

UNDER the US CONSTITUTION

WHAT IS THE ROLE OF GOVERNMENT?

HOW SHOULD IT PROTECT THE CITIZENS?

HOW TO PREVENT THE GOVERNMENT FROM
FAVORING ONE GROUP OVER ANOTHER?

WHAT TYPE OF COUNTRY SHOULD THE US
BECOME?

HOW SHOULD THE 1st PRESIDENT ACT and GET
ASSISTANCE?

America's First President

- George Washington set many **precedents** while in office 1789-1797
- Cabinet of advisors
- Executive Privilege
- Uphold the Laws
- Neutrality in Foreign Affairs
- Retires after 2 terms
- Also Mr. President, not your highness



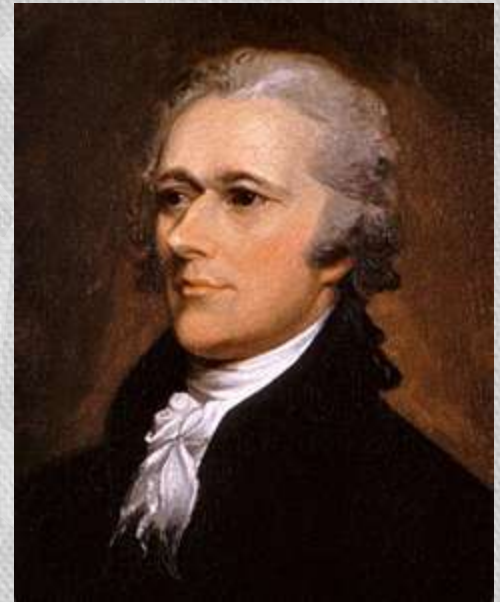


THE RISE OF POLITICAL PARTIES

Hamilton vs. Jefferson

Alexander Hamilton

- He was born out of wedlock in the British West Indies.
- Orphaned at an early age
- Benefactors provided him with money to study in New York at King's College aka Columbia University
- Served as Washington's aide de camp during the Revolutionary War
- Drafted the Federalist Papers with James Madison and John Jay to help get the Constitution ratified
- He becomes the First Secretary of the Treasury as part of George Washington's cabinet.



Thomas Jefferson

- He was born to wealthy parents in Virginia.
- Jefferson inherits land and slaves; had a relatively sheltered upbringing.
- Studied at William & Mary College
- Served in the Virginia House of Burgesses & the Continental Congress
- Drafted the Declaration of Independence
- American Founding Father
- Served as Ambassador to France during the late 1780s
- Cabinet: First Secretary of State
- Will become the 3rd President of the United States



Philosophical Differences

- **Hamilton** distrusts the people (mob), favors government by wealthy men (elites)
- Believes that America will become an Industrial/Commercial power
- Supports strong central government to preserve order and secure liberties
- Argues for “Loose” interpretation of the Constitution to give the central government power to deal with challenges
- **Jefferson** places confidence in the “common man” (to an extent) distrusts “money men”
- Believes that America should be an agricultural republic of “virtuous citizen farmers”
- Distrusts centralized government-favors state rights and individual liberties
- Argues for “strict” interpretation of the Constitution to limit national power and preserve liberty



Economic Differences

Hamilton

- Hamilton's financial plan aimed to put the country on a strong economic footing
 1. Funding of national debt and assumption (take over) of the state debts – money and bonds are worth 10-20% of their value
 2. Tariffs (taxes on imports) and excise (sales) taxes to provide national revenue and to protect “infant” industries (English goods are cheaper and better quality)
 3. Central Bank to provide a source of credit and a safe place for federal deposits

Jefferson

- Jefferson criticized Hamilton's plan as a means of strengthening the financial power of the elite in NYC
- Challenged funding of debt because benefited speculators, not the original purchasers
- Considered assumption of state debts unfair because benefited northern states more – Southern states had paid their debts
- Tariffs and a central bank also tended to help northern, urban interests at the expense of southern, rural Americans

**Amount of Money
It Cost to Run
the Government,
1789–1791**



\$4,269,000

**Amount of Money
the United States
Owed**



\$77,228,000

**Total Income
United States
Received,
1789–1791**



\$4,419,000

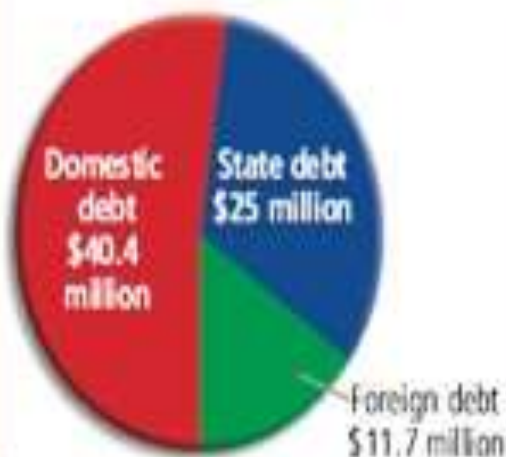
Total Debt: \$81,497,000

*Source: Historical Statistics
of the United States*

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

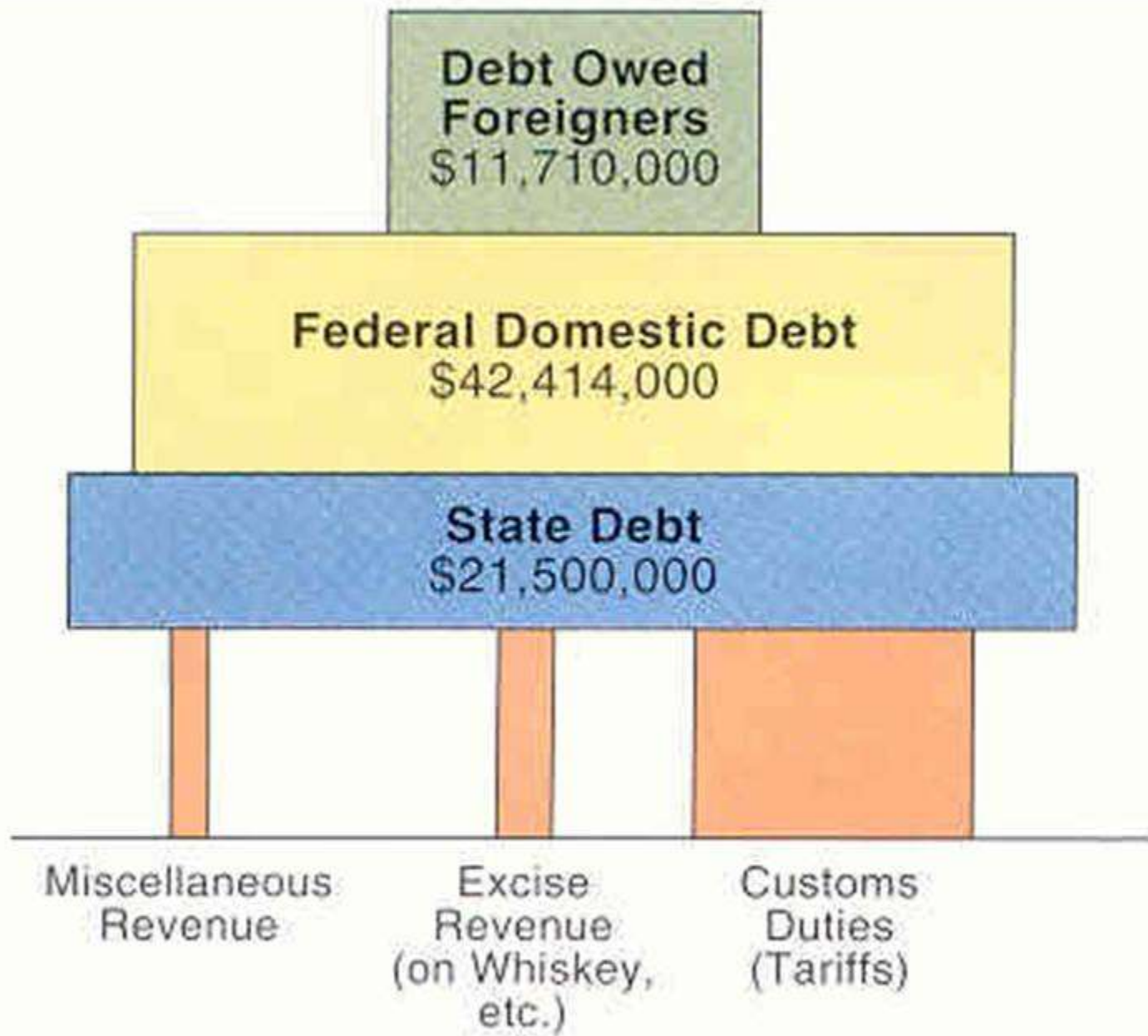
2 Gain Revenue

- 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



Hamilton's Financial Structure Supported by Revenues

Foreign Policy

Hamilton

- Hamiltonian federalist distrusted the radicalism of the French Revolution and sought to emulate the British system of strong banks and commerce
- Washington declared formal neutrality in 1793 to avoid involvement in European crisis
- Supported the Jay Treaty in 1794 which made concessions to Britain on trade issues but also avoided war

Jefferson

- Jeffersonian republicans embraced the French Revolution and argued that Americans should remain loyal to their ally
- Jefferson officially supported neutrality but was attacked for his continued support of revolutionary France, he resigned from George Washington's cabinet in 1793
- Republicans criticized the Jay Treaty as a “sell out” to the British



R32 FEDERALISTS

Leaders: Alexander Hamilton + John Adams

Supporters:

Manufacturers, merchants, wealthy and educated....Favored seaboard cities

Ideas of Government:

Manufacturers, merchants, wealthy and educated....Favored seaboard cities;

Domestic Policy:

Support a National Bank of the US
Support excise (sales) tax and tariffs on imports
National debt good for country; National govt. assume
(take over) state debts

Foreign Policy: **Pro-England**

Democrat-Republicans

Leaders: Thomas Jefferson and James Madison (Father of the Constitution, Bill of Rights)

Supporters:

Farmers and Planters

common man

Favored the South and West

Government

State's rights over National Govt.

Constitution: Strict Interpretation

the Less government the better

Domestic Policy:

Against National Bank /Against excise tax / tariffs

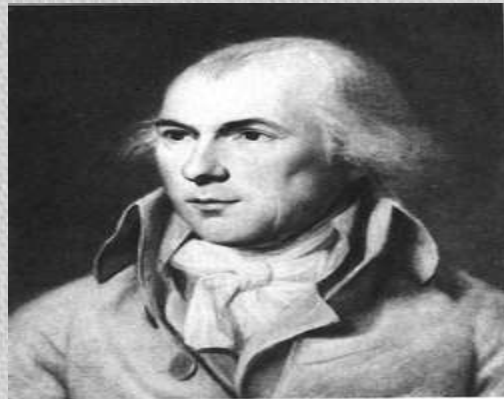
Against National debt

States pay their own debts

Foreign Policy: Pro-France

The Compromise of 1790

- Congress refused to pass Hamilton's assumption plan because of opposition by James Madison and other southerners
- Jefferson invited Hamilton and Madison to dinner at his townhouse in New York City to work out a compromise
- Madison would support the assumption in exchange for Hamilton's pledge to support the choice of the Potomac as the site for the nation's permanent capital.
- Once an ally to Hamilton in the ratification debate, Madison distrusted his views on executive powers.



Washington Cabinet Meeting with Thomas Jefferson and Alexander Hamilton from the HBO series on John Adams (2nd President and Washington's Vice President)

<https://www.youtube.com/watch?v=notJuFGXQ9w>

Use of National Power: The Whiskey Rebellion

- Western Pennsylvania farmers rebelled against the high excise tax on whiskey in 1794
- Washington responded by calling out the military to put down the rebellion
- Federalist argued that National power must be asserted to demonstrate the new country's stability and to make the point that challenges to government policy must be peaceful
- Washington led 15,000 militia into Western Pennsylvania, the only time that a sitting President has led his troops into action

