

Washington and Congress

Guide to Reading

Main Idea

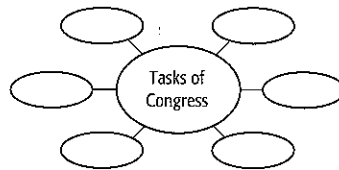
With the adoption of the new Constitution, Americans and their leaders had to establish a central government to deal effectively with the challenges facing the new nation.

Key Terms and Names

cabinet, Tariff of 1789, bond, speculator, enumerated powers, implied powers, Bank of the United States, Whiskey Rebellion, agrarianism

Reading Strategy

Organizing As you read about how the leaders of the United States established a central government, complete a graphic organizer similar to the one below by indicating the tasks completed by Congress.



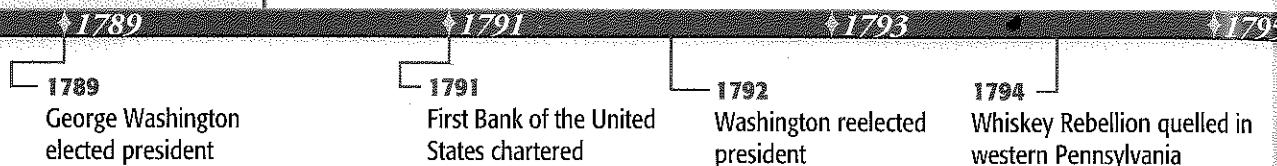
Reading Objectives

- **Explain** Alexander Hamilton's economic initiatives.
- **Discuss** the growing tensions between the nation's political parties.

Section Theme

Culture and Traditions George Washington helped define the office of the American presidency.

Preview of Events



★ An American Story ★

On April 6, 1789, the ballots of the presidential electors were officially counted in the new United States Senate. As expected, George Washington became the first president of the United States under the new Constitution. Americans everywhere greeted the news with great joy, but Washington remained unexcited. Calling his election “the event which I have long dreaded,” Washington described his feelings as “not unlike those of a culprit who is going to the place of his execution.”

Although Washington had high hopes for the new Constitution, he did not know if it would work as intended. “I am . . . [bringing] the voice of the people and a good name of my own on this voyage; but what returns will be made of them, Heaven alone can foretell.” Despite his doubts and frustrations with the “ten thousand embarrassments, perplexities and troubles of the presidency,” the new president retained his faith in the American people. He explained that “nothing but harmony, honesty, industry and frugality are necessary to make us a great and happy people. . . . We are surrounded by the blessings of nature.”

—adapted from *Washington: The Indispensable Man*

Creating a New Government

The Philadelphia Convention had given the nation a new Constitution. Washington's task, and the task facing the newly elected Congress, was to take the words of the Constitution and turn them into an effective government for the United States.

GOVERNMENT

Institutions of Power One of the first tasks of the new government was to provide the president with a bureaucracy to handle different responsibilities. In 1789 Congress created the Department of State, the Department of the Treasury, the Department of War, and the Office of the Attorney General.

To manage these departments, Washington wanted individuals who were "disposed to measure matters on a Continental Scale" instead of thinking only of their own states. He chose Thomas Jefferson as secretary of state, Alexander Hamilton for the Treasury Department, and General Henry Knox as secretary of war. For attorney general, Washington selected Edmund Randolph, the former governor of Virginia. Washington regularly met with these men to ask for their advice. The department heads came to be known as the cabinet, a group of advisers to the president.

Congress also organized the judicial branch. In the Judiciary Act of 1789, Congress established 13 district courts, 3 courts of appeal, and the Supreme Court. With the Senate's consent, Washington chose the federal judges, including John Jay as the first chief justice of the United States.

The Bill of Rights One of the most important acts of Congress was the introduction of the Bill of Rights. During the campaign to ratify the Constitution, the Federalists had promised to add such a bill. James Madison, one of the leaders in Congress, made the passage of a Bill of Rights top priority. He hoped it would demonstrate the good faith of federal leaders and build support for the new government.

In drafting the Bill of Rights, Madison relied heavily on the Virginia Declaration of Rights that George Mason had prepared in 1776 and the Virginia Statute for Religious Freedom that Thomas Jefferson had written in 1786. In late September 1789, after many debates, Congress agreed on 12 constitutional amendments. They were then sent to the states for ratification, but only 10 were approved. These 10 went into effect in 1791. They are generally referred to as the Bill of Rights, although only the first 8 protect the rights of individuals against actions of the federal government. The Ninth Amendment states that the people have other rights not listed. The Tenth Amendment states that any powers not specifically given to the federal government are reserved for the states.

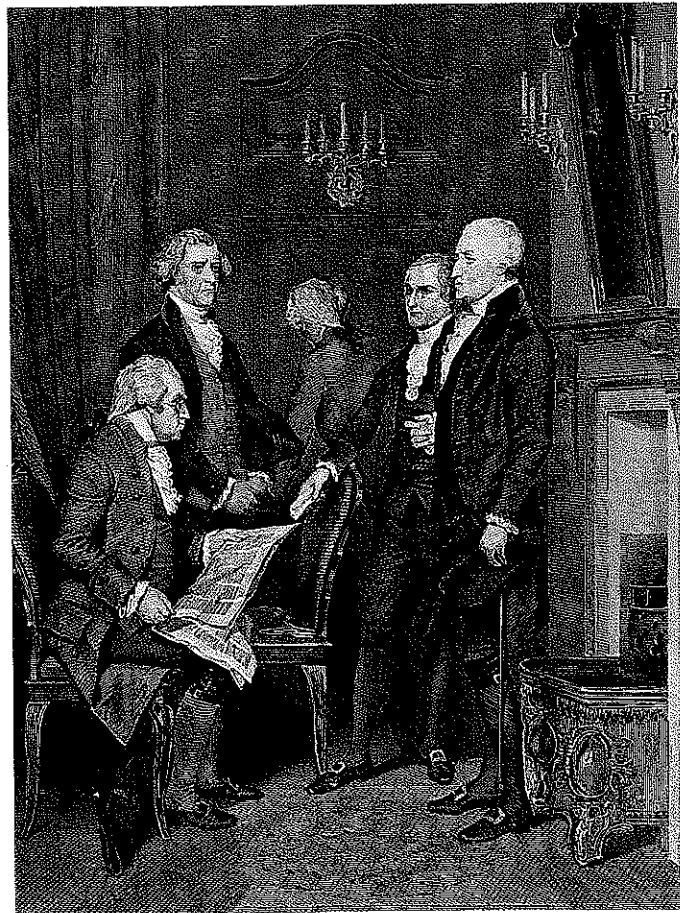
Reading Check Identifying What executive departments did Congress establish?

Financing the Government

By the end of 1789, the new federal government was up and running. The government's most pressing need now was a source of revenue. Without money, the government could not operate. James Madison and Alexander Hamilton responded to this need with different plans for financing the government.

The Tariff of 1789 James Madison suggested that the federal government raise most of its money by taxing imports from other countries. After much discussion, Congress passed the **Tariff of 1789**. This law required importers to pay a percentage of the value of their cargo when they landed it in the United States. Shippers also had to pay tonnage—a tax based on how much their ships carried.

The tariffs and tonnage rates angered many Southern planters. High tonnage rates meant they would be charged higher rates to ship their rice and



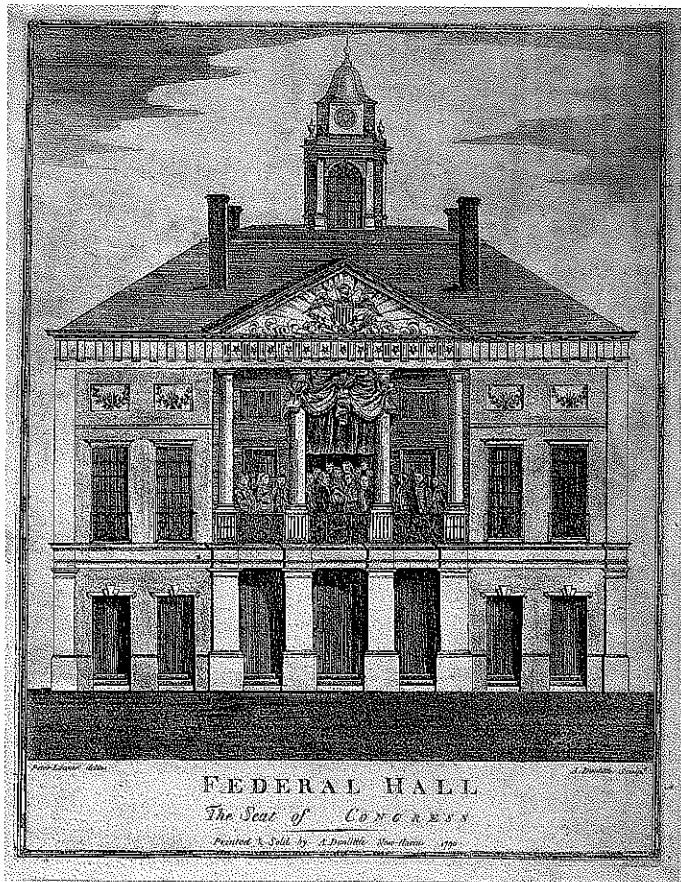
History Through Art

First Cabinet Depicted with the president (far right) are, from left, Henry Knox, Thomas Jefferson, Edmund Randolph, and Alexander Hamilton. What departments did these four cabinet members head?

tobacco to Europe. The new duty meant higher prices for the many goods they imported. Many Southerners began to suspect that the new federal government was opposed to their region's interests.

ECONOMICS

Hamilton's Financial Program Hamilton supported the Tariff of 1789, but he believed the government also needed the ability to borrow money. In 1790, he asked Congress to accept the debts of the Continental Congress at their full value. To fund the Revolutionary War, the Confederation Congress had issued bonds—paper notes promising to repay money after a certain length of time with interest. By 1789, the United States owed roughly \$40 million to American citizens and another \$11.7 million to France, Spain, and the Netherlands. Few believed the bonds would be repaid in full, and they had fallen in value to as little as 10 cents on the dollar.



History Through Art

First Capital Washington took his oath of office on the balcony of Federal Hall in New York City, the nation's first capital. This Amos Doolittle engraving was made from a famous painting. Why is Federal Hall identified as "the seat of Congress"?

Hamilton believed that by accepting these debts at their full value, the wealthy creditors, bankers, and merchants who owned the bonds would have a stake in the federal government's success and enough confidence in its financial stability to loan it money in the future. Hamilton had described the importance of debt several years earlier:

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

—quoted in *America, A Narrative History*

Opposition to Hamilton's Plan Led by Madison, critics argued that Hamilton's plan was unfair to the original purchasers of the bonds, many of whom were farmers and Revolutionary War veterans and their widows. These people, fearing they would never be paid, had sold their bonds at a discount to speculators—people willing to take a risk in hopes of a future financial gain. Madison was outraged that speculators who had paid as little as \$10 for a \$100 bond would now receive full value.

Madison and other Southerners were also upset because Northerners owned most of the bonds, while much of the tax money that would be used to pay off the bonds would come from the South. Madison also worried that creditors would eventually dominate American society and endanger liberty.

The congressional debate over Hamilton's proposals raged for months. Finally, in July 1790, Hamilton, Madison, and Jefferson struck a deal. Madison and Jefferson would use their influence to convince Southerners in Congress to vote for Hamilton's plan. In return, the capital of the United States would be moved from New York to a section of land along the Potomac River to be called the District of Columbia. Southerners believed that having the capital in the South would help to offset the strength of the Northern states in Congress.

The Bank of the United States With his system of public credit finally in place, Hamilton asked Congress to create a national bank. He argued that the government needed the bank to manage its debts and interest payments. The bank would also issue bank notes—paper money. The notes also would provide a national currency that would promote trade, encourage investment, and stimulate economic growth.

Southerners opposed the plan. They pointed out that Northern merchants would own most of the

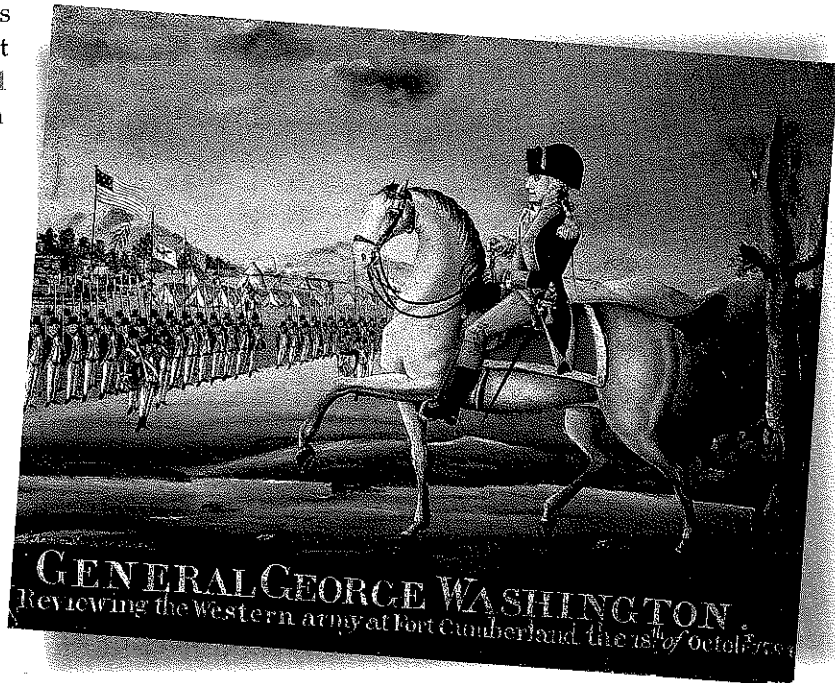
bank's stock. Madison argued that Congress could not establish a bank because it was not among the federal government's enumerated powers, or powers specifically mentioned in the Constitution.

Despite Madison's objections, Congress passed the bank bill. Washington realized that his decision to sign the bill or to veto it would set an important precedent. Attorney General Randolph and Secretary of State Jefferson argued that the Constitution did not give the federal government the power to create a bank. Hamilton disagreed, pointing out that Article I, Section 8, of the Constitution gave the federal government the power "to make all laws which shall be necessary and proper" to execute its responsibilities. The "necessary and proper" clause created implied powers—powers not explicitly listed in the Constitution but necessary for the government to do its job.

A national bank, Hamilton argued, was necessary to collect taxes, regulate trade, and provide for the common defense. Jefferson agreed that implied powers existed, but he believed "necessary and proper" meant absolutely necessary, not simply convenient. After studying Hamilton's response, Washington agreed to sign the bill. In 1791 the **Bank of the United States** was established for a 20-year period.

The Whiskey Rebellion Hamilton believed the federal government also had to establish its right to impose direct taxes on the people. In 1791, at Hamilton's urging, Congress imposed a tax on the manufacture of whiskey. The new tax enraged Western farmers. In the Western regions of the United States, where bank notes and coins were not available in large quantities, whiskey was used as a medium of exchange. Because the Spanish had closed the Mississippi, distilling whiskey was also the easiest way for Western farmers to move their grain to Eastern markets.

Although complaints against the whiskey tax began in 1791, it was not until the summer of



Commander in chief reviewing the troops

1794 that a rebellion erupted. In western Pennsylvania, farmers terrorized tax collectors, stopped court proceedings, robbed the mail, and destroyed the whiskey-making stills of those who paid the tax.

Hamilton wanted to establish firmly the authority of the federal government. He urged President Washington to put down the rebellion. In August 1794 Washington sent nearly 15,000 troops to crush the **Whiskey Rebellion**. The huge army caused the rebels to disperse without a fight. The federal government's willingness to use troops against its own citizens, however, worried many people.

Reading Check Explaining Why did Madison object to Hamilton's plan for a national bank?

The Rise of Political Parties

During Washington's first term in office, the debate over Hamilton's financial program split Congress into factions. These factions became the nation's first political parties. Hamilton's supporters called themselves **Federalists**. Hamilton's opponents, led by Madison and Jefferson, took the name Democratic-Republicans, although most people at the time referred to them as **Republicans**. In the 1800s, the party became known as the Democrats. Today's Republican Party is a different party.

HISTORY
Online



Student Web Activity Visit the **American Vision Web** site at tav.glencoe.com and click on **Student Web Activities—Chapter 6** for an activity on early political parties.

Competing National Visions

Hamilton and the Federalists	Jefferson and the Democratic-Republicans
National government supreme	State governments supreme
Ruling power given to wealthy, educated	Ruling power given to <i>all</i> landowners
Government should promote manufacturing	Government should promote agriculture
Loose interpretation of the Constitution	Strict interpretation of the Constitution
Protective tariffs protect domestic industries	Protective tariffs burden farmers

Chart Skills

- Interpreting Charts** Which party favored tariffs, and why?
- Drawing Conclusions** Which party do you think distrusted national government more?

Hamilton and the Federalists Hamilton favored a strong national government. He believed that democracy was dangerous to liberty and stated that “the people are turbulent and changing; they seldom judge or determine right.” This distrust led him to favor putting government into the hands of the “rich, well born, and able.”

Hamilton also believed that manufacturing and trade were the basis of national wealth and power. He favored policies that would support these areas of the economy. Supporters of the Federalist Party often included artisans, merchants, manufacturers, and

bankers. The party also attracted urban workers and Eastern farmers who benefited from trade.

Jefferson and the Republicans Although James Madison led the opposition to Hamilton’s program in Congress, Thomas Jefferson emerged as the leader of the Democratic-Republicans. Jefferson believed that the strength of the United States was its independent farmers. His ideas are sometimes referred to as agrarianism. Jefferson argued that owning land enabled people to be independent. As long as most people owned their own land, they would fight to preserve the Republic.

Jefferson feared that too much of an emphasis on commerce would lead to a society divided between the rich who owned everything and the poor who worked for wages. He also believed that the wealthy would corrupt the government and threaten the rights and liberties of ordinary people. In general, Democratic-Republicans supported agriculture over commerce and trade. They also expressed concern that Hamilton’s policies tended to favor the North. Over time, the Democratic-Republicans became the party that stood for the rights of states against the power of the federal government.

The development of America’s first two political parties divided the country regionally. The rural South and West tended to support the Republicans, while the more urban Northeast tended to support the Federalists. Although these parties emerged during the dispute over Hamilton’s programs, events in Europe would deepen the divisions between them and create new crises for the young Republic.

Reading Check **Classifying** What were the nation’s first two political parties, and what issues did they favor?

SECTION 1 ASSESSMENT

Checking for Understanding

- Define:** cabinet, bond, speculator, enumerated powers, implied powers, agrarianism.
- Identify:** Tariff of 1789, Bank of the United States, Whiskey Rebellion.
- Describe** the intended purpose of the national bank.

Reviewing Themes

- Culture and Traditions** What precedent did George Washington set as president of the United States?

Critical Thinking

- Synthesizing** Why did Hamilton think it was important to pay the national debt, the domestic debt, and the state debts?
- Categorizing** Use a graphic organizer similar to the one below to list the first political parties, who their supporters were, and what issues they supported.

Political Party	Supporters	Issues Supported

Analyzing Visuals

- Studying Art** Examine the painting on page 211 of President Washington’s first cabinet. What was the function of this group, and who served as its first members?

Writing About History

- Expository Writing** Imagine you are James Madison. Write a speech explaining why you are against Alexander Hamilton’s financial program.