

Chapter 10 the New Nation

- Change in:
 - Craftsmanship to incipient Manufacturing
 - Mercantilism to Capitalism (Adam Smith)
 - Political philosophy:
 - Revolutionary to Conservative
 - “Happiness” to Property
 - Humanism to Pragmatism. People as
 - Childlike at best
 - Easily corrupted at worst



1

The First Party System

- Purpose: to gain an understanding of:
 - The first system of political parties in the United States.
 - The presidencies of Washington, and Adams
 - The consequences of Hamilton’s domestic policies
 - The impact of the French Revolution on the United States
 - Basic assumptions of Federalists and Republicans
 - Various political conflicts between Federalists and Republicans
- Timeframe: ca. 1788-1800

2

ASSETS

- Booming Population
- Western Lands
- Natural Resources
- Inventive People
- New Constitution

LEADERS:

– Washington

- Jefferson
- Hamilton
- Adams
- Madison
- Franklin
- Morris

LIABILITIES

- \$54,000,000 in DEBT
- State’s Rights
- Sectionalism
- Foreign Affairs
- No real currency
- No specie
- Untried Government

4

John Locke, 1632-1704

- *The social contract*
- *Two Treatises of Government*, 1689
- Life, Liberty, and Property
- The Declaration of Independence, 1776



The Washington Presidency

- George Washington was unanimously elected president of the US in 1788, 1792 without political parties.
- His government included Alexander Hamilton and Thomas Jefferson, the principal political leaders of the next two decades.
- Despite Washington’s wish for a consensus government, he consistently favored Hamilton.
- Soon, personality conflicts and political disagreements resulted in open factionalism.



George Washington

11

Washington’s Importance

- Precedents
 - Cabinet (not in Const)
 - Isolationism
 - Nationalism over real Federalism
 - Limited use of Veto
 - Two-Terms
 - Stay away from Congress
 - Propose a budget
 - Strong Commander-In-Chief

13

Hamilton's Economic Program

- Report on Public Credit 1790
- Report on the Bank 1790
- Report on Manufactures 1791
- Supply Side (trickle-Down) vs. Demand Side
- Alexander Hamilton proposed a Five-step program to get US finances into decent shape.



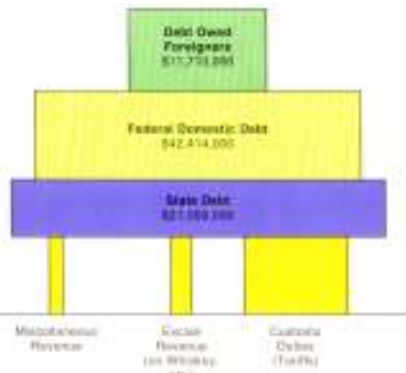
Alexander Hamilton 15

Adam Smith, 1723-1790

- *The Wealth of Nations*, 1776
- Infinite number of buyers & sellers
- Perfect knowledge
- Complete factor mobility
 - Land
 - Labor
 - Capital
 - Entrepreneurship
- *Laissez Faire* economic system
- The invisible hand of the market (does not really exist)

16

1. Hamilton wanted to fully re-finance ALL federal debt by selling U.S. Bonds all debts into a permanent national debt,



2. HAMILTON WANTS A LIMITED NATIONAL DEBT

- Ties wealthy to working for a strong government
- Done correctly one can use other people's money without high interest rates.
- Pay off MOST of the debt with Tariffs and Excise taxes

18

3. Have a national bank buy back Continentals at PAR an equal amount of NEW national currency, for every old continental. The BUS would be owned 20% Gov't, 80% Private.
4. Assume (Assumption Bill) \$22,000,000 in state debts and pay them off.
5. Stimulate domestic manufacture through protective tariffs, internal taxes, fees, licenses, etc. (would help the industrializing north--hurt the agricultural south).

19

Interlude in Philadelphia



Until a permanent site for the national capital was selected, the Federal offices were in Philadelphia, where the Declaration of Independence had been written. Southerners, fearing the growing clamor against slavery, wanted the capital to be in a southern state.

20

The New Capital of the Country

As the leader of most southerners in Congress, Jefferson made a “gentleman’s agreement” with Hamilton. In return for a promise to build the new national capital on land along the Potomac River, Jefferson would get Congress to approve Hamilton’s plan for Federal government finances. But he still worried that Hamilton’s ideas would hurt “liberties” in the country.



21

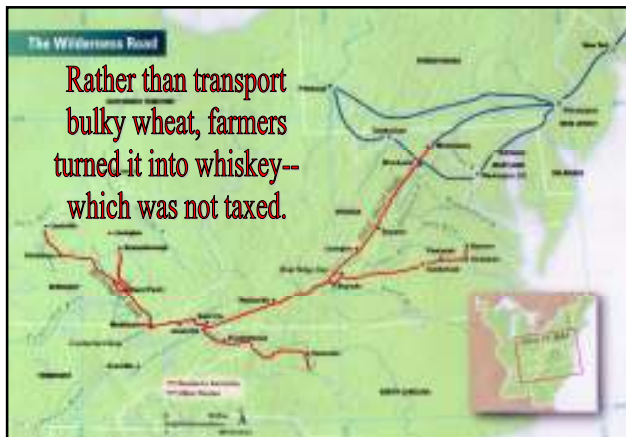
Opposition to Hamilton’s Program

- Jefferson and Madison led the critique of the program:
- Unfair to original bond holders.
- Unfair to already debt-free states (mostly southern).
- Less power for the states in general.
- Protective tariffs bad for agriculture, esp. in the South.
- A wealthy elite would gain power in the United States.
- Congress had no constitutional right to charter a national bank.



Bank of the United States

22



The Whiskey Rebellion

- Started exactly like Shays
- The roads were so bad that it was cheaper to turn grain into whiskey, then transport that to the east coast
- Hamilton taxed the whiskey, because he could no longer tax the grain (and to prove that the gov’t COULD).
- Enraged western farmers because it seemed to them that Hamilton’s plans favored the rich over the poor.

24

Reality Sets In



- Hamilton said “your right—how else can we finance this young nation??”
- Washington calls out the Federal troops and LEADS them to put this revolt down
- A/F’s jump on this as abuse of power and proof that the Const. puts too much power into too few hands.

26

- The French Revolution after 1789 split US public opinion.
- Some (like Jefferson and Madison) cheered another republican revolution.
- Others (like Hamilton and Adams) abhorred the radicalization of the French Revolution.
- Franco-US treaty of 1778 ties US to help protect France West Indies if England goes to war with France
- Genet irritates G. Washington and pays the price

FOREIGN AFFAIRS



Storming the Bastille, July 14, 1789

28

French pressures



France also posed problems for America. Edmond-Charles Genet, a diplomat from France, hired American sailors to seize British ships in the Atlantic, and recruited Americans for an army to attack British territory in the Florida peninsula. President Washington, angry that these actions could lead America into a war, wanted Genet deported back to France.

Ironically, when the government of France changed hands because of a coup, Genet was granted political asylum in America and remained in the country until his death in 1834.

29

- The two sides favored stronger ties to France and England, respectively.
- Washington declared neutrality in the European war in 1793.
- 1792 Battle of Fallen Timbers occurs when GB encourages Native Americans to raid settlements-- Miami tribe wiped out.
- Treaty of Greenville actually **TRIES** to treat Indians as equals (we still fear their power)
- GB's old "Rule 1756" allows for impressment of sailors and ships trading w/ the enemy. 300 US ships taken in one year--but US merchant profits are still way up despite these losses.

32

- 1794 Jay's Treaty (identical to the Treaty of Paris 1783) improved relations with Britain.
 - GB promises to evacuate forts in Ohio R. Valley
 - GB promises to pay for PAST seizures, but not to stop future ones
 - US promises to pay old debts, including to Tory expatriates



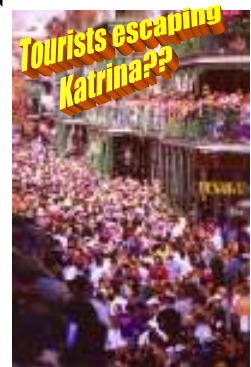
Keeps US out of war--but A/F's jump on this as a bad treaty
 "Damn John Jay, and damn anyone who won't stay up all night putting candles in the windows and damning John Jay"

- Jay's Treaty further splits the Feds and D/Reps

33

SPAIN

- Still control New Orleans
- Conflict on Florida border
- Pinckney's Treaty (aka San Lorenzo)
 - North Florida goes to US
 - Right of Deposit at N'awlins



Federalists

- Hamilton, Adams
- Leadership by responsible, well-educated elite (the "BEST")
- Afraid of excessive democracy as anarchy or mob rule
- Pro-England
- Favor trade, and commerce (Especially w/ ENGLAND)
- Strongest in New England
- LOOSE CONSTRUCTION

Republicans

- Jefferson, Madison
- Government should be directly responsive to „the people“
- Afraid of aristocratic "tyranny"; champion egalitarian values
- Pro-France
- Favor agricultural economy (small farmer is the backbone of the nation)
- Strongest in South and West
- STRICT CONSTRUCTION

Washington's Farewell Address

(September 1796)



- Timing of the Address and the Political Controversy surrounding it
- Warned against political factions
- Warned against entangling foreign alliances
- Washington ends second term with popularity and prestige **DIMINISHED**—no longer seen as a man above politics

36

The election of 1796

- | | |
|--|--|
| <ul style="list-style-type: none"> Federalists run – Adams 71 votes – Pinckney 59 votes | <ul style="list-style-type: none"> Dem/Republicans run – Jefferson 68 votes – Burr 30 votes |
|--|--|

Under the original constitution elector voted twice for president. Whoever got the most was president--whoever got the 2nd most became V.P.

UH OH!!!!

37

Partisan Politics at its worst

- “His Rotundity”
- “Ugly Honest”
- Cold fish in large groups
- Doesn't have full control even of his own party--Hamilton is disgruntled with his leadership
- Both GB and France are attacking US shipping
- Both kick out the US ambassadors



38

Adams in the middle

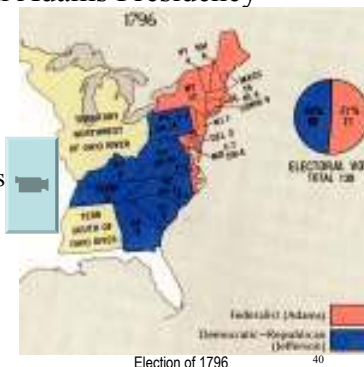


John Adams, the second president, found himself caught between the followers of Jefferson and those of Hamilton. His one term as president was mostly a failure, largely because he could not develop an effective way to govern with Congress divided and the United States powerless to stop either France or Britain from interfering with American trade across the ocean.

39

The John Adams Presidency

- 1796 John Adams was elected president in a fully partisan election.
- 1798 XYZ affair demolished relations with France. Starts:
- 1798-1799 Quasi-War with France.
- Adams expands the Navy creates the Marines



Election of 1796

40

Major Mistakes

Alien And Sedition

- Residency for citizenship (Naturalization) raised from 5 to 14 years
- Can deport “dangerous” aliens
- Illegal to defame public officials (written to expire in 1801 just in case the fed’s lose the next election)
- For the first two years it is very popular--seen as necessary to control immigrants and ensure domestic safety (sound familiar??)

Dem/Rep’s Respond

- Jefferson and Madison authored the Virginia and Kentucky resolutions in protest.
- Violates 1st Amendment.
- They maintain that since the US of A is JUST a federation of 13 independent states, the states can nullify Federal (National) laws (precursor to the Civil War).
- Costs Adams the election of 1800

THE END

47