Ch 10 Launching the New Ship of State

1. Growing Pains
   1. After 12 years of government-disabling, now America had to begin nation-building. During the Revolutionary time period though, a strong distrust of government had been instilled in people.
   2. The U.S. financial situation was grim.
      1. Revenue was very small yet the debt was mounting due to interest.
      2. Hard (metal) money was scarce and the paper money was worthless.
      3. The financial situation was the number 1 problem the new nation faced.
      4. Still, America was trying to create a democracy on a scale never been done before and make it fly.
   3. The U.S. Constitution went into effect in 1789.
      1. The population was doubling every 20 years. The largest cities in the 1790 census (in order) were Philadelphia, New York, Boston, Charleston, and Baltimore.
      2. 90% of the people were rural. 5% lived west of the Appalachian Mountains. These folks lived mostly in Kentucky, Tennessee and Ohio which soon became new states. Vermont became state number 14 in 1791.
   4. Foreigners thought the Americans were rough and crude people due to the primitive pioneer lifestyle.
2. Washington for President
   1. **George Washington** was the choice for president.
      1. He was the war hero and the looked the part—6 foot 2 inches, 175 pounds, broad shoulders.
      2. His top attribute was impeccable and highly respected character.
      3. He reluctantly accepted the call to the presidency and was unanimously elected by the electoral college.
   2. Washington made something of a parade route from his Mt. Vernon Virginia home to New York City (the temporary capital) to be sworn in.
      1. He was sworn in on April 30, 1789 on Wall Street.
   3. He quickly established a cabinet. It consisted of…
      1. Secretary of State: Thomas Jefferson
      2. Secretary of the Treasury: Alexander Hamilton
      3. Secretary of War: Henry Knox
3. The Bill of Rights
   1. The Constitution lacked a Bill of Rights—this deeply bothered several states. They ratified it on the promise that as soon as the new government began, they'd add a Bill of Rights. The government kept its word.
   2. James Madison wrote the Bill of Rights then channeled them through 2/3 of Congress. The next step was to get 3/4 of the states to adopt them. The required number of states ratified the Bill of Rights in 1791.
   3. The Bill of Rights (for history purposes, Amendments 9 and especially 10 are the most important)…
      1. Amendment 1 - Freedom of religion, speech, press, right to peaceful assemble and petition.
      2. Amendment 2 - Right to bear arms.
      3. Amendment 3 - Protection from quartering soldiers in homes.
      4. Amendment 4 - Protection from searches or seizures without a warrant.
      5. Amendment 5 - Right to *not* testify against one's self and protection from double jeopardy.
      6. Amendment 6 - Guarantee of a proper trial.
      7. Amendment 7 - Guarantee of a jury trial.
      8. Amendment 8 - Protection from excessive bail or fines.
      9. **Amendment 9** - Statement that people have rights that are *not even listed* here. (The "People's Rights Amendment).
      10. **Amendment 10** - Statement that any power *not granted in the Constitution* is left to the states. (The "State's Rights Amendment).
   4. To complete the 3 branches of the government, Congress passed and Pres. Washington signed the **Judiciary Act of 1789** that set up the Supreme Court and the Federal Court System.
      1. **John Jay** then became the first Supreme Court Chief Justice.
      2. With this law, the U.S. government was then fully complete and fully functional.
4. Hamilton Revives the Corpse of Public Credit
   1. Hamilton was a brilliant but arrogant fellow that many Americans didn't warm up to. He was born in the British West Indies and loved British institutions, but said he loved America more. Still, he was often accused of being more British than American.
   2. As Secretary of Treasury, Alexander Hamilton had to overcome America's top problem…the money-problem (or *lack*-of-money problem). He'd eventually come up with a 4-part plan to get America on its financial feet. The plan included…
      1. Paying off all debts in full.
      2. A tariff (tax on imports).
      3. A tax on whiskey.
      4. A National Bank.
   3. Paying off the debts…
      1. Hamilton insisted on paying debts in full or at 100% face value in what was called **Funding at Par**.
         1. Hamilton insisted that Funding at Par was crucial, basically because it would get respect. How could Americans respect their government if they only paid half their debts? Or worse, how would other nations, like France, view America if they paid only a bit?
      2. Hamilton also urged what he called **Assumption**. In Assumption, the federal government would assume the states' debts, or in other words, the states would simply give their debts over to the federal government. The reason for assuming state debts was to tie the states together in a common endeavor—to jointly pay off the debt.
         1. Massachusetts had a huge debt and liked the idea. Virginia didn't have much of a debt and disliked the idea. A compromise had to be made.
         2. The bargain said that Massachusetts would get the Assumption clause passed. Virginia would see the new national capital on the Potomac River—the site of Washington D.C.
5. Customs Duties and Excise Taxes
   1. Hamilton was determined to pay the full $75 million debt, plus interest. He felt the debt was actually a *good* thing since it tied the states together.
   2. The question then became, "How would a poor country pay off the debt?" Hamilton proposed that revenue be made through a tariff (tax on imports).
      1. Hamilton had the long-range vision to see that industry in America would eventually boom. Along with it, trade would grow, and the tariff would earn money.
   3. An excise tax on whiskey was imposed to raise a bit more money. This whiskey tax on 7 cents/gallon hit the whiskey-makers in the backwoods who often used whiskey as money.
6. Hamilton Battles Jefferson for a Bank This content copyright © 2010 by WikiNotes.wikidot.com
   1. The last part of Hamilton's plan was to create a National Bank to stabilize the economy.
      1. It was modeled after the Bank of England and was to be a private institution but with the government as the major stockholder.
      2. Its purposes would be to (a) store government money, (b) lend to businesses, and (c) print money and thus stabilize currency.
      3. The snag that was hit was the question, "Is this bank Constitutional?" since it was not written into the Constitution. Thomas Jefferson argued against the bank saying it was not.
   2. The National Bank debate…
      1. Thomas Jefferson's point-of-view…
         1. He felt that whatever is not *permitted* in the Constitution is *prohibited*. A bank was not in the Constitution.
         2. The bank should be left to the states because that's what Amendment 10 said (any power not listed in the Constitution is reserved to the states).
         3. This point-of-view is called a **strict interpretation** of the Constitution that said something must specifically be written into the Constitution in black-and-white for it to be legal.
      2. Alexander Hamilton's point-of-view…
         1. he felt that whatever is not *prohibited* in the Constitution is *permitted*. The bank wasn't specifically prohibited so it was okay.
         2. He brought up the "**Elastic Clause**" of Congress (AKA the "**Necessary and Proper**" Clause) that said Congress has the power to do whatever is necessary and proper to carry out its appointed duties. He reasoned that Congress was given the duty of regulating commerce and collect taxes; to properly do this, a national bank was necessary and proper.
         3. This reliance on the Elastic Clause was also called a "**Loose Interpretation**" of the Constitution.
      3. In the end, Hamilton won the argument.
         1. The **Bank of the United States** was started in 1791 with a charter good for 20 years.
         2. It was built in Philadelphia, was to have $10 million worth of capital, and sold out its public stock in only two hours.
7. Mutinous Moonshiners in Pennsylvania
   1. The whiskey-makers of the frontier region were upset over Hamilton's tax on whiskey.
      1. They said they’d been unfairly singled out to be taxed.
      2. They cried “taxation without representation” since many were from Tennessee and Kentucky which were not yet states and had no one in Congress.
   2. Things came to head in 1794 when violence broke into the **Whiskey Rebellion** frontier Pennsylvania.
      1. The question now was, "Is the government strong enough to *force* someone to obey laws, or can some people just pick and choose the laws they like?"
      2. Pres. Washington responded quickly. He sent 13,000 soldiers to quell the revolt of a couple of hundred. A couple of people were killed but most just fled the scene. The revolt was crushed.
         1. Washington actually got criticism from Anti-Federalists about reacting *too* strongly. They said he'd used a sledgehammer to crush a gnat.
   3. The lesson of the Whiskey Rebellion was that this new government was strong, unlike the Articles that worried people over Shays' Rebellion.
8. The Emergence of Political Parties
   1. Hamilton's policies had an unexpected side-effect—they created the two-political party system.
   2. The two initial parties were sometimes called by their leaders' names…the **Hamiltonians** and the **Jeffersonians**.
      1. From there, a long series of names and name-changing could roughly be followed down to modern-day Republicans and Democrats.
   3. The Founding Fathers hadn't anticipated multiple political parties. They'd had *factions*, but those came over an issue, ran their course, then faded. Permanent political parties were something new.
      1. Also, the consensus then was that political parties *hurt* the situation rather than help because they create dissent, argument, and bog down the government.
      2. It seems however, that having two parties has *helped* our country simply by always given voters a different choice. If a voter doesn't like the situation in Washington currently, the other party will take opposing views and the voter can vote the new party in. With only one party, there is no 2nd choice.
9. The Impact of the French Revolution
   1. The American Revolution partially inspired the French Revolution as they figured, "If the Americans can pull it off, why can't we?"
   2. The French Revolution of the 1780s and 90s started innocently enough then grew complicated.
      1. Initially, Americans were very happy to hear of democracy over-throwing a monarchy.
      2. A minority of conservatives were upset over the "mobocracy" and disorder.
      3. In 1792, the French Revolution became more of a world war. In a nutshell, the French Revolution had two arenas: (a) it was a civil war of the French people vs. the French upper classes, but also (b) the French nation vs. nearly every other European nation (the other nations feared similar revolutions in their own countries if the French people pulled it off).
      4. The Revolution went sour when the "Reign of Terror" got out the guillotine and thousands of nobles had their heads chopped off.
   3. The question of how America would respond became a bit trickier. The two brand new political parties had something else to disagree over…
      1. Conservatives (the Federalists) were thoroughly appalled at the treachery.
      2. Liberals like Thomas Jefferson (the Democratic-Republicans) felt that a few nobles' heads were a small price to pay for freedom and democracy.
   4. When England joined the war vs. France, things got even trickier for Americans over two questions…
      1. Whom would the U.S. support, France or England?
      2. How would this affect land holdings over on the North American side of the Atlantic?
10. Washington’s Neutrality Proclamation
    1. The most pressing question was, "Which side would the U.S. support?"
    2. Jeffersonian Democratic-Republicans said the U.S. should side with France.
       1. Looking at it from the State Dept. perspective, he said the U.S. should side with France because of the Franco-American alliance of 1778. Jefferson said that since France had helped in the American Revolution, it was time to repay the favor.
    3. Hamilton's Federalists said the U.S. should side with England.
       1. Looking at it from the Treasury Dept. perspective, he said siding with the British would be economically advantageous to the young American nation.
    4. Pres. Washington got to make the call. He sided with neither and said that America would stay neutral. This decision well illustrates the emerging American policy of acting in self-interest.
       1. He simply took a practical perspective—the U.S. was too young to get into a huge war. It would be too destructive to a nation just getting its feet settled underneath it.
       2. Washington gave his "**Neutrality Proclamation**" in 1793. It stated America's neutral position and urged Americans to think and act that way.
          1. Though neutral, it was really a victory for Hamilton/Federalists/England who all liked the decision.
          2. France and the Democratic-Republicans were thoroughly upset and felt the U.S. had betrayed the Franco-American treaty.
             1. An offshoot of the decision was the action of French **Citizen Edmond Genêt**. He came to Charleston, SC and thought Washington's decision didn't reflect the American people's views. He foolishly thought the Americans would rise up and somehow overturn the neutrality or government. Washington had him replaced.
             2. France actually might've been *helped* by the neutrality since that prevented a British naval blockade and enabled American foodstuffs to go to France.
             3. And, technically speaking, America didn't *have* to honor the Franco-American alliance because France didn't call upon it to honor it.
11. Embroilments with Britain
    1. A couple of issues with England weren't going away, but were actually growing…
    2. England still had several frontier posts in America to trade furs and create an Indian buffer to the Americans. This bothered the Americans but they put up with it.
       1. A turning point came with **Gen. "Mad" Anthony Wayne** who led the Army in defeat of the Indians at the **Battle of Fallen Timbers** in August of 1794.
          1. When the smoke cleared from the battlefield it became clear that the Indians had been using English guns. This was too much.
          2. In 1795 the Indians signed (half signed, half forced-to-sign) the **Treaty of Grenville** where the Indians surrendered much of the Ohio Valley.
    3. A second problem was occurring in the Caribbean with the British Navy.
       1. The British Navy was at war there with France, but also harassed American ships. The Royal Navy seized about 300 U.S. ships and **impressed** (or kidnapped) many U.S. sailors.
       2. Jeffersonian Democratic-Republicans were furious. They wanted to either go to war with England or at least halt trade with them. Calmer Hamiltonians (Federalists) stayed the course of neutrality. War would do the infant U.S. no good.
12. Jay’s Treaty and Washington’s Farewell
    1. Pres. Washington didn't want war and in 1794 he sent **John Jay** to England to smooth things over.
       1. Strangely though, Alexander Hamilton had undermined Jay's mission. Hamilton had given the British Jay's bargaining strategy so Jay was one step behind already.
       2. The results of the "**Jay's Treaty"** were not the best for America…
          1. The U.S. would have to pay off its debts to England from pre-Revolution days.
          2. The British would leave the American frontier posts. (This was a hollow promise since they'd already given that promise 20 years prior, to John Jay none-the-less!).
          3. England said they'd pay for damages during impressment. (But they said nothing about stopping *future* impressment. This was the number 1 complaint!).
          4. War was avoided. (This was the only good thing the U.S. got, was the top goal at the meeting, and Jay returned to America feeling successful).
    2. The reaction of Americans to Jay's Treaty was harsh.
       1. Jeffersonian Democratic-Republicans especially hated the treaty. They felt that the U.S. just laid down and surrendered to England.
       2. They felt that southern farmers would have to pay the debt, but northern merchants would collect the impressment payments. Jay’s effigy (a dummy representing him) was burnt in the streets.
    3. The next year, a second treaty emerged that was *good* for the U.S.—the **Pinckney Treaty** with Spain.
       1. Spain looked at the Jay's Treaty and thought the U.S. was "buddying up" to England. So, Spain wished to give a little good will to America to keep relations friendly.
       2. The Pinckney Treaty (1795) gave Americans (a) the right to travel down and out the Mississippi River and (b) the disputed area of Florida.
    4. Pres. Washington could've run for a third term, but instead he stepped down saying two terms was enough. He gave a **Farewell Address** and warned…
       1. America should avoid political parties (as he thought them to be divisive).
       2. America should avoid "permanent alliances" with other nations and simply make decisions independently and in America's own best interest.
13. John Adams Becomes President
    1. Even though George Washington warned of political parties, his policies and decisions would've made him a Federalist. Alexander Hamilton, being the leader of the Federalists, would seem to be the next-in-line. But, his policies and arrogance had made him too many rivals. He was passed up for someone with fewer enemies.
    2. John Adams was nominated by the Federalists for president in 1796.
    3. The Democratic-Republicans (who were now going by just "Republicans") nominated their leader, Thomas Jefferson.
    4. Adams won the electoral vote 71 to 68. Jefferson came in as runner-up and thus became Vice-President (that was the system then).
    5. So, Adams became president in an uncomfortable situation…
       1. He was something of a "cold fish" New Englander—stuffy, stern, crusty, bookish, stubborn.
       2. He had a vice-president from a totally different political party.
       3. Hamilton hated him. Hamilton headed up the "High Federalists" and sometimes plotted to undermine Adams.
       4. And, the situation with France was only one step shy of busting into war.
14. Unofficial Fighting with France
    1. France was still fuming mad over the Neutrality Proclamation and Jay's Treaty.
    2. French warships began seizing some 300 American ships in the Caribbean Sea. In practical terms, an unofficial war existed there.
    3. Many Americans became hyper for war. Adams stayed cool. Like Washington, Adams felt that a war would just stunt the new nation.
    4. Adams sent delegates to France to smooth things over. This became known as the **XYZ Affair**.
       1. Their main goal: avoid war. The U.S. delegates were officially rejected by France.
       2. Then undercover, Mr. "X", "Y", and "Z" made a secret offer. If the U.S. delegates issued an apology from Pres. Adams, gave France a loan, and gave the men a bribe, then the Americans would be allowed to speak with the French official **Talleyrand**.
       3. The American delegates refused this lop-sided deal and just came home.
       4. The American people cheered the delegates for not giving in (like John Jay) and called for war with more passion.
    5. The unofficial war in the Caribbean kept on and stepped up. American ships captured over 80 French ships. American ships were also lost. It was really a free-for-all on the high seas where a ship did whatever it wished.
15. Adams Puts Patriotism Above Party
    1. France also let calmer minds prevail. Talleyrand knew France didn't need yet another enemy. So, he said that American delegates would be received with respect.
    2. If he went to war, Adams had a chance to gain huge popularity, maybe win Florida and Louisiana, and likely win re-election.
       1. He chose to *not* go to war. Like Washington, he knew a war would stunt the infant nation.
       2. Adams sent new delegates to France to speak with Napoleon Bonaparte. Napoleon had other plans (take over Europe) and was eager to close the American mess. They made the **Convention of 1800** that said…
          1. The Franco-American Alliance was over.
          2. Americans had to pay damages to French shippers.
    3. Adams decision to go the peace-route was unpopular. It cost him re-election (Jefferson was elected in 1800). But, it was the best thing for America at the time and the right thing to do.
16. The Federalist Witch Hunt
    1. Federalists used the anti-French passion to pass a couple of tricky laws. The laws had two levels: (a) a surface level that was stated openly, and (b) an ulterior, sneaky motive by the Federalists.
       1. The **Alien acts** made it tougher for immigrants to come to the U.S. and become citizens. They had the stated purpose of protecting Americans from foreigners who might come into the country and undermine the U.S. The theory was that the immigrant was more loyal to his home country than the U.S.
          1. The law raised the residency requirement from 5 to 14 years, supposedly so the immigrant would be fully assimilated before voting. This was a large change from America's welcoming tradition.
          2. Also, the president was authorized to deport foreigners deemed troublemakers.
          3. The ulterior and sneaky motive by the Federalists was to delay immigrant voting. Federalists knew the immigrants would most likely join the Republican party and vote that way. So, Federalists bought themselves some time. As far as deporting troublemakers, that would be handy for anyone who criticized the government (Federalists).
       2. The **Sedition Act** limited the speech and writings of critics of the government. "Sedition" is a strong word that implies stirring up discontent against the government with the intent of overthrowing it.
          1. The Sedition Act said anyone criticizing the government in a manner that was deemed counter-productive could be fined or jailed. The stated purpose was to prevent foreigners from stirring up trouble in the U.S.
          2. The ulterior motive was to silence critics of the Federalists.
          3. The Sedition Act was a direct shot at the 1st Amendment rights to freedom of speech and press.
          4. Many newspaper editors criticized the law and were thrown in jail (under the Sedition Act's authority) for doing so.
             1. The most noteworthy was Matthew "Spitting Lion" Lyon who'd criticized Pres. Adams in his writings. The criticisms were very mild and kind of humorous in a cute way by modern standards.
       3. These pro-Federalist laws were (a) contrary to the welcoming spirit of America and (b) unconstitutional, but were passed by a Federalist Congress, signed by a Federalist president, and upheld by a Federalist-dominated court system.
          1. Self-serving to the end, the Sedition Act was even designed to expire in 1801 so that it couldn't then be used against the Federalists if the Republicans took over.
       4. Although the Republicans fussed, the average person responded well to the Federalists and their laws in the election booth. The Federalists did very well in the Congressional elections of 1798-99. This would be the Federalists' high-water mark, however.
17. The Virginia (Madison) and Kentucky (Jefferson) Resolutions
    1. Stirred by the Alien and Sedition Acts, Jefferson and the Republicans entered into a war of words and laws.
    2. In response to the Alien and Sedition Acts, Thomas Jefferson and James Madison wrote **Kentucky** and **Virginia Resolutions**. In simple terms, the resolutions said the federal government had overstepped the authority that the states had awarded when it passed the Alien and Sedition Acts.
       1. The resolutions were built on the “**compact theory**” saying the 13 states had entered a compact (or contract) when they formed the federal government to abide by federal laws that the *states approved*. In other words, the states had made the federal government, the federal government then makes laws, but since the states made the federal government, the states reserved the right to nullify those federal laws. Notably, this theory goes by several names, all synonymous: the “compact theory,” “**states’ rights theory**,” or “**nullification**.”
       2. The idea was that other states would follow suit and adopt similar resolutions and the Alien and Sedition Acts would be shot down. The other states did not follow, however.
       3. Federalists countered the compact theory by arguing that the *people* actually, and not the *states*, had created the federal government, and therefore the states did *not* have the right to nullify federal laws.
    3. At this point, these arguments are just a lesson in words, rhetoric, and logic. But, these exact arguments will be heard again in the 1830s regarding the tariff and then in the 1850s and 60s slavery when the Civil War breaks.
18. Federalists Versus Democratic-Republicans
    1. **Federalists** were supported by the upper classes. Generally speaking…
       1. They were led by Hamilton who envisioned an industrial America of big cities.
       2. They were from the wealthy classes, such as merchants, bankers, manufacturers. They often lived along the eastern seaboard—the older regions that were close to the coast and trade.
       3. They were pro-British (since that was good for trade).
       4. They liked a strong federal government, run by the educated elite. They distrusted the common person as uneducated and unable to run a nation. They felt democracy was one step shy of "mobocracy."
    2. The **Democratic-Republicans** (or just **Republicans** at this time) were supported by the poor and common classes. Generally speaking…
       1. They were led by Jefferson who envisioned an agricultural America of small towns.
       2. They felt that even an uneducated man can make common-sense decisions and thus run himself and his nation through voting. Republicans favored expanding the vote to more people (though it was still a very narrow group).
       3. They were mostly farmers and lived in the interior areas and along the frontier. They felt farming was good for the soul—it kept the farmer humble and close to God.
       4. They were pro-French (since France had helped the U.S. against England).
    3. By the election of 1800, there were clearly two separate political camps in the U.S.