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# Chapter 10 - Launching the New Ship of State

## I. Growing Pains

1. In 1789, the new U.S. Constitution was launched, and the population was doubling every 20 years.
  - America's population was still 90% rural, with 5% living west of the Appalachians.
  - Vermont became the 14th state in 1791, and Kentucky, Tennessee, and Ohio (states where trans-Appalachian overflow was concentrated) became states soon after.
  - Visitors looked down upon the crude, rough pioneers, and these western people were restive and dubiously loyal at best.
2. In the twelve years after American independence, laws had been broken and a constitution had been completely scrapped and replaced with a new one, a government that left much to be desired.
3. America was also heavily in debt, and paper money was worthless, but meanwhile, restless monarchs watched to see if the U.S. could succeed in setting up a republic while facing such overwhelming odds.

## II. Washington for President

1. At 6'2", 175 pounds, with broad and sloping shoulders, a strongly pointed chin and pockmarks from smallpox, George Washington was an imposing figure, which helped in his getting unanimously elected as president by the Electoral College in 1789.
2. His long journey from Mt. Vernon to New York (capital at the time) was a triumphant procession filled with cheering crowds and roaring festivities, and he took his oath of office on April 30, 1789, on a balcony overlooking Wall Street.
3. Washington established a diverse cabinet (which was not necessary Constitutional).
  - Secretary of State: Thomas Jefferson
  - Secretary of the Treasury: Alexander Hamilton
  - Secretary of War: Henry Knox

## III. The Bill of Rights

1. Many states had ratified the Constitution on the condition that there would be a Bill of Rights, and many Anti-Federalists had criticized the Constitution for its lack of a Bill.
2. The necessary number of states adopted the Bill of Rights in 1791.
3. Bill of Rights

- Amendment I: Freedom of religion, speech or press, assembly, and petition.
  - Amendment II: Right to bear arms (for militia).
  - Amendment III: Soldiers can't be housed in civilian homes during peacetime.
  - Amendment IV: No unreasonable searches; all searches require warrants.
  - Amendment V: Right to refuse to speak during a civil trial; No Double Jeopardy.
  - Amendment VI: Right to a speedy and public trial.
  - Amendment VII: Right to trial by jury when the sum exceeds \$20.
  - Amendment VIII: No excessive bails and/or fines.
  - Amendment IX: Other rights not enumerated are also in effect. ("People's Rights" Amendment)
  - Amendment X: Unlisted powers belong to the state. ("States' Rights" Amendment)
4. The Judiciary Act of 1789 created effective federal courts.
  5. John Jay became the first Chief Justice of the United States

#### **IV. Hamilton Revives the Corpse of Public Credit**

1. Born in the British West Indies, Alexander Hamilton's loyalty to the U.S. was often questioned, even though he claimed he loved his adopted country more than his native country.
2. He urged the federal government to pay its debts of \$54 million and try to pay them off at face value ("Funding at Par"), plus interest, as well as assume the debts of the states of \$21.5 million (this was known as "assumption").
  - Massachusetts had a huge debt, but Virginia didn't, so there needed to be some haggling. This was because Virginia felt it unfair that all debts were to be assumed by the entire nation. Essentially, its rival states would be at the same level as Virginia, even though they had obtained larger debts.
  - The bargain: Virginia would have the District of Columbia built on its land (therefore gaining prestige) in return for letting the government assume all the states' debts.
3. The "Funding at Par" would gain the support of the rich to the federal government, not to the states.

#### **V. Customs Duties and Excise Taxes**

1. With the national debt at a huge \$75 million, Alexander Hamilton was strangely unworried.
2. He used the debt as an asset: the more people the government owed money to, the more people would care about what would happen to the U.S. as a whole nation.
3. To pay off some of the debt, Hamilton first proposed custom duties, and the first one, imposing a low tariff of about 8% of the value of dutiable imports, was passed in 1789.
  - Hamilton also wanted to protect America's infant industries, though the U.S. was still dominated by agricultural programs. Little was done regarding this.
4. In 1791, Hamilton secured an excise tax on a few domestic items, notably whiskey (at 7 cents per gallon).

#### **VI. Hamilton Battles Jefferson for a Bank**

1. Hamilton proposed a national treasury, to be a private institution modeled after the Bank of England, to have the federal government as a major stockholder, to circulate cash to stimulate businesses, to store

excess money, and to print money that was worth something. This was opposed by Jefferson as being unconstitutional (as well as a tool for the rich to better themselves).

2. Hamilton's Views:

- What was not forbidden in the Constitution was permitted.
- A bank was "necessary and proper" (from Constitution).
- He evolved the Elastic Clause, AKA the "necessary and proper" clause, which would greatly expand federal power. This is a "loose interpretation" of the Constitution.

3. Jefferson's Views:

- What was not permitted was forbidden.
- A bank should be a state-controlled item (since the 10th Amendment says powers not delegated in the Constitution are left to the states).
- The Constitution should be interpreted literally and through a "strict interpretation."

4. End result: Hamilton won the dispute, and Washington reluctantly signed the bank measure into law. The Bank of the United States was created by Congress in 1791, and was chartered for 20 years.

- It was located in Philadelphia and was to have a capital of \$10 million.
- Stock was thrown open to public sale, and surprisingly, a milling crowd oversubscribed in two hours.

## **VII. Mutinous Moonshiners in Pennsylvania**

1. In 1794, in western Pennsylvania, the Whiskey Rebellion flared up when fed-up farmers revolted against Hamilton's excise tax.
  - Around those parts, liquor and alcohol was often used as money.
  - They said they'd been unfairly singled out to be taxed.
  - They cried "taxation without representation" since many were from Tennessee and Kentucky which were not yet states and had no one in Congress.
2. Washington cautiously sent an army of about 13,000 troops from various states to the revolt, but the soldiers found nothing upon arrival; the rebels had scattered.
3. Washington's new presidency now commanded new respect, but anti-federalists criticized the government's use of a sledgehammer to crush a gnat.
4. The lesson of the Whiskey Rebellion: this government, unlike the Articles, was strong!

## **VIII. The Emergence of Political Parties**

1. Hamilton's policies (national bank, suppression of Whiskey Rebellion, excise tax) seemed to encroach on states' rights.
2. As resentment grew, what was once a personal rivalry between Hamilton and Jefferson gradually evolved into two political parties.
3. The Founding Fathers had not envisioned various political parties (Whigs and Federalists and Tories, etc... had existed, but they had been groups, not parties).
4. Since 1825, the two-party system has helped strengthen the U.S. government, helping balance power and ensuring there was always a second choice to the ruling party.

## **IX. The Impact of the French Revolution**

1. Near the end of Washington's first term, in 1793, two parties had evolved: the Jeffersonian Democratic-Republicans and the Hamiltonian Federalists.
2. However, the French Revolution greatly affected America.
3. At first, people were overjoyed, since the first stages of the revolution were not unlike America's dethroning of Britain. Only a few ultraconservative Federalists were upset at this "mobocracy" and revolt.
4. When the French declared war on Austria, then threw back the Austrian armies and then proclaimed itself a republic, Americans sang "The Marseillaise" and other French revolutionary songs, and renamed various streets and places.
5. After the revolution turned radical and bloody, the Federalists rapidly changed opinions and looked nervously at the Jeffersonians, who felt that no revolution could be carried out without a little bloodshed.
6. Still, neither group completely approved of the French Revolution and its antics.
7. America was sucked into the revolution when France declared war on Great Britain and the battle for North American land began...again.

## **X. Washington's Neutrality Proclamation**

1. With war came the call by the JDR's (Jeffersonian Democratic-Republicans) to enter on the side of France, the recent friend of the U.S., against Britain, the recent enemy.
2. Hamilton leaned toward siding with the Brits, as doing so would be economically advantageous.
3. Washington knew that war could mean disaster and disintegration, since the nation in 1793 was militarily and economically weak and politically disunited.
4. In 1793, he issued the Neutrality Proclamation, proclaiming the U.S.'s official neutrality and warning Americans to stay out of the issue and be impartial.
5. JDR's were furious, and this controversial statement irked both sides, France and England.
6. Soon afterwards, Citizen Edmond Genêt, landed at Charleston, South Carolina, as representative to the U.S.
  - On his trip to Philadelphia, he had been cheered rousingly by Jeffersonian Democratic-Republicans, who supported France, and he came to wrongly believe that Washington's Neutrality Proclamation didn't truly reflect the feelings of Americans.
  - Also, he equipped privateers to plunder British ships and to invade Spanish Florida and British Canada.
  - He even went as far as to threaten to appeal over the head of Washington to the sovereign voters. Afterwards, he was basically kicked out of the U.S.
7. Actually, America's neutrality helped France, since only in that way could France get needed American foodstuffs to the Caribbean islands.
8. Although France was mad that the U.S. didn't help them, officially, the U.S. didn't have to honor its alliance from the Treaty of 1778 because France didn't call on it to do so.

## **XI. Embroilments with Britain**

1. Britain still had many posts in the frontier, and supplied the Indians with weapons.

2. The Treaty of Greenville, in 1795, had the Indians cede their vast tract in the Ohio country to the Americans after General "Mad Anthony" Wayne crushed them at the Battle of Fallen Timbers on August 20, 1794. It was here that the Americans learned of, and were infuriated by, British guns being supplied to the Indians.
3. Ignoring America's neutrality, British commanders of the Royal Navy seized about 300 American merchant ships and impressed (kidnapped) scores of seamen into their army.
4. Many JDR's cried out for war with Britain, or at least an embargo, but Washington refused, knowing that such drastic action would destroy the Hamilton financial system.

## **XII. Jay's Treaty and Washington's Farewell**

1. In a last-ditch attempt to avert war, Washington sent John Jay to England to work something out.
2. However, his negotiations were sabotaged by England-loving Hamilton, who secretly gave the Brits the details of America's bargaining strategy.
3. The results of the Jay Treaty with England weren't pretty:
  - Britain would repay the lost money from recent merchant ship seizures called "impressment", but it said nothing about future seizures or supplying Indians with arms.
  - America would have to pay off its pre-Revolutionary War debts to Britain.
4. Result: the JDR's from the South were furious, as the southern farmers would have to pay while the northern merchants would be paid. Jay's effigy was burnt in the streets. However, war was avoided.
5. At this time, the Pinckney Treaty of 1795 with Spain gave Americans free navigation of the Mississippi and the large disputed territory north of Florida. Oddly, it was the pro-British Jay Treaty that prompted Spain to be so lenient in the Pinckney Treaty (since Spain didn't want America buddying up to their enemy, England).
6. After his second term, Washington stepped down, creating a strong two-term precedent that wasn't broken until FDR was president.
  - His Farewell Address warned (1) against political parties and (2) against building permanent alliances with foreign nations.
  - Washington had set the U.S. on its feet and had made it sturdy.

## **XIII. John Adams Becomes President**

1. Hamilton was the logical choice to become the next president, but his financial plan had made him very unpopular.
2. John Adams, the ablest statesmen of his day, won, 71 to 68, against Thomas Jefferson, who became vice president.
3. Adams had a hated rival and opponent in Hamilton, who plotted with Adams' cabinet against the president, and a political rival in his vice president.
4. He also had a volatile situation with France that could explode into war.

## **XIV. Unofficial Fighting with France**

1. France was furious about the Jay's Treaty, calling it a flagrant violation of the 1778 Franco-American treaty, and so began seizing defenseless American merchant ships.

2. In the XYZ Affair, John Adams sent three envoys (including John Marshall) to France, where they were approached by three agents, "X," "Y," and "Z," who demanded a load of 32 million florins and a \$250,000 bribe just for talking to Talleyrand.
  - Even though bribes were routine in diplomacy, such a large sum for simply talking weren't worth it, and there was no guarantee of an agreement.
  - The envoys returned to America, cheered by angry Americans as having done the right thing for America.
3. Irate Americans called for war with France, but Adams, knowing just as Washington did that war could spell disaster, remained neutral.
4. Thus, an undeclared war mostly confined to the seas raged for two and a half years, where American ships captured over 80 armed French ships.

## **XV. Adams Puts Patriotism Above Party**

1. Talleyrand, knowing that war with the U.S. would add another enemy to France, declared that if another envoy was sent to France, that it would be received with respect.
2. In 1800, the three American envoys were met by Napoleon, who was eager to work with the U.S.
3. The treaty in 1800, signed in Paris, ended the 1778 alliance in return for the Americans paying the claims of its shippers' as alimony.
4. In keeping the U.S. at peace, John Adams plunged his popularity and lost his chance at a possible second term, but he did the right thing, keeping the U.S. neutral while it was still weak.

## **XVI. The Federalist Witch Hunt**

1. The Federalists scorned the poor people, who in turn were welcomed by the JDR's.
2. With the Alien Laws, Federalists therefore raised the residence requirements for aliens who wanted to become citizens from five to fourteen years, a law that violated the traditional American policy of open-door hospitality and speedy assimilation.
  - Another law let the president deport dangerous aliens during peacetime and jail them during times of war.
3. The Sedition Act provided that anyone who impeded the policies of the government or falsely defamed its officials, including the president, would be liable to a heavy fine and imprisonment; it was aimed at newspaper editors and the JDR's.
  - While obviously unconstitutional, this act was passed by the Federalist majority in Congress and upheld in the court because of the majority of Federalists there too.
  - It was conveniently written to expire in 1801 to prevent the use of it against themselves.
  - Matthew Lyon was one of those imprisoned when he was sentenced to four months in jail for writing ill things about President John Adams.
4. Furthermore, in the elections of 1798-99, the Federalists won the most sweeping victory of their history.

## **XVII. The Virginia (Madison) and Kentucky (Jefferson) Resolutions**

1. Resentful Jeffersonians would not take these laws lying down, and Jefferson feared that the Federalists, having wiped out freedom of

speech and of the press, might wipe out more.

2. He wrote a series of legislation that Kentucky approved in 1798-99, and friend James Madison wrote another series of legislation (less extreme) that Virginia approved.
  - They stressed the “compact theory” which meant that the 13 states, in creating the federal government, had entered into a contract regarding its jurisdiction, and the individual states were the final judges of the laws passed in Congress. In other words, the states had made the federal government, the federal government makes laws, but since the states made the federal government, the states reserve the right to nullify those federal laws. This compact theory is heard at this point, then again in 1832 regarding the national tariff, then again in the 1850s over slavery. Civil War erupts afterwards. Notably, this theory goes by several names, all synonymous: the “compact theory,” “states’ rights theory,” or “nullification.”
  - This legislation set out to kill the Sedition and Alien Laws.
3. Only those two states adopted the laws.
4. Federalists, though, argued that the people, not the states, had made the contract, and it was up to the Supreme Court to nullify legislation, a procedure that it adopted in 1803.
5. While neither Madison nor Jefferson wanted secession, they did want an end to Federalist abuses.

## **XVIII. Federalists Versus Democratic-Republicans**

1. The Federalists
  - Most Federalists were the old Federalists from before the Constitution.
  - They wanted a strong government ruled by the educated aristocrats, the “best people.”
  - Most were the merchants, manufacturers, and shippers along the Atlantic seaboard.
  - They were mostly pro-British and recognized that foreign trade was key in the U.S.
2. The Democratic-Republicans
  - Republicans were led by Thomas Jefferson, a poor speaker but a great leader, and an appealer to the common people. They desired rule by informed classes and a weaker central government that would preserve the sovereignty of the states. They were mostly pro-French.
  - Jefferson was rich and even owned slaves, but he sympathized with the common people.
  - They emphasized that national debt had to be paid off.
  - They were mostly agrarians (farmers), and insisted on no privileges for the upper class.
    - They saw farming was ennobling: it kept people away from wickedness of the cities, in the sun, and close to God.
  - He advocated rule of the people, but not all the people, just those who weren’t ignorant.
  - Slavery could help avoid a class of landless voters by providing the necessary labor.
  - He championed free speech, but he was foully abused by editorial pens.
3. Thus, as 1800 rolled around, the disunity of America was making its existence very much felt.

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