



# U. S. History: From the Colonial Period to 1877

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## 8.1 ESTABLISHING A NEW GOVERNMENT

<b>THE NEW NATION</b>	The Confederation government had come to an end, leaving behind it seventy unpaid clerks, an army of six hundred men, and millions of dollars of debt. Before it disbanded, the Confederation Congress had arranged for ELECTIONS under the new Constitution in November, 1788, and for STARTING THE NEW GOVERNMENT on March 4, 1789. When the March date arrived, however, only a third of the Senators and less than a quarter of the Representatives had reached NEW YORK, the temporary capital. This delay was partly the result of bad roads and bad weather. It was not until April that both houses of Congress had enough members to do business. Their first action was to send word to WASHINGTON that the electoral college had unanimously chosen him president.
<b>The First Presidency</b>	On April 20, Washington took the oath of office and gave the first inaugural address, an event celebrated by the ringing of church bells and the firing of canon. The public was pleased to see Washington take office. As a general in the Revolutionary War, he had HELPED TO WIN THE COUNTRY'S INDEPENDENCE. After the Revolution, he was one of those who had SAVED THE COUNTRY FROM DISUNION by helping to create a stronger government. As first president of the United States, he was the GUIDING SPIRIT IN MAKING GOVERNMENT UNDER THE CONSTITUTION A SUCCESS.
<b>The First Inauguration</b>	For an account of Washington's thoughts as he left for New York and the first inauguration, see <a href="http://www.boondocksnet.com/editions/bishop/bishop301.html">http://www.boondocksnet.com/editions/bishop/bishop301.html</a> . This article on presidential inaugurations ( <a href="http://clinton4.nara.gov/textonly/WH/Family/html/inauguration_history.html">http://clinton4.nara.gov/textonly/WH/Family/html/inauguration_history.html</a> .) may also interest you.
<b>IMPLEMENTING the CONSTITUTION</b>	Once Washington was inaugurated and Congress in session, the CONSTITUTION HAD TO BE IMPLEMENTED. (At this point, it was only a book of directives.) It was months before the government was really working. Laws had to be passed establishing the federal courts and the administrative departments such as treasury and post office. Hundreds of men had to be found willing to give up their regular employment and serve as judges, tax collectors, and postmasters. THE FIRST CONGRESS also had to spend much of its time deciding matters of detail such as the official title for the president and the salaries of federal officers. One of the most important actions was to pass the JUDICIARY ACT OF 1789 which set up the judicial system of the United States.
<b>Judiciary Act of 1789</b>	
<b>Washington's Cabinet</b>	In situations where the Constitution was silent or not clear, precedents were created which became part of the unwritten constitution. When seeking advice, Washington asked the heads of departments to meet with him, and thus the CABINET WAS CREATED. It would have been logical to include John Adams in the cabinet, since he was vice president. But he was so hard to get along with that he was not included. Thus the vice president became an officer with no other functions than to preside over the Senate and to be ready to assume the presidency should the president die or be removed. Washington appointed to his cabinet individuals whom he considered the best and the brightest, regardless of their ideological differences – including ALEXANDER HAMILTON, Secretary of the Treasury, and THOMAS JEFFERSON, Secretary of State. Few could have anticipated that fundamental disagreements between these two men would result in twenty years of party divisions.
<b>The Bill of Rights</b>	When it convened in April 1789, the First Congress began to construct a BILL OF RIGHTS, which had been promised to Antifederalists by constitutional proponents. Final agreement on the first ten amendments to the Constitution came in September 1789. The first eight amendments dealt with INDIVIDUAL LIBERTIES, while the ninth and tenth concerned the BOUNDARY BETWEEN FEDERAL AND STATE AUTHORITY. Although ratifying these amendments took another two years, they had the immediate effect of solidifying a sense of national unity.

<p><b>Voting Rights</b></p>	<p>The Constitution deliberately left all individual voting rights decisions to the states to avoid the complications in imposing one national voting law. Most states maintained some sort of <b>PROPERTY QUALIFICATION FOR VOTING</b>, the one exception was New Jersey, which for a time enfranchised all free inhabitants worth more than 50 pounds, including free blacks and unmarried women. By 1807, however, the New Jersey legislature had redefined voting rights to exclude women and blacks.</p>
<p><b>Women's Role in the New Republic</b></p>	<p>Women's exclusion from politics did not mean that they had no civic role or responsibility. <b>COURTSHIP, MARRIAGE, AND MOTHERHOOD</b> were all reevaluated in a <b>REPUBLICAN CONTEXT</b>. Writers claimed that republican women's most important role was to reform the morality and manners of men and emphasized the importance of mothers as <b>THE TEACHERS OF VIRTUOUS SONS</b>. Traditional gender relations remained unaltered. For additional information on this subject, see Melanie Klark's article on "The Role of Republican Motherhood and the Emergence of the Public Woman" at <a href="http://www.dcl.edu/students/wlc/the_caucus_issue8.html">http://www.dcl.edu/students/wlc/the_caucus_issue8.html</a>.</p>
<p><b>The Tariff of 1789</b></p>	<p>Of all the problems facing the country that of finances was the most important. If the new government was to survive, it had to be able to pay its way. Members of Congress agreed that as soon as possible the federal government should begin to collect <b>TAXES ON IMPORTS</b>. In July, 1789, a tariff law was passed. Protection through a tariff would result in less income for the government, because it would make the price of imported goods too high for people to buy. Nevertheless, different sections wanted protection for their own products while opposing protection for goods produced elsewhere.</p> <ul style="list-style-type: none"> <li>■ <b>PENNSYLVANIA WANTED A HIGH TARIFF ON PIG IRON</b> to protect its iron works, while the rest of the country wanted to be able to import iron cheaply from Great Britain.</li> <li>■ <b>THE SOUTH WANTED A HIGH TARIFF ON HEMP</b>, which was used in making rope, but New England was opposed because it would cost more to rig ships.</li> <li>■ <b>NEW ENGLAND WANTED A HIGH TARIFF TO PROTECT ITS RUM DISTILLERIES</b>, while the South wanted to import rum directly from Jamaica.</li> </ul> <p>The settlement of these intersectional differences in Congress was managed by what has since been called "<b>LOGROLLING</b>" (i.e., "I will vote for what you want, if you will vote for what I want" or "I will abandon my demands, if you will give up yours"). In making this first tariff low, the second type of logrolling was followed. While there was a little protection, on the whole the <b>DUTIES WERE LOW</b>, averaging about 8 <b>PERCENT</b> of the value of goods.</p>
<p><b>THE NATIONAL DEBT</b></p>	<p>The greater part of the money raised by federal taxation was needed to pay off the <b>\$54 MILLION DEBT</b> owed by the United States. This debt was of two kinds: (1) about <b>\$12 MILLION OWED TO FRANCE AND THE NETHERLANDS FOR LOANS</b> made during and after the Revolutionary War, and (2) about <b>\$42 MILLION IN DOMESTIC BONDS</b>, also a result of the war. The Continental Congress, unable to tax, had borrowed from individual American citizens. Also, when unable to pay off veterans and army contractors in cash, the Congress had given these people promises to pay in the future. In addition to the money owed directly by the United States, there were <b>STATE DEBTS, ESTIMATED AT \$25 MILLION</b>.</p>
<p><b>Alexander Hamilton's Perspective</b></p>	<p>In the discussion over the treatment of these debts, the dominating figure was <b>ALEXANDER HAMILTON</b>. During the Confederation period, Hamilton <b>FAVORED THE INTERESTS OF THE WEALTHY</b> merchants and large landowners over those of the small farmers and laborers. <b>BELIEVING IN A STRONG CENTRAL GOVERNMENT</b>, he wrote many of the <b>Federalist Papers</b> in support of the Constitution and was the strongest leader of the pro-ratification group in New York. He was, however, by no means pleased with the Constitution and called it "a frail and worthless fabric" because it allowed too much power to the states and to the people.</p>
<p><b>Hamilton's Financial Plan</b></p>	<p>Asked by Congress to recommend action on federal finances, Hamilton produced two reports on public credit and a report on manufactures. These become the basis for a series of laws passed in 1790 and 1791.</p>

The essential elements of Hamilton's financial program were:

- **There should be sufficient revenue to meet the running expenses of the government, to pay interest on the debt, and gradually to reduce the principal of the debt itself.** In addition to the Tariff of 1789, Hamilton proposed an excise tax on whiskey produced in the United States. In 1791, Congress passed a law establishing a WHISKEY TAX.
- **The debt owed foreign nations should be paid off at once.** Hamilton believed that as long as we owed money to any foreign nation, we were not truly independent. The debts of the United States to France and the Netherlands were entirely PAID BACK BY 1796.
- **The domestic debt should be funded at par.** By this Hamilton meant that new FEDERAL BONDS should be issued to take the place of the old and that the amount paid back should be the ORIGINAL FACE VALUE PLUS INTEREST. This was treating the bondholders generously because the original bonds had seldom or never been worth their face value and sometimes had gone as low as ten cents on the dollar. Hamilton argued that in paying its debts at par the United States would give notice to its citizens and to the world that American promises were good. Hamilton's ideas were followed out in the FUNDING BILL OF 1790.
- **The federal government should take over the state debts.** Hamilton argued that since the state debts had resulted from state efforts to help the nation as a while in the revolution, they should be paid back by the national governments. This assumption of state debts would also reduce state taxes and thus make it easier for the federal government to tax. THE ASSUMPTION ACT also was passed in 1790.
- **The federal government should establish a central bank.** Hamilton proposed that there should be a federal bank on the model of the Bank of England. Such a bank could help in the collection of taxes, could lend the government money on short notice, and would be a place where the government could deposit its funds. It would promote interstate commerce because its notes would serve as a national currency. Congress followed Hamilton's recommendations and in 1791 ESTABLISHED THE BANK OF THE UNITED STATES with a twenty-year charter. This bank had a capital of \$10 million, of which the federal government provided one-fifth and private investors the rest.
- **The United States should develop home industries by levying high protective tariffs to keep out foreign goods.** Hamilton argued that the United States would not be completely independent until it ceased to depend on foreign nations for its manufactured goods. He therefore PROPOSED HIGH TARIFFS TO PROTECT INFANT INDUSTRIES while they were getting started. This was the only important part of Hamilton's program that did not go through Congress. Although there were producers who wanted protection, most of the American people were farmers. Rather than pay the higher prices for domestic goods which the protective tariff would cause, they preferred to buy foreign goods so duties on imports remained low.

Hamilton's program was an immediate SUCCESS IN RESTORING THE CREDIT of the United States. In 1788, United States bonds were selling at 15-20 percent of face value. By 1792, they were selling for 120-125 percent, even in foreign cities such as London and Amsterdam. Eight million dollars' worth of shares in the Bank of the United States were sold to private investors in two hours.

There was another purpose behind Hamilton's policies in addition to sound finance. Hamilton believed in government by the wealthy and distrusted the people. All his MEASURES WERE DESIGNED TO ATTRACT MEN OF PROPERTY TO THE SUPPORT OF THE FEDERAL GOVERNMENT. Funding the domestic debt at par put millions of dollars into the pockets of speculators who had sent agents throughout the country buying the old bonds from people ignorant of their value. The Assumption Act turned the interest of investors from the states to the federal government. The federal government received no interest on the money it deposited in the Bank of the United States, even though the Bank charged interest when it lent this money to borrowers. This was one of the reasons why the shareholders in the bank received high returns. These returns averaged over eight percent on their investment.

<b>DISCUSSION QUESTIONS</b>	<p><b>Based on the suggested readings, how did Washington react to the prospect of becoming the nation's first president? How did the public react to the news? Why was there such a difference in their reactions?</b></p> <p><b>Summarize Melanie Klark's article on "The Role of Republican Motherhood and the Emergence of the Public Woman." Is this the exclusive role of women today or do they share the role with others?</b></p> <p><b>How did Hamilton's financial program favor the wealthy? What aspects of his program would you have favored? What aspects would you have opposed? Why?</b></p>
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