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A New Nation

I. Introduction

On July 4, 1788, Philadelphians turned out for a “grand federal procession” in honor of the new national constitution. Workers in various trades and professions demonstrated. Blacksmiths carted around a working forge, on which they symbolically beat swords into farm tools. Potters proudly carried a sign paraphrasing from the Bible, “The potter hath power over his clay,” linking God’s power with an artisan’s work and a citizen’s control over the country. Christian clergymen meanwhile marched arm-in-arm with Jewish rabbis. The grand procession represented what many Americans hoped the United States would become: a diverse but cohesive, prosperous nation.¹

Over the next few years, Americans would celebrate more of these patriotic holidays. In April 1789, for example, thousands gathered in New York to see George Washington take the presidential oath of office. That November, Washington called his fellow citizens to celebrate with a day of thanksgiving, particularly for “the peaceable and rational manner” in which the government had been established.²

“The Federal Pillars,” from the *Massachusetts Centinel*, August 2, 1789. Library of Congress.

But the new nation was never as cohesive as its champions had hoped. Although the officials of the new federal government—and the people who supported it—placed great emphasis on unity and cooperation, the country was often anything but unified. The Constitution itself had been a controversial document adopted to strengthen the government so that it could withstand internal conflicts. Whatever the later celebrations, the new nation had looked to the future with uncertainty. Less than two years before the national celebrations of 1788 and 1789, the United States had faced the threat of collapse.

II. Shays' Rebellion

In 1786 and 1787, a few years after the Revolution ended, thousands of farmers in western Massachusetts were struggling under a heavy burden of debt. Their problems were made worse by weak local and national economies. Many political leaders saw both the debt and the struggling economy as a consequence of the Articles of Confederation, which provided the federal government with no way to raise revenue and did little



Daniel Shays became a divisive figure, to some a violent rebel seeking to upend the new American government, to others an upholder of the true revolutionary virtues Shays and others fought for. This contemporary depiction of Shays and his accomplice Job Shattuck portrays them in the latter light as rising “illustrious from the Jail.” Unidentified artist, *Daniel Shays and Job Shattuck*, 1787. Wikimedia.

to create a cohesive nation out of the various states. The farmers wanted the Massachusetts government to protect them from their creditors, but the state supported the lenders instead. As creditors threatened to foreclose on their property, many of these farmers, including Revolutionary War veterans, took up arms.

Led by a fellow veteran named Daniel Shays, these armed men, the “Shaysites,” resorted to tactics like the patriots had used before the Revolution, forming blockades around courthouses to keep judges from issuing foreclosure orders. These protesters saw their cause and their methods as an extension of the “Spirit of 1776”; they were protecting their rights and demanding redress for the people’s grievances.

Governor James Bowdoin, however, saw the Shaysites as rebels who wanted to rule the government through mob violence. He called up thousands of militiamen to disperse them. A former Revolutionary general, Benjamin Lincoln, led the state force, insisting that Massachusetts must prevent “a state of anarchy, confusion and slavery.”³ In January 1787, Lincoln’s militia arrested more than one thousand Shaysites and reopened the courts.

Daniel Shays and other leaders were indicted for treason, and several were sentenced to death, but eventually Shays and most of his followers received pardons. Their protest, which became known as Shays’ Rebellion, generated intense national debate. While some Americans, like Thomas Jefferson, thought “a little rebellion now and then” helped keep the country free, others feared the nation was sliding toward anarchy and complained that the states could not maintain control. For nationalists like James Madison of Virginia, Shays’ Rebellion was a prime example of why the country needed a strong central government. “Liberty,” Madison warned, “may be endangered by the abuses of liberty as well as the abuses of power.”⁴

III. The Constitutional Convention

The uprising in Massachusetts convinced leaders around the country to act. After years of goading by James Madison and other nationalists, delegates from twelve of the thirteen states met at the Pennsylvania state house in Philadelphia in the summer of 1787. Only Rhode Island declined to send a representative. The delegates arrived at the convention with instructions to revise the Articles of Confederation.

The biggest problem the convention needed to solve was the federal government’s inability to levy taxes. That weakness meant that the burden of paying back debt from the Revolutionary War fell on the states.



The states, in turn, found themselves beholden to the lenders who had bought up their war bonds. That was part of why Massachusetts had chosen to side with its wealthy bondholders over poor western farmers.⁵

James Madison, however, had no intention of simply revising the Articles of Confederation. He intended to produce a completely new national constitution. In the preceding year, he had completed two extensive research projects—one on the history of government in the United States, the other on the history of republics around the world. He used this research as the basis for a proposal he brought with him to Philadelphia. It came to be called the Virginia Plan, named after Madison's home state.⁶

The Virginia Plan was daring. Classical learning said that a republican form of government required a small and homogenous state: the Roman republic, or a small country like Denmark, for example. Citizens who were too far apart or too different could not govern themselves successfully. Conventional wisdom said the United States needed to have a very weak central government, which should simply represent the states on certain matters they had in common. Otherwise, power should stay at the state or local level. But Madison's research had led him in a different direction. He believed it was possible to create "an extended republic" encompassing a diversity of people, climates, and customs.

The Virginia Plan, therefore, proposed that the United States should have a strong federal government. It was to have three branches—legislative, executive, and judicial—with power to act on any issues of na-

James Madison was a central figure in the re-configuration of the national government. Madison's Virginia Plan was a guiding document in the formation of a new government under the Constitution. John Vanderlyn, *Portrait of James Madison*, 1816. Wikimedia.



tional concern. The legislature, or Congress, would have two houses, in which every state would be represented according to its population size or tax base. The national legislature would have veto power over state laws.⁷

Other delegates to the convention generally agreed with Madison that the Articles of Confederation had failed. But they did not agree on what kind of government should replace them. In particular, they disagreed about the best method of representation in the new Congress. Representation was an important issue that influenced a host of other decisions, including deciding how the national executive branch should work, what specific powers the federal government should have, and even what to do about the divisive issue of slavery.

For more than a decade, each state had enjoyed a single vote in the Continental Congress. Small states like New Jersey and Delaware wanted to keep things that way. The Connecticut delegate Roger Sherman, furthermore, argued that members of Congress should be appointed by the state legislatures. Ordinary voters, Sherman said, lacked information, were “constantly liable to be misled” and “should have as little to do as may be” about most national decisions.⁸ Large states, however, preferred the Virginia Plan, which would give their citizens far more power over the legislative branch. James Wilson of Pennsylvania argued that since the Virginia Plan would vastly increase the powers of the national government, representation should be drawn as directly as possible from the public. No government, he warned, “could long subsist without the confidence of the people.”⁹

Ultimately, Roger Sherman suggested a compromise. Congress would have a lower house, the House of Representatives, in which members were assigned according to each state’s population, and an upper house, which became the Senate, in which each state would have one vote. This proposal, after months of debate, was adopted in a slightly altered form as the Great Compromise: each state would have two senators, who could vote independently. In addition to establishing both types of representation, this compromise also counted a slave as three fifths of a person for representation and tax purposes.

The delegates took even longer to decide on the form of the national executive branch. Should executive power be in the hands of a committee or a single person? How should its officeholders be chosen? On June 1, James Wilson moved that the national executive power reside in a single person. Coming only four years after the American Revolution, that proposal was extremely contentious; it conjured up images of an elected



monarchy.¹⁰ The delegates also worried about how to protect the executive branch from corruption or undue control. They endlessly debated these questions, and not until early September did they decide the president would be elected by a special electoral college.

In the end, the Constitutional Convention proposed a government unlike any other, combining elements copied from ancient republics and English political tradition but making some limited democratic innovations—all while trying to maintain a delicate balance between national and state sovereignty. It was a complicated and highly controversial scheme.

Delegates to the Constitutional Convention assembled, argued, and finally agreed in this room, styled in the same manner as during the Convention. Photograph of the Assembly Room, Independence Hall, Philadelphia, Pennsylvania. Wikimedia. Creative Commons Attribution-Share Alike 3.0 Unported.

IV. Ratifying the Constitution

The convention voted to send its proposed Constitution to Congress, which was then sitting in New York, with a cover letter from George Washington. The plan for adopting the new Constitution, however, required approval from special state ratification conventions, not just Congress. During the ratification process, critics of the Constitution organized to persuade voters in the different states to oppose it.

Importantly, the Constitutional Convention had voted down a proposal from Virginia's George Mason, the author of Virginia's state Declaration of Rights, for a national bill of rights. This omission became a



rallying point for opponents of the document. Many of these Anti-Federalists argued that without such a guarantee of specific rights, American citizens risked losing their personal liberty to the powerful federal government. The pro-ratification Federalists, on the other hand, argued that including a bill of rights was not only redundant but dangerous; it could limit future citizens from adding new rights.¹¹

Citizens debated the merits of the Constitution in newspaper articles, letters, sermons, and coffeehouse quarrels across America. Some of the most famous, and most important, arguments came from Alexander Hamilton, John Jay, and James Madison in the *Federalist Papers*, which were published in various New York newspapers in 1787 and 1788.¹² The first crucial vote came at the beginning of 1788 in Massachusetts. At first, the Anti-Federalists at the Massachusetts ratifying convention probably had the upper hand, but after weeks of debate, enough delegates changed their votes to narrowly approve the Constitution. But they also approved a number of proposed amendments, which were to be submitted to the first Congress. This pattern—ratifying the Constitution but attaching proposed amendments—was followed by other state conventions.

The most high-profile convention was held in Richmond, Virginia, in June 1788, when Federalists like James Madison, Edmund Randolph, and John Marshall squared off against equally influential Anti-Federalists like Patrick Henry and George Mason. Virginia was America's most populous state, it had produced some of the country's highest-profile leaders, and the success of the new government rested upon its cooperation. After nearly a month of debate, Virginia voted 89 to 79 in favor of ratification.¹³

On July 2, 1788, Congress announced that a majority of states had ratified the Constitution and that the document was now in effect. Yet this did not mean the debates were over. North Carolina, New York, and Rhode Island had not completed their ratification conventions, and Anti-Federalists still argued that the Constitution would lead to tyranny. The New York convention would ratify the Constitution by just three votes, and finally Rhode Island would ratify it by two votes—a full year after George Washington was inaugurated as president.

V. Rights and Compromises

Although debates continued, Washington's election as president cemented the Constitution's authority. By 1793, the term *Anti-Federalist* would be essentially meaningless. Yet the debates produced a piece of



the Constitution that seems irreplaceable today. Ten amendments were added in 1791. Together, they constitute the Bill of Rights. James Madison, against his original wishes, supported these amendments as an act of political compromise and necessity. He had won election to the House of Representatives only by promising his Virginia constituents such a list of rights.

There was much the Bill of Rights did not cover. Women found no special protections or guarantee of a voice in government. Many states continued to restrict voting only to men who owned significant amounts of property. And slavery not only continued to exist; it was condoned and protected by the Constitution.

Of all the compromises that formed the Constitution, perhaps none would be more important than the compromise over the slave trade. Americans generally perceived the transatlantic slave trade as more violent and immoral than slavery itself. Many northerners opposed it on moral grounds. But they also understood that letting southern states import more Africans would increase their political power. The Constitution counted each black individual as three fifths of a person for purposes of representation, so in districts with many slaves, the white voters had extra influence. On the other hand, the states of the Upper South also welcomed a ban on the Atlantic trade because they already had a surplus of slaves. Banning importation meant slave owners in Virginia and Maryland could get higher prices when they sold their slaves to states like South Carolina and Georgia that were dependent on a continued slave trade.

New England and the Deep South agreed to what was called a “dirty compromise” at the Constitutional Convention in 1787. New Englanders agreed to include a constitutional provision that protected the foreign slave trade for twenty years; in exchange, South Carolina and Georgia delegates had agreed to support a constitutional clause that made it easier for Congress to pass commercial legislation. As a result, the Atlantic slave trade resumed until 1808 when it was outlawed for three reasons. First, Britain was also in the process of outlawing the slave trade in 1807, and the United States did not want to concede any moral high ground to its rival. Second, the Haitian Revolution (1791–1804), a successful slave revolt against French colonial rule in the West Indies, had changed the stakes in the debate. The image of thousands of armed black revolutionaries terrified white Americans. Third, the Haitian Revolution had ended France’s plans to expand its presence in the Americas, so in 1803,



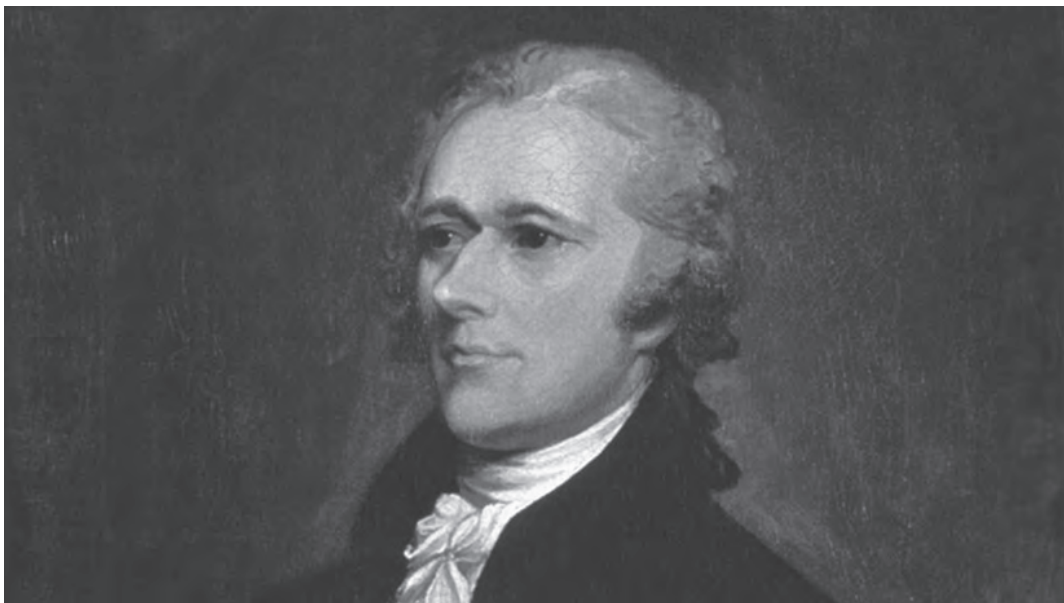
the United States had purchased the Louisiana Territory from the French at a fire-sale price. This massive new territory, which had doubled the size of the United States, had put the question of slavery's expansion at the top of the national agenda. Many white Americans, including President Thomas Jefferson, thought that ending the external slave trade and dispersing the domestic slave population would keep the United States a white man's republic and perhaps even lead to the disappearance of slavery.

The ban on the slave trade, however, lacked effective enforcement measures and funding. Moreover, instead of freeing illegally imported Africans, the act left their fate to the individual states, and many of those states simply sold intercepted slaves at auction. Thus, the ban preserved the logic of property ownership in human beings. The new federal government protected slavery as much as it expanded democratic rights and privileges for white men.¹⁴

VI. Hamilton's Financial System

President George Washington's cabinet choices reflected continuing political tensions over the size and power of the federal government. The vice president was John Adams, and Washington chose Alexander Hamilton to be his secretary of the treasury. Both men wanted an active government that would promote prosperity by supporting American industry.

Alexander Hamilton saw America's future as a metropolitan, commercial, industrial society, in contrast to Thomas Jefferson's nation of small farmers. While both men had the ear of President Washington, Hamilton's vision proved most appealing and enduring. John Trumbull, *Portrait of Alexander Hamilton*, 1806. Wikimedia.



However, Washington chose Thomas Jefferson to be his secretary of state, and Jefferson was committed to restricting federal power and preserving an economy based on agriculture. Almost from the beginning, Washington struggled to reconcile the Federalist and Republican (or Democratic-Republican) factions within his own administration.¹⁵

Alexander Hamilton believed that self-interest was the “most powerful incentive of human actions.” Self-interest drove humans to accumulate property, and that effort created commerce and industry. According to Hamilton, government had important roles to play in this process. First, the state should protect private property from theft. Second, according to Hamilton, the state should use human “passions” and “make them subservient to the public good.”¹⁶ In other words, a wise government would harness its citizens’ desire for property so that both private individuals and the state would benefit.

Hamilton, like many of his contemporary statesmen, did not believe the state should ensure an equal distribution of property. Inequality was understood as “the great & fundamental distinction in Society,” and Hamilton saw no reason why this should change. Instead, Hamilton wanted to tie the economic interests of wealthy Americans, or “monied men,” to the federal government’s financial health. If the rich needed the government, then they would direct their energies to making sure it remained solvent.¹⁷

Hamilton, therefore, believed that the federal government must be “a Repository of the Rights of the wealthy.”¹⁸ As the nation’s first secretary of the treasury, he proposed an ambitious financial plan to achieve just that.

The first part of Hamilton’s plan involved federal “assumption” of state debts, which were mostly left over from the Revolutionary War. The federal government would assume responsibility for the states’ unpaid debts, which totaled about \$25 million. Second, Hamilton wanted Congress to create a bank—a Bank of the United States.

The goal of these proposals was to link federal power and the country’s economic vitality. Under the assumption proposal, the states’ creditors (people who owned state bonds or promissory notes) would turn their old notes in to the treasury and receive new federal notes of the same face value. Hamilton foresaw that these bonds would circulate like money, acting as “an engine of business, and instrument of industry and commerce.”¹⁹ This part of his plan, however, was controversial for two reasons.



First, many taxpayers objected to paying the full face value on old notes, which had fallen in market value. Often the current holders had purchased them from the original creditors for pennies on the dollar. To pay them at full face value, therefore, would mean rewarding speculators at taxpayer expense. Hamilton countered that government debts must be honored in full, or else citizens would lose all trust in the government. Second, many southerners objected that they had already paid their outstanding state debts, so federal assumption would mean forcing them to pay again for the debts of New Englanders. Nevertheless, President Washington and Congress both accepted Hamilton's argument. By the end of 1794, 98 percent of the country's domestic debt had been converted into new federal bonds.²⁰

Hamilton's plan for a Bank of the United States, similarly, won congressional approval despite strong opposition. Thomas Jefferson and other Republicans argued that the plan was unconstitutional; the Constitution did not authorize Congress to create a bank. Hamilton, however, argued that the bank was not only constitutional but also important for the country's prosperity. The Bank of the United States would fulfill several needs. It would act as a convenient depository for federal funds. It would print paper banknotes backed by specie (gold or silver). Its agents would also help control inflation by periodically taking state bank notes to their banks of origin and demanding specie in exchange, limiting the amount of notes the state banks printed. Furthermore, it would give wealthy people a vested interest in the federal government's finances. The government would control just 20 percent of the bank's stock; the other eighty percent would be owned by private investors. Thus, an "intimate connexion" between the government and wealthy men would benefit both, and this connection would promote American commerce.

In 1791, therefore, Congress approved a twenty-year charter for the Bank of the United States. The bank's stocks, together with federal bonds, created over \$70 million in new financial instruments. These spurred the formation of securities markets, which allowed the federal government to borrow more money and underwrote the rapid spread of state-chartered banks and other private business corporations in the 1790s. For Federalists, this was one of the major purposes of the federal government. For opponents who wanted a more limited role for industry, however, or who lived on the frontier and lacked access to capital, Hamilton's system seemed to reinforce class boundaries and give the rich inordinate power over the federal government.



Hamilton's plan, furthermore, had another highly controversial element. In order to pay what it owed on the new bonds, the federal government needed reliable sources of tax revenue. In 1791, Hamilton proposed a federal excise tax on the production, sale, and consumption of a number of goods, including whiskey.

VII. The Whiskey Rebellion and Jay's Treaty

Grain was the most valuable cash crop for many American farmers. In the West, selling grain to a local distillery for alcohol production was typically more profitable than shipping it over the Appalachians to eastern markets. Hamilton's whiskey tax thus placed a special burden on western farmers. It seemed to divide the young republic in half—geographically between the East and West, economically between merchants and farmers, and culturally between cities and the countryside.

In the fall of 1791, sixteen men in western Pennsylvania, disguised in women's clothes, assaulted a tax collector named Robert Johnson. They tarred and feathered him, and the local deputy marshals seeking justice met similar fates. They were robbed and beaten, whipped and flogged, tarred and feathered, and tied up and left for dead. The rebel farmers also adopted other protest methods from the Revolution and Shays' Rebellion, writing local petitions and erecting liberty poles. For the next two years, tax collections in the region dwindled.

Then, in July 1794, groups of armed farmers attacked federal marshals and tax collectors, burning down at least two tax collectors' homes. At the end of the month, an armed force of about seven thousand, led by the radical attorney David Bradford, robbed the U.S. mail and gathered about eight miles east of Pittsburgh. President Washington responded quickly.

First, Washington dispatched a committee of three distinguished Pennsylvanians to meet with the rebels and try to bring about a peaceful resolution. Meanwhile, he gathered an army of thirteen thousand militiamen in Carlisle, Pennsylvania. On September 19, Washington became the only sitting president to lead troops in the field, though he quickly turned over the army to the command of Henry Lee, a Revolutionary hero and the current governor of Virginia.

As the federal army moved westward, the farmers scattered. Hoping to make a dramatic display of federal authority, Alexander Hamilton oversaw the arrest and trial of a number of rebels. Many were released

