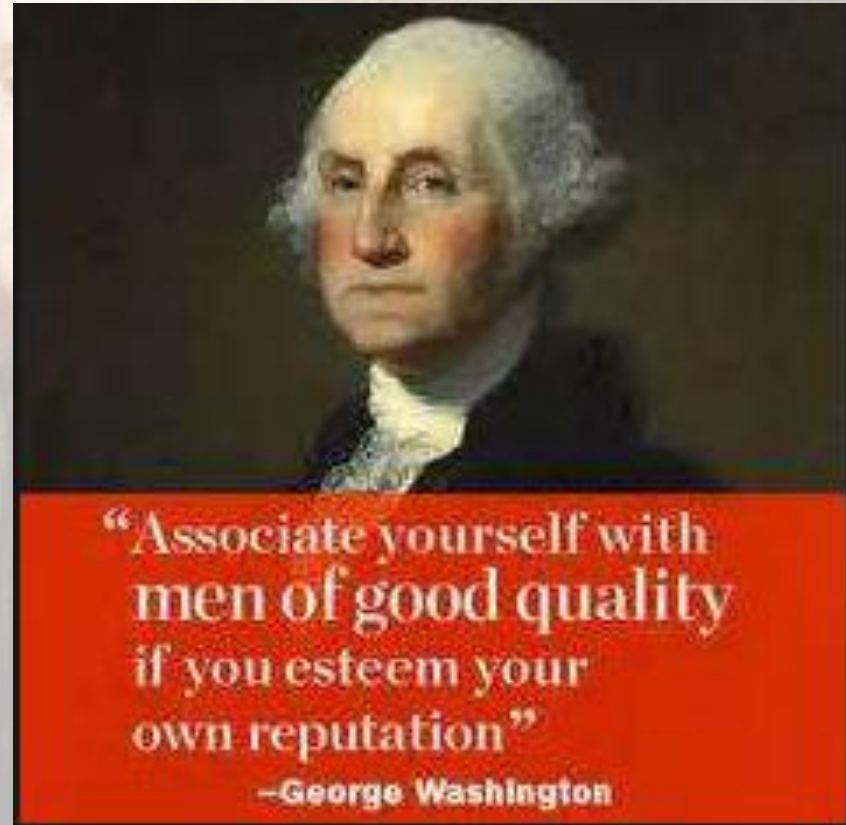




1.

George Washington 1789-1797

Organizing Our First Government



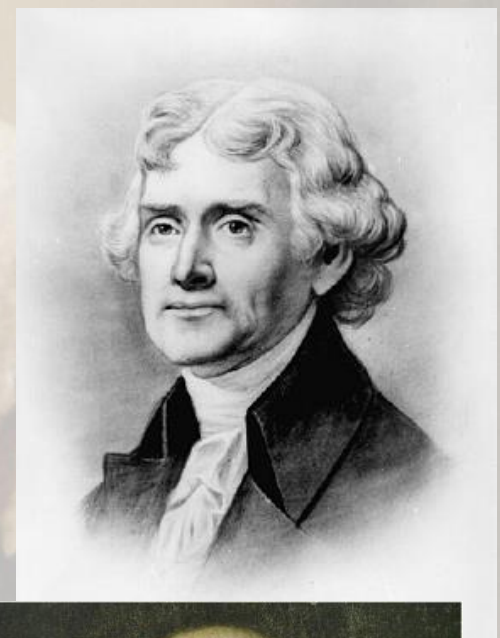
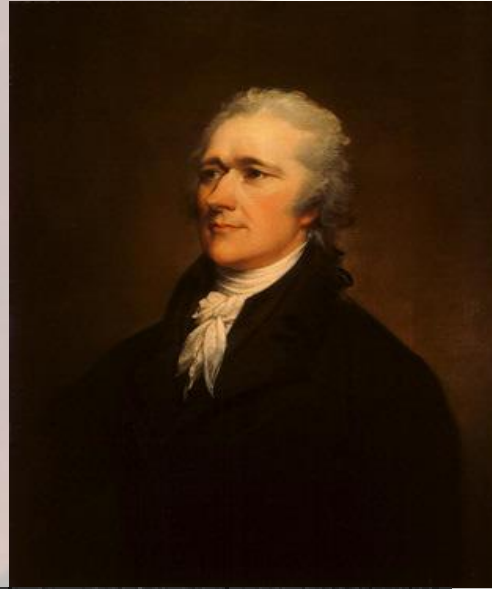
February 1789:

John Adams handpicked as VP

Congress creates an “Executive Department” that will be known as the president’s “Cabinet”

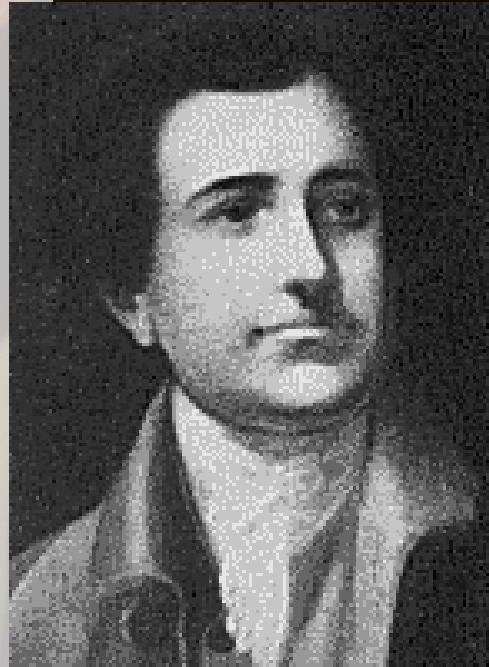
Washington's Cabinet

1. Secretary of State
Thomas Jefferson



2. Secretary of
Treasury
Alexander Hamilton

3. Secretary of War
Henry Knox



4. Attorney General
Edmund Randolph
(4th Ex. Dept. created
by the Judiciary Act
Sept. 1789)

The First Congress

Presided over by VP John Adams; only 10 states joined

Why?

Passed the *Judiciary Act of 1789*, which organized the judicial branch

- One Chief Justice and 5 Associate Justices
- John Jay named as 1st Chief Justice



Congress begins meeting at the U.S. Capitol building in November of 1800

The first official census of 1790 recorded almost 4m people

- Philly 42,000, NYC 33,000, Boston 18,000, Charleston 16,000, Baltimore 13,000
- 90% rural
- All but 5% of the people lived east of the App. Mts.; the trans-App. overflow was concentrated chiefly in KY, TN, and OH, all of which were welcomed as states within 14 yrs. (VT becomes a state in 1791)

Spanish and British agents moved freely among western America and held out seductive promises of independence (the U.S. appeared disjointed)



The Economic Problem

1. The U.S. govt owed money at home:
 - Some states still owed war debts, others had paid off or drastically paid theirs down
 - Veterans had been issued “continental” bonds; others sold to wealthy, patriotic Americans
 - Paper money was worthless
2. The U.S. govt owed money abroad (France, Dutch investors, Spain)



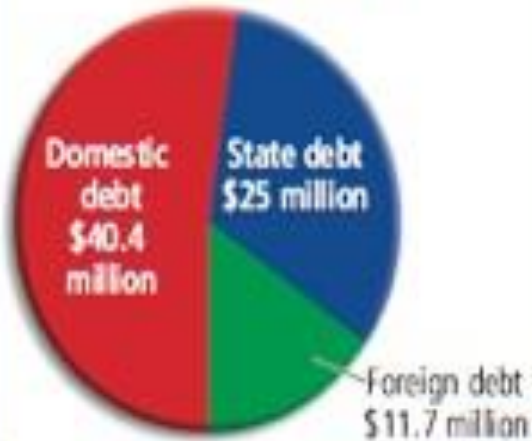
Hamilton's Approach

Hamilton issues *The Report on Public Credit* to Washington and Congress

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

#1 nicknamed "Assumption"

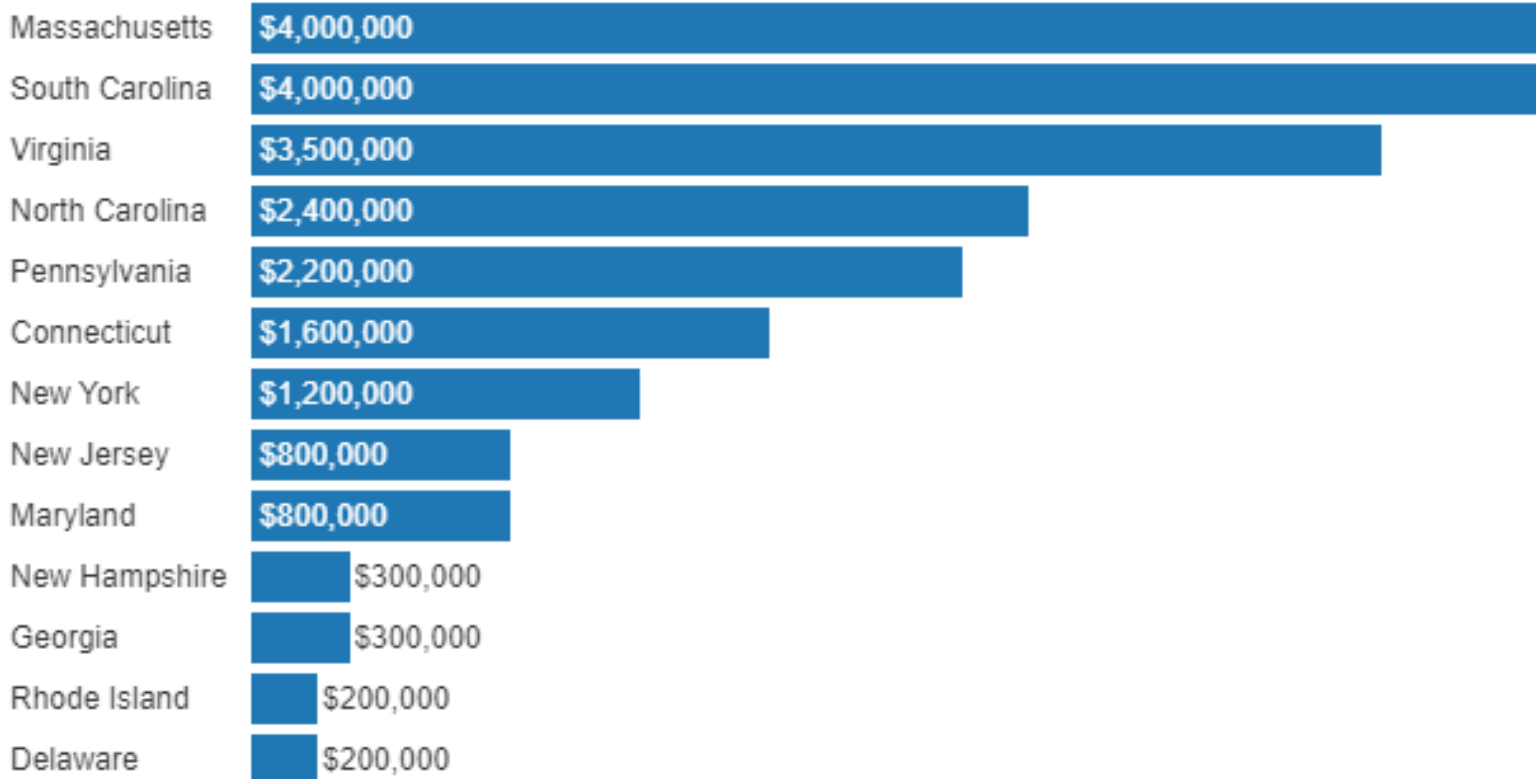
Gold currency replaced the old paperback money that the govt "bought back" and reissued

The federal govt paid off AoC bonds at their full, original value (aka “Funding at par”); many “speculators” had since purchased these for dirt cheap hoping they’d pay off later →

Treasury issued new bonds with more aggressive interest rates →
Forced the federal govt to pay back quickly as not to have to continue paying high interest rates

State debts

Debts assumed by the federal government through 1790 Funding Act (total \$21.5 million)



“BE FAT”

**Bank of the U.S.
Excise Taxes**

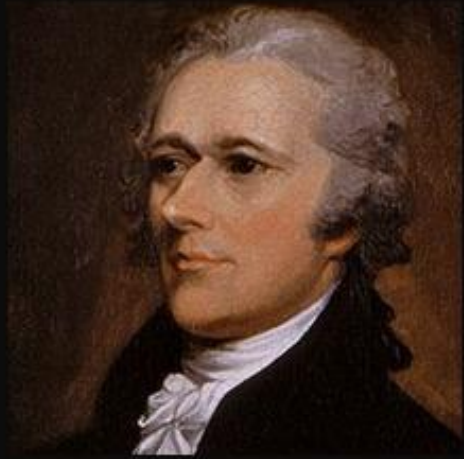


**Funding at Par (establishing
ourselves as a “creditor”
nation)**

Assumption of state debts

Tariffs

Alexander Hamilton



A national debt if it is not excessive will be to us a national blessing; it will be powerfull cement of our union. It will also create a necessity for keeping up taxation to a degree which without being oppressive, will be a spur to industry;

AZ QUOTES

How does Hamilton plan on generating revenue?

1. Tariff on imported goods (1789)
2. Excise tax (1791)
 - Tax on liquor, sugar, tobacco snuff, and carriages based on sales

How a Tariff Works

In the United States

American-made cloth costs \$4.00 a roll.



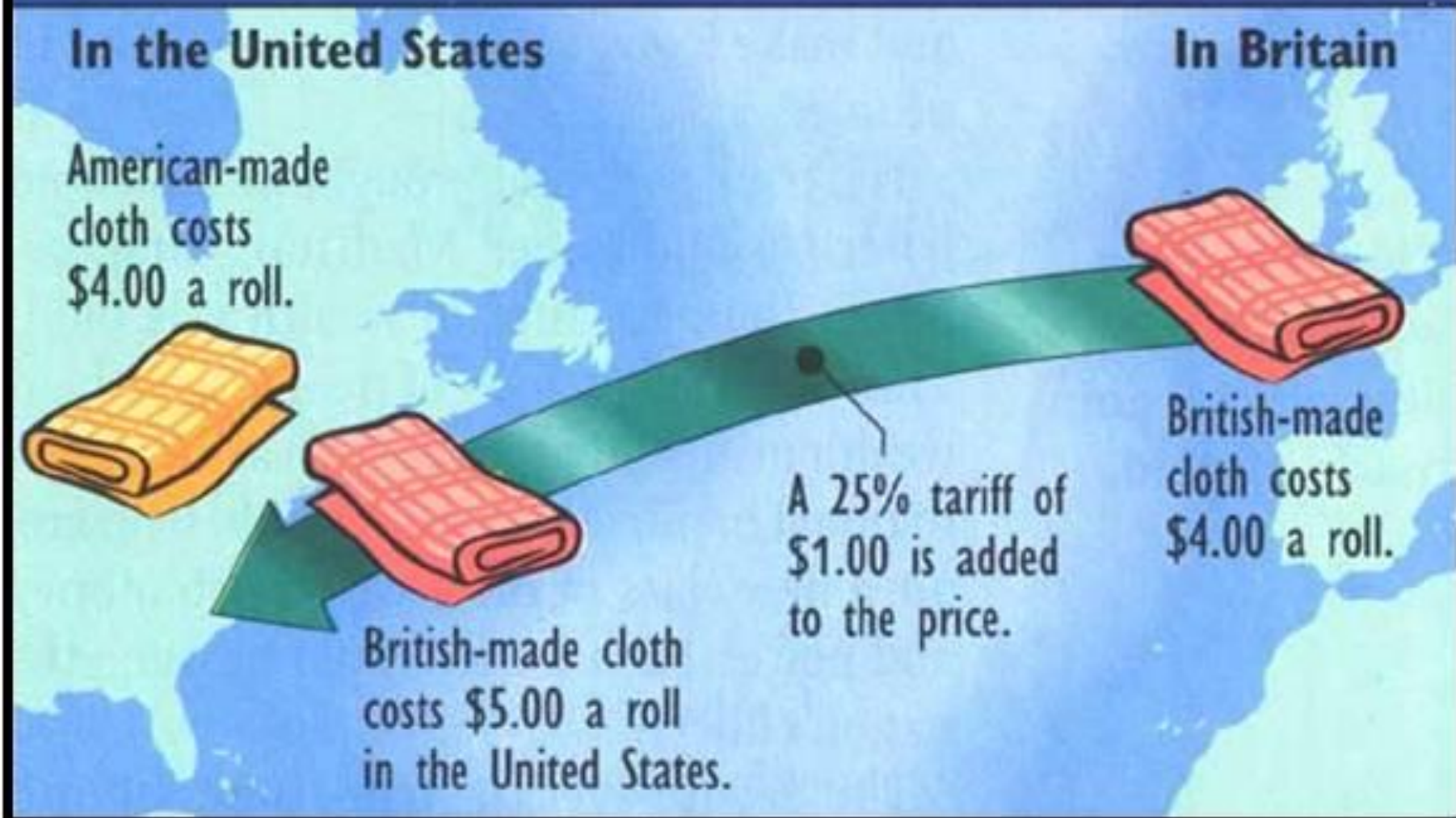
British-made cloth costs \$5.00 a roll in the United States.

In Britain

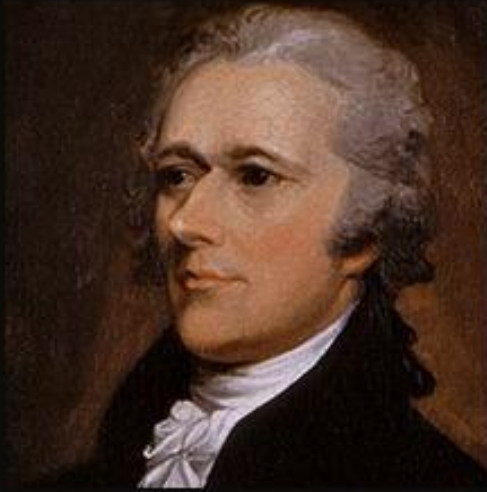


British-made cloth costs \$4.00 a roll.

A 25% tariff of \$1.00 is added to the price.



Alexander Hamilton



As to Taxes, they are evidently inseparable from Government. It is impossible without them to pay the debts of the nation, to protect it from foreign danger, or to secure individuals from lawless violence and rapine.

AZ QUOTES

How does Hamilton plan on generating revenue?

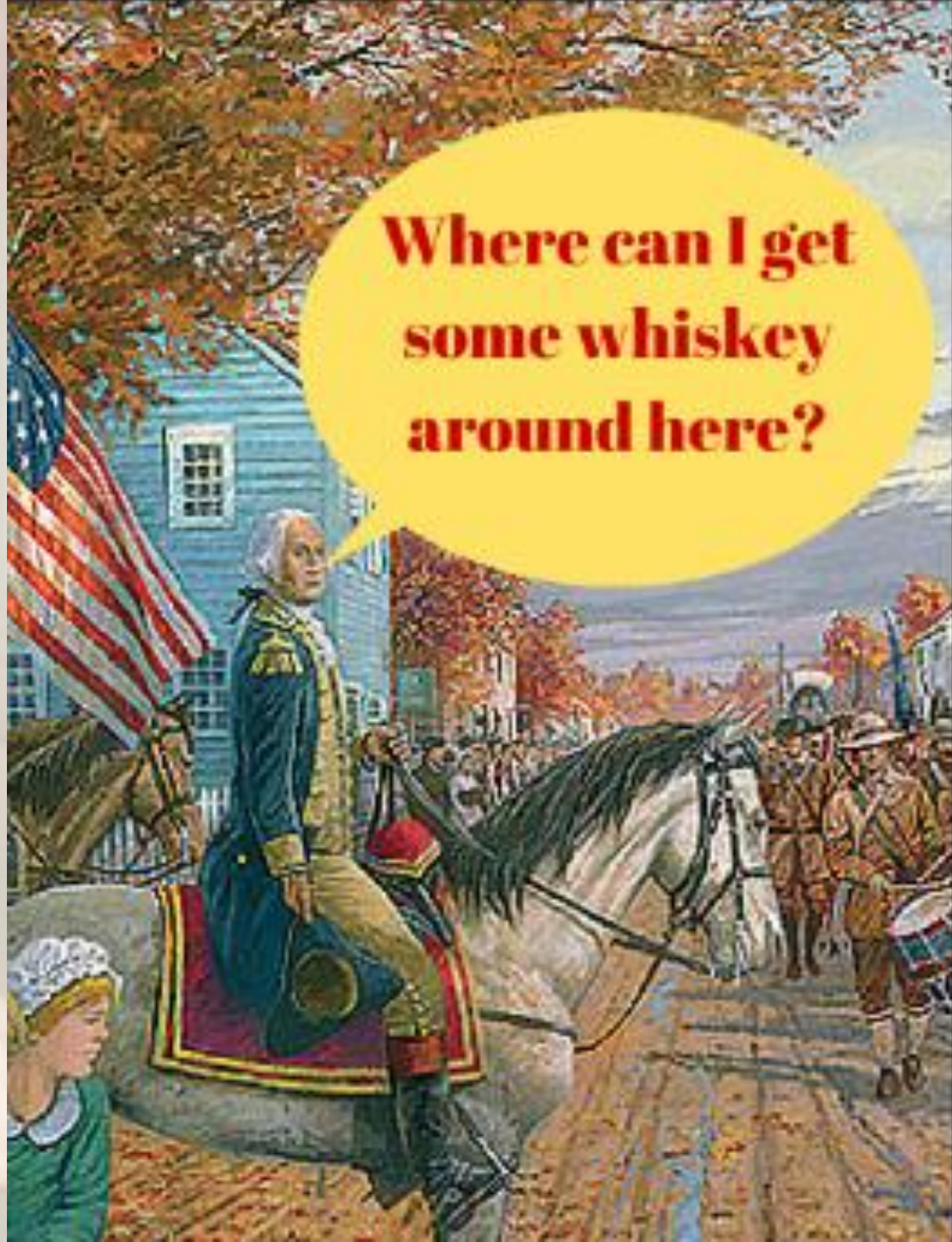
1. Tariff on imported goods (1789)
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 - Tax on liquor, sugar, tobacco snuff, and carriages based on sales



The Whiskey Rebellion

Farmers in western PA upset about excise tax on distilled spirits (1791)

-Livelihoods depended on turning excess grain into whiskey; felt their interests were already being ignored by the new federal govt



**Where can I get
some whiskey
around here?**

1794: attacks on tax collectors began

- Burned barns of people who gave away the location of whiskey stills to officials in PA

- A crowd of more than 2,000 farmers threaten to attack Pittsburgh; talk about setting up an independent nation

- Washington sends negotiators and militia to suppress rebellion with no final confrontation needed (although 3 rebels were killed)

SIGNIFICANCE?

Necessary and Proper Clause/Elastic Clause

Article I, Section 8 of the USC: Congress has the power "to make all Laws which shall be **necessary and proper** for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States, or any Department or Officer thereof"



AKA the "Elastic Clause" since it allows Congress to stretch their lawmaking abilities for the "Common Good" of the nation

The problem: not everyone agrees on what is "good for the nation"

The Argument Over the National Bank

Strict Constructionists/ Strict Interpretation

Believed the govt should only do what the Constitution specifically states it can do

Loose Constructionists/ Loose Interpretation

The govt can take reasonable actions that are not outlined in the Constitution - as long as the actions are not specifically prohibited

What was the real issue with the idea of a National Bank?

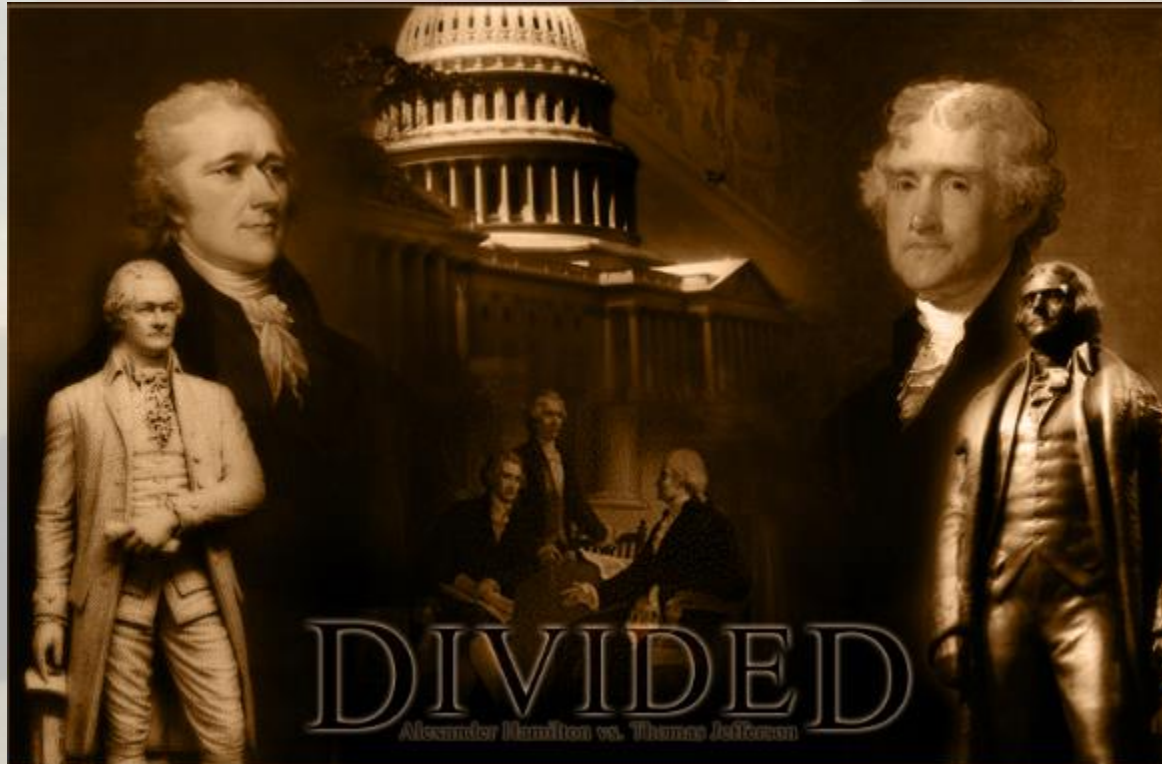
How powerful should the national govt be?

	Federalists	Democratic-Republicans (Many former Anti-Feds)
Leaders	Hamilton and Adams	Jefferson and *Madison
Demographics	Manufacturers, merchants, wealthy, educated, urban, usually eastern seaboard	Farmers, Southerners, rural, western territories
Ideal Government	Power over state govt, “loose interpretation” of the USC (implied powers), educated elite lead the country, large and mighty govt; fear of “mob rule”	State sovereignty over national supremacy, “strict interpretation” of the USC (expressed powers), nation of “small, yeoman farmers,” individual rights are paramount, “small govt”
Domestic Policy	National Bank Excise tax National debt and assumption (favored creditors) Tariffs	Anti BUS Anti-excise Anti-debt, states pay their own (favored lenders) Low/No Tariffs
Foreign Policy	Opposed French Revolution Angered by French actions Favored GB	Supported F.R. Disliked GB

Taking Sides: Two Parties Form

Hamiltonian
Federalists

Jeffersonian
Republicans



Compromise of 1790

Hamilton
compromised
with Jefferson
and Madison:

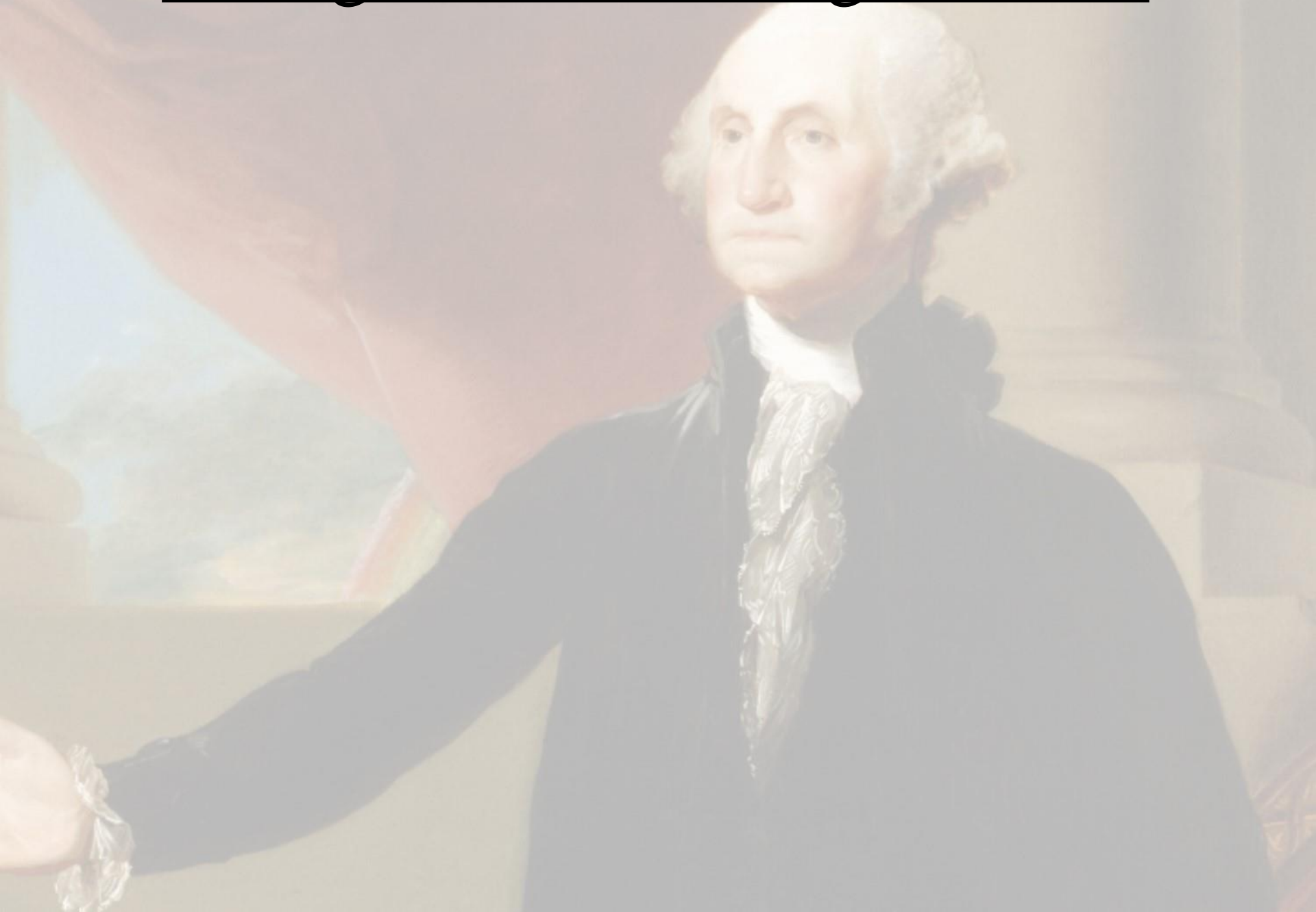
- The capital would be moved to the South by 1800
- In return, Southerners would allow Hamilton's economic plan to pass



Washington chose the location of the new capital; Pierre L'Enfant was commissioned to design it

Why would such “strict constructionists” be willing to compromise?

Foreign Issues Facing the U.S.





Shortly after Washington was inaugurated, the French Revolution began (1789):

At first, most Americans were in support

- Seemed to be fighting for same rights



The Radical's Arms.

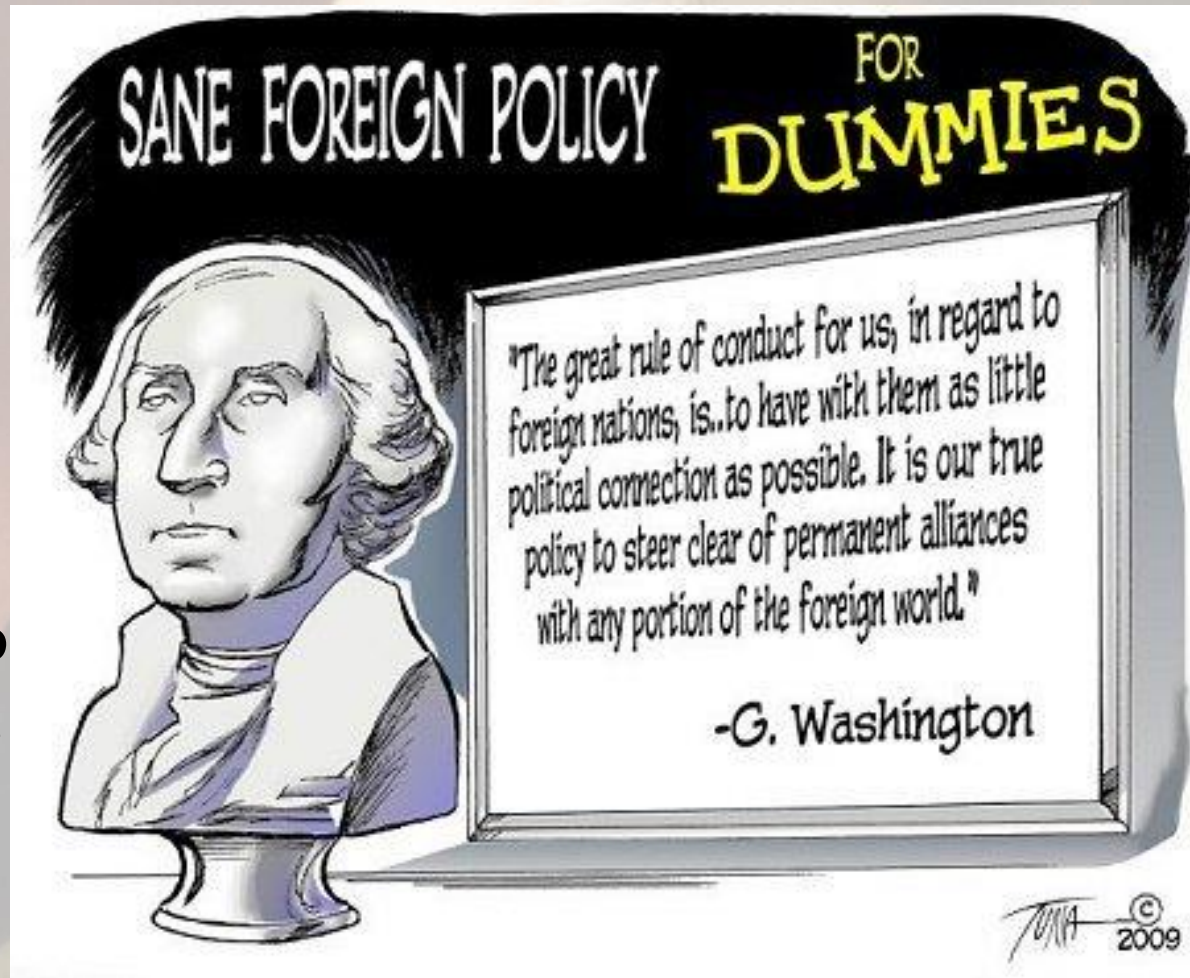
By spring of 1793, radicals had taken over (Reign of Terror)

- Executed thousands, including the King and Queen

Many Americans questioned their support

Following the end of the Revolution, France declared war on Britain →

- The U.S. traded with both
- Franco-American Alliance with France (1778) required the U.S. to help defend French colonies in the Caribbean
- 1794: Washington issues his “Proclamation of Neutrality”



Domestic Disputes during Washington's Presidency

Battle of Fallen Timbers (1794)
victory over a confederation of NAs in the Northwest Territory →

Treaty of Greenville (1795)
12 tribes cede much of present-day Ohio and Indiana to the U.S. govt



Jay's Treaty



John Jay

Despite Washington's declaration, the British begin to take action:

- Intercepted *neutral* ships carrying goods to French ports
 - This included hundreds of our ships because they thought naturally we'd be loyal to France and bring them goods
- Reports of British encouraging NAs to attack western settlers and Miami NAs in Spanish Florida

In an attempt to avoid war with the British, Washington sent John Jay to Britain:

- Jay agreed British had right to seize cargo going into French ports
- British agreed to give up forts on American territory
- British gave America "*most-favored nation*" status
 - Allowed limited trading with Britain's colonies in Caribbean

Pinckney's Treaty

(1795) Spain gives the U.S. rights to freely travel on the Mississippi River and use the port of New Orleans

WHY?



**PINCKNEY'S
TREATY**

**We
heart**



TREATY

Washington Retires

Established the *precedent* of only two-term presidency, which will become the **22nd** Amendment in 1951

“ I hope I shall possess firmness and virtue enough to maintain what I consider the most enviable of all titles, the character of an honest man.

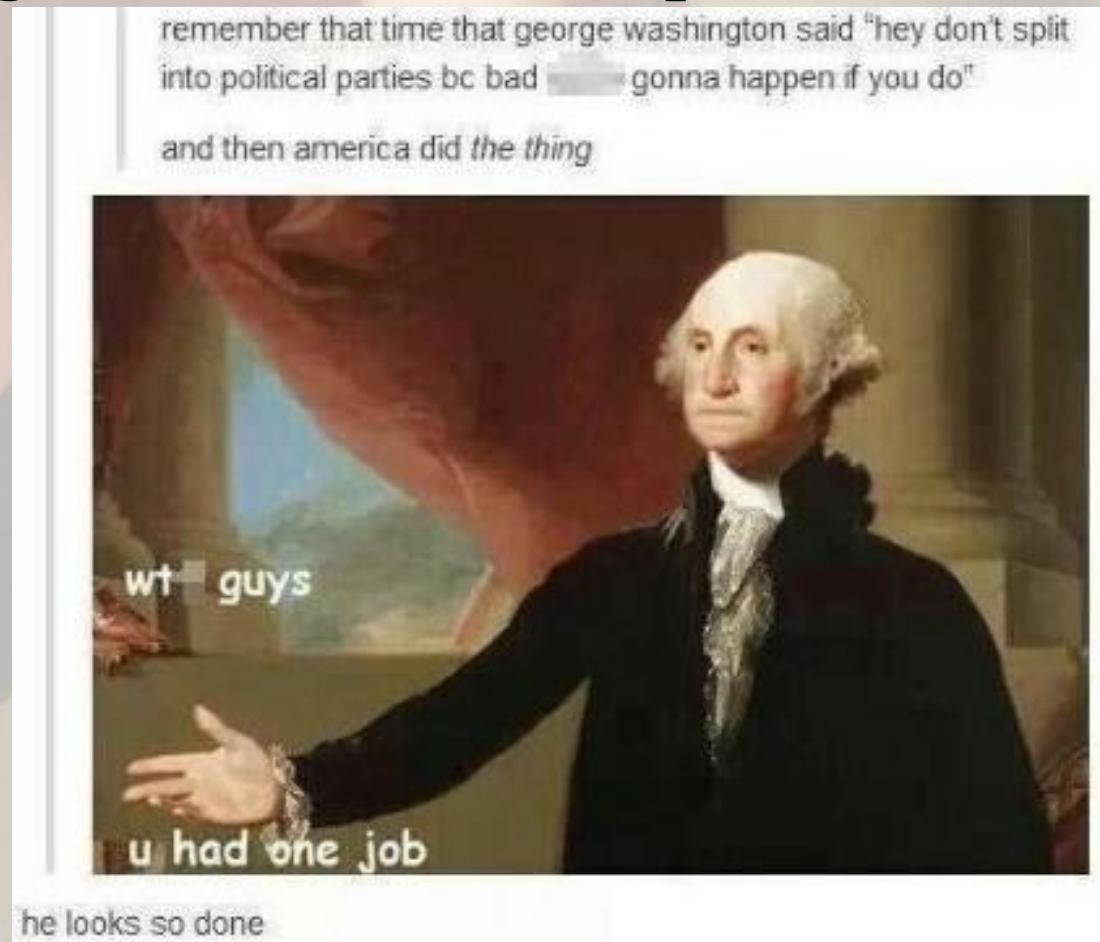
George Washington



Farewell Address

Warned against:

1. Political parties (aka “factions”)
2. “Foreign entanglements” with Europe
3. Sectionalism



SAMUEL SLATER (a cotton spinner's apprentice) left Britain with the secrets of textile machinery

1793: built a factory from memory to produce spindles of yarn



CARDING, DRAWING, AND ROVING AS IT WAS IN SAMUEL SLATER'S EARLY MILLS
(From an old engraving)

Eli Whitney – Cotton Gin 1794

