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
TWO THOUSAND DOLLARS.

No. 1652

CONCIVED

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 the Year 1775.

J. Laurence.
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
French Revolution:

Inspired by the American Revolution, the French people overthrew the government & created a republic.
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
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
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.
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
Americans continued to settle in the Northwest
Native Americans protested
British provided guns to Natives
Natives were defeated @ Battle of Fallen Timbers.

Treaty of Greenville gave U.S. claim to almost all Native lands in the Northwest Territory.
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
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, led by Alexander Hamilton favored a strong federal government. They admired 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, 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 proponents 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.
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
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 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.

SEDIGATION 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
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.