

Chapter 10

Launching the New Ship of State 1789-1800

Growing Pains

The American population was doubling every 25 years in the late 1700s.

Washington for President

George Washington was unanimously elected as President by the Electoral College in **1789**. He took the oath of office on April 30, 1789. He established the cabinet.

Washington's cabinet consisted of: Secretary of State Thomas Jefferson, Secretary of the Treasury Alexander Hamilton, and Secretary of War Henry Knox.

Bill of Rights

James Madison wrote the **Bill of Rights** and helped get them passed by Congress in **1791**.

The **Judiciary Act of 1789** created the the federal court system, including the Supreme Court. It also created the office of attorney general.

John Jay became the first Chief Justice.

Hamilton Revives the Corpse of Public Credit

Alexander Hamilton set out to fix the financial system of America. One of his first objectives was to strengthen national credit. In this vein, he pushed for **funding at par**, which meant that the federal government would pay off its debts at face value plus interest. He also pushed for **assumption**, in which the federal government would pay states' debts.

States with large debts, like Massachusetts, accepted Hamilton's proposal, but states with small debts, like Virginia, did not want the government to assume state debts. Hamilton's plan was passed by Congress in 1790 in a deal that placed the District of Columbia on the Potomac River (next to Virginia).

Customs, Duties, and Excise Taxes

Hamilton believed that a **national debt** was good for the country: the more creditors to whom the government owed money, the more people there would be with a personal stake in the success of the government.

Hamilton supported the first tariff law (**1789**), which imposed taxes on certain imports. This brought in much-needed revenue for the government and protected small American industries.

In **1791**, Congress passed an **excise tax** on a few domestic items, including whiskey.

Hamilton Battles Jefferson for a Bank

Alexander Hamilton proposed a **Bank of the United States** that could print paper money and provide a stable national currency. The national bank would also be a place where the Treasury could deposit monies.

Thomas Jefferson strongly opposed the Bank stating it was unconstitutional. He felt that the states had the right to manage their own money. Most of the opposition came from the south and most of the support came from the north.

Hamilton prevailed and the 1st Bank of the United States was created in **1791**. Its charter lasted for 20 years and was located in Philadelphia.

Mutinous Moonshiners in Pennsylvania

The **Whiskey Rebellion** in Pennsylvania in **1794** was lead by distillers who strongly opposed the 1791 excise tax on whiskey. The rebellion was ended when President Washington sent in federal troops.

Although the troops faced no opposition, a strong message was sent by the government stating that it would enforce the law.

The Emergence of Political Parties

Political parties had not existed in America when George Washington took office.

The personal feud between Thomas Jefferson and Alexander Hamilton developed into a political rivalry.

In the 1790s, Jefferson and Madison organized their opposition to the Hamiltonian program but confined it to Congress. In due time, this organized opposition grew and the **two-party system** emerged.

The Impact of the French Revolution

When Washington's first administration had ended in 1793, a formation of two political groups had emerged: **Jeffersonian Democratic-Republicans** and **Hamilton Federalists**.

Jeffersonian Democratic-Republicans: supported states' rights and a smaller government

Hamilton Federalists: supported a powerful federal government

The **French Revolution** started in **1789** and eventually involved many European countries. It began peacefully but entered a violent phase when France declared war on Austria in 1792. Things started to get worse when King Louis XVI was beheaded in 1793, the church was attacked, and the head-rolling **Reign of Terror** was begun.

Washington's Neutrality Proclamation

Jeffersonian Democratic-Republicans wanted to **support** the French in their war against the British. The Federalists were **opposed**.

Washington issued the **Neutrality Proclamation of 1793** stating the country's neutrality from the Britain-France war. He was backed by Hamilton.

Embroidments with Britain

For years, the British had retained the frontier posts on U.S. soil, all in defiance of the peace treaty of 1783. The London government did not want to abandon the valuable fur trade in the Great Lakes region, and British agents openly sold firearms to the **Miami Confederacy**, an alliance of 8 Indian nations who terrorized Americans.

The Jeffersonians felt that American should again fight Britain in defense of America's liberties. The Federalists opposed this action because Hamilton's hopes for economic development depended on trade with Britain.

Jay's Treaty and Washington's Farewell

In a last attempt to avoid war, President Washington sent Chief Justice John Jay to London in **1794** to negotiate. Opposed by Democratic-Republicans, Jay hammered out a treaty, **Jay's Treaty**, in which the British promised to evacuate the chain of posts on U.S. soil and pay for damages for the seizures of American ships. Britain did not agree to anything about future maritime seizures or about supplying arms to Indians. The treaty also called for the U.S. to continue to pay the debts owed to British merchants on pre-Revolutionary War accounts.

Jay's Treaty caused Spain, which feared an Anglo-American alliance, to strike a deal with the U.S. In **Pinckney's Treaty of 1795** with Spain, Spain granted the Americans free navigation of the Mississippi River and the large disputed territory north of Florida.

In his Farewell Address to the nation, Washington urged against permanent alliances. He left office in **1797**.

John Adams Becomes President

John Adams (Washington's Vice President) beat Thomas Jefferson to become the **2nd President in 1797**.

Hamilton became the leader of the **Federalist Party**, known as the "High Federalists."

Unofficial Fighting with France

France was upset with Jay's Treaty and it started capturing American merchant ships. President John Adams sent John Marshall to France to negotiate in **1797**. Hoping to meet **Talleyrand**, the French foreign minister, Adams's envoy was secretly approached by 3 go-betweens, later referred to as X, Y, and Z (Mme de Villette, Jean Conrad Hottinguer, and Lucien Hauteval). The French spokesmen demanded a bribe of \$250,000 just to talk to Talleyrand. Angered by the intolerable terms, Marshall and the envoy returned to the U.S.

Infuriated with the **XYZ Affair**, America began preparations for war: the Navy Department was created; the three-ship navy was expanded; the United States Marine Corps was re-established.

Adams Puts Patriotism Above Party

Because France did not want another enemy, it said that if the Americans sent another negotiator minister, then he would be received with proper respect.

Napoleon Bonaparte was the dictator of France.

Eager to free his hands of a potential enemy, Napoleon Bonaparte signed the **Convention of 1800** with American representative John Jay. It annulled the alliance between France and America that had existed since the Revolutionary War. The convention also called for France to return captured American ships and for the U.S. to pay the damage claims of American shippers (damages were caused by France).

The Federalist Witch Hunt

To decrease the number of pro-Jeffersonians, the Federalist Congress passed a series of oppressive laws aimed at "aliens", or foreigners who came to America and supported Jefferson.

These **Alien Laws** raised the residence requirements for aliens who desired to become citizens from 5 years to 14 years. They also stated that the President could deport or jail foreigners in times of peace or hostilities.

The **Sedition Act** stated that anyone who impeded the policies of the government or falsely defamed its officials would be liable to a heavy fine and imprisonment.

The Virginia (Madison) and Kentucky (Jefferson) Resolutions

Kentucky and Virginia passed resolutions that stated that the states had the right to refuse laws created by the government. Virtually no other state followed the two states' resolutions.

Federalists versus Democratic-Republicans

Hamilton Federalists supported a strong central government; they believed that the government should support private enterprise, not interfere with it; and they supported the British.

Jeffersonian anti-Federalists demanded a weak central government and supported states' rights.