

The Federalist Era

- During the 1790s the new federal government would confront civil rebellions, threats of secession, international intrigues, and foreign wars.

The New Nation

- **New England** was on the verge of developing a **manufacturing sector**.
- **Middle States** boasted the most well-balanced economy, the largest cities, and the most diverse collection of ethnic and religious groups.
- **South** was agricultural, ethnically homogeneous, and dependent on slave labor. Surge in cotton production was experienced.
- United States in 1790 was **predominantly a rural society**.
 - First national census taken in 1790. One-fifth African Americans, many were free after Revolution.
- In the south, the five most powerful tribes were the **Cherokees, Chickasaws, Choctaws, Creeks and Seminoles**—they refused to recognize the United States and used **Spanish-supplied weapons** to thwart white settlement. **Kentucky was especially vehement**.
- **The great theme of the nineteenth century American history would be the ceaseless stream of migrants flowing westward from the Atlantic seaboard.**
 - **Rapid population growth, cheap land, and new economic opportunities fueled the western migration.**

A New Government

- President Washington and Vice President John Adams
 - Washington was reluctant to take office but was honored; he appealed for national unity, **he wanted personal, sectional and partisan rivalries to be set aside. That did not happen.**

The Government's Structure

- **Executive departments**
 - Department of State headed by Jefferson
 - Department of Treasury headed by Hamilton
 - Attorney general Edmund Randolph
 - Origin of the cabinet: an advisory body that the Constitution did not stipulate
- **Court system**
 - Structure was left to Congress, except for Supreme Court which had six justice slots
 - **13 federal district courts > 3 circuit courts (2 Supreme Court justices and district judge) > Supreme Court**
 - John Jay was chief first justice.

The Bill of Rights

- **The lack of provisions guaranteeing individuals' and states' rights had been one of the anti-Federalists' major objections to the Constitution.**
 - Madison made bill of rights top priority.
 - Opponents of the constitution believed that people were prone to corruption no matter how virtuous they seemed.

- The first 8 amendments were based off of the Virginia Declaration of Rights
 - **Freedom of religion, press, speech, assembly, to bear arms, refuse quartering, unreasonable search and seizure, self-incrimination, speedy public trial, legal counsel, impartial jury, cruel and unusual punishment**
- 9th and 10th amendments addressed the demand for specific statements that the enumeration of rights in the Constitution “shall not be construed to deny or disparage others retained by the people” and that “powers not delegated to the United States by the Constitution are reserved to the States respectively, or to the people.
 - No legal protection for Indians of African Americans.

Raising Revenue

- **Revenue was the new federal government’s most critical need.**
- **To raise funds, Madison proposed tariff on imports for revenue only**, but the demands of manufacturers in the northern states for tariffs high enough to protect them from foreign competition **forced a compromise-higher tariffs.**
- **Madison’s goal was to wage economic war against Great Britain but Northern businessmen (and Hamilton) did not want a disruption in economy.**
- **Tonnage Act:** between United States and all foreign ships; ships that were foreign built and owned paid the highest
 - By imposing tax on imports, higher prices on goods resulted. Most Americans were tied to farm economy.
- **Question of farmers versus manufacturers was a question of north versus south.**

Hamilton’s Vision

- Believed in economic improvement through **capitalism.**
- **He envisioned a limited but assertive government that encouraged new fields of expertise and fostered investment and entrepreneurship.**
 - Minting a budget, funding debt, federal tax system, national bank, customs service, coast guard
 - **“Report on Manufacturers”** outlined program of protective tariffs, other plans submitted to and accepted by Congress.

Establishing the Public Credit

- **“Reports on Public Credit”:** dealt with the issue of war-generated debt. Insisted that **debts from the Revolution were national responsibility.** He also asserted that if national government took up state debts, sense of nationalism would be enhanced.
 - Called for funding the federal debt at face value.
 - Declared that **the federal govt. should assume state debts** (state bonds become national bonds)
 - Old notes would be exchanged for new notes with interest that would be paid back in the future.
- **Why controversial?**
 - Because many farmers and soldiers in immediate need of money had sold their securities for a fraction of their value to speculators who were eager to buy them up after reading Hamilton’s first report. These common folk argued that they should be reimbursed. Hamilton resisted.
 - Madison wanted to reimburse farmers and veterans.

- **Reports on Public Credit (Second):** tax on liquor to aid in revenue collection, establishment of national bank and mint
- **Reports on Manufactures:** extensive program govt. aid and stimulation of manufacturing enterprises

Emergence of Sectional Differences

- Greater portion of debt was owed to northerners. (**Madison was opposed to Hamilton**)
- Jefferson, Hamilton and Madison agreed on a compromise: in return for northern votes in favor of locating the permanent national capital on the Potomac River, Madison pledged to seek enough southern votes to pass the assumption, with the further arrangement that those states with smaller debts would get in affect outright grants from the govt. to equalize the difference. **Compromise of 1790.** Capital location was insignificant compared to economic issues.
 - **The Compromise of 1790 assured the federal assumption of state debts and that southern states would get directly reimbursed to neutralize disparities in debt amount.**

A National Bank

- Due to establishment of public credit, flow of capital became greater and Hamilton proceeded to establish **National Bank chartered by Congress**
 - **Investors would provide most of the capital and would choose most directors**
- **Bank would serve many purposes:**
 - Provide stable and flexible national currency
 - Source of capital for loans
 - Bonds would be backed up with notes=trade an industry growth
 - Housekeeping for govt.: fund storage, transfer to and from offices/branches
- James Madison opposed, arguing that there was no Constitutional basis (not necessary, thus not lawful)
 - Representatives from the **north voted in favor**
 - Representatives from the **south voted against**
 - First debates on how strictly the Constitution should be followed
- Loose language of Article I, Section 8: powers not delegated by Congress; National Bank was not necessary
 - Hamilton: National Bank was constitutional
 - Washington eventually approved the National Bank thus setting precedent for Congressional power

Encouraging Manufacturers

- **Report on Manufactures** by Hamilton
 - Active encouragement of manufacturing to provide productive uses for new capital by levying tariffs and sanctioning foreign goods
 - **Increase in manufacture was believed to be good by Hamilton because it would promote/create: Diversification of labor, improved productivity, paid work, promotion of immigration, scope of diversity in talents, more entrepreneurial activity, better domestic market for agriculture products—commerce between North and South**
 - **Result:** Some tariff proposals were enacted, but that's it.

Hamilton's Achievement

- Economic growth became widespread by 1780, economy revived
- **Hamilton's policies did more than revive the economy**
 - Established foundations of capitalism
- **Hamilton was nationalist, cynical of human nature**

- He did not acknowledge that the rich do not always choose the national interest over their own
- Hamilton infuriated people in South; factions emerged in govt.

The Republican Alternative

- **Hamilton's ideas became foundation for Federalists**
- **Madison and Jefferson led Republicans (Democratic Republicans)**
- Hamilton's foresaw a diversified capitalist economy with agriculture balanced with manufacture
- Jefferson feared that growth of crowded cities would divide society into capitalist aristocracy and proletariat
 - **Hamilton feared anarchy and loved order; Jefferson feared tyranny and loved liberty**
- **Jefferson did not oppose all forms of manufacturing:** he feared that unlimited expansion would lead to class divisions
- Washington was the only one who could transcend party differences

Crises Foreign and Domestic

- By 1778 Treaty of Alliance, the USA was perpetually allied to France, obligated to defend its possession in West Indies
 - Americans wanted no part in European war (after French Revolution)
 - Neutrality policy was agreed upon by Jefferson and Hamilton
 - Hamilton wanted to declare the Alliance treaty void, outright
 - Jefferson wanted to delay and use alliance a bargaining point with British—and thereby recognize the post-Revolution French government
 - **Washington took the middle path:** he issued a neutrality proclamation in 1793

Citizen Genet

- Washington respected Jefferson's argument that USA should recognize the French Republic and received its new ambassador, Edmond-Charles-Edouard Genet
- **Genet's foolishness:** denounced neutrality, intrigued land speculators with an eye to attack Spanish Florida and Louisiana, disguised British ship as a French one
- French and British causes divided the American opinion (British began occupation of the north)
 - **Republicans: Support liberty, reason, France**
 - **Federalists: Support order, religious faith, Britain**
- Slaveholding planters supported protest against British seizure of New England ships
- Massachusetts shippers profited from British trade and kept quiet
 - **Boston became a bastion for Federalists.**
- **Jefferson resigned in frustration**

Jay's Treaty

- American VS Great Britain war was threatened to be renewed
 - **British stopped seizing American ships, John Jay was sent to settle major issues:**
 - **Get British out of Northwest**
 - **Secure reparations for American shippers**
 - **Compensation for slaves taken during the Revolutionary War**
 - **Commercial treaty that would allow trade with British West Indies**

- **What John Jay GAVE:**
 - Commercial favors to Great Britain
 - Promise that French ships wouldn't be outfitted in American ports
 - British merchants would be paid back
- **What John Jay GAINED:**
 - British evacuation of the Northwest
 - Reparations for ship seizures
 - Legalization of trade with West Indies (limited)

The Frontier

- Conflict with Indians escalated
 - **General Wayne (Mad Anthony)** headed expedition to Northwest territory, built **Fort Greenville**, led **Battle of Fallen Timbers** against Indians tribes and Canadian militias. **Americans won.** Indians signed **Treaty of Greenville:** US purchased the rights to southeastern quarter of the Northwest Territory and sites of Detroit, Chicago, Vincennes, Indiana

The Whiskey Rebellion

- Andrew Hamilton's excise tax on liquor (1791) outraged frontier farmers because it was their most profitable commodity
 - Discontent erupted in Pennsylvania in 1794. Violent revolt resulted
 - **Whiskey Boys** had no response when Washington issued proclamation > army sent under Henry Lee was sent to suppress > due to Washington's overreaction, people sympathized with the Whiskey Boys and became Republican. Strength of govt. authority was also shown.

Pinckney's Treaty

- **Spanish entered negotiations with USA because:**
 - **Defeat of Indian allies**
 - **British concession in the north**
 - **Possible US intervention in Louisiana**
- **Pinckney won acceptance of a boundary at the 31st parallel, free navigation of Mississippi River, right to deposit goods in New Orleans, commission to settle American claims against Spain, promise to refrain from inciting Indian attacks against each other**
- No opposition.

Settlement of New Land

- **Two basic viewpoints on federal land policy:**
 - **That public domain should serve mainly as a source of revenue** and that it was **more important to get the new country settled**, an endeavor that required low land prices
 - Need for revenue took priority.

Land Policy

- **Federalists preferred to build the population of the eastern states first, favored high land prices to enrich treasury, sale of land to speculators rather than small parcels to settlers, and development of compact settlements.**

- Jefferson and Madison agreed only for the sake of reducing national debt. However, Jefferson hoped that land would become more accessible.
- **Land Act of 1796:** Congress resolved to **double prices of land partitions** established earlier. Land became **too expensive and had to be paid for within a year.**
- **Land Act of 1880:** **reduced price and could be paid within four years.**
- **Land Act of 1804:** **further reduction of price**

The Wilderness Road

- **Daniel Boone** led people into Kentucky territory, which had fertile land.
 - He found the **Warrior's Path** and in 1773 led the first group of settlers through the Appalachian Mountains at the Cumberland Gap. The Warrior's Path became **Wilderness Road**. Boone built a settlement at the intersection with the Kentucky River called **Boonesborough**.

Transfer of Power

- Washington decided to end his second term
 - His achievements: organization of a national government with demonstrated power, a secure source of national credit, recovery of territory from Britain and Spain, stable northwestern frontier, and the admission of three new states: Vermont, Kentucky, Tennessee

Washington's Farewell

- He told people to avoid sectionalism, partisanship, and permanent alliances with foreign nations

The Election of 1796

- Hamilton and Adams VS Jefferson and Burr
- Hamilton's scheme
 - Hamilton begins slinging mud at Adams again
- Outcome of the election—divided between Jefferson and Burr, finally broken in the House for Jefferson with Hamilton's help (when Jefferson assured that he would not remove all federalists from office and would uphold Hamilton's financial policies.)

The Adams Years

- His political philosophy fell between Hamilton's and Jefferson's. He was **generally a Federalist**.
 - He feared democracy and thought equality was fanciful.

War with France

- **Undeclared naval war with France was a byproduct of Jay's Treaty**
- French refused to accept James Monroe's replacement, Charles Pinckney, as ambassador.
 - The French diplomats let it be known that negotiations could begin only if the Americans paid a bribe of \$250,000. **XYZ Affair**
 - John Adams resisted a formal declaration of war but Congress suspended activities with France (including treaty of Alliance)
- **George Logan:** travelled to Paris at his own expense in an effort to calm threat of war. He managed to secure the release of some American prisoners and won assurances that new US ambassador would be welcomed.
 - **Logan Act:** forbids private citizens to negotiate with foreign governments without official authorization.

- In 1798, Congress authorized Department of Navy.
- Adams called George Washington to be commander; he did but insisted that Hamilton be his second in command. Rift among Federalists widened further.
- **William Vans Murray** and three others were sent to negotiate peace. They got official suspension of alliance.

The War at Home

- Divisions in partisan relationships grew sharper
- Jefferson schemed against his opponents.
 - Conflict grew between president John Adams and vice president Thomas Jefferson
- **Conflict with France deepened partisan divide**
 - Republicans thought suspected that purpose of the crisis was to provide Federalists with excuse to put down domestic opposition.
- **Alien and Sedition Acts:** limited freedom of speech, press, and the liberty of aliens. Adams approved—his biggest mistake
 - **Naturalization Act:** lengthened years of required residency for citizenship from 5 to 14 years.
 - **Alien Act:** president allowed to deport “dangerous” aliens
 - **Alien Enemies Act:** president could expel or imprison aliens at will during war.
 - **Sedition Act:** any conspiracy against legal measures of govt. would be defined as high misdemeanor ; **designed to punish Republicans**
 - Matthew Lyon was imprisoned for writing criticism of Adams.
- **Jefferson and Madison adopted Virginia and Kentucky Resolutions**
 - Denounced Alien and Sedition Acts as infractions of the Constitution
 - States have the right and duty to interpose for arresting the progress of evil
 - State’s right to judge violations of the Constitution
 - **Acts were intended as propaganda**
 - **Neither Virginia nor Kentucky took steps to interpose but tried to rally resistance**

Republican Victory

- **Grievances were mounting against Federalist policies**
 - **Taxation to support unneeded army**
 - **Alien and Sedition Acts**
 - **Fears of monarchism**
 - **Hostilities aroused by Hamilton’s economic programs**
 - **Suppression of the Whiskey Rebellion**
 - **Jay’s Treaty**
- Adams opted for peace with France and ruined chance of reelection even though goodwill was felt among Americans
 - Even Federalists disapproved of Adams.
- **Supporters of Jefferson portrayed him as the farmers’ friend, the champion of states’ rights, frugal government, liberty, and peace.**
- **Judiciary Act:** intended to ensure Federalist control of the judicial system, provided that the next vacancy in Supreme Court not be filled, increased number of attorneys, clerks, marshals. Just before handing over the office to Jefferson, **Adams appointed John Marshall as Chief Justice and Federalists to all other vacant seats**
- **Power was relinquished to Republicans**

- More people began playing an active role during and after Jefferson's election. The power of the elite classes lessened as lay persons became involved
- Slaveholding south also saw triumph in Jefferson's election since Jefferson, Madison and Monroe were slaveowners.