The New Republic

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Set a Purpose

- **Objectives**
  - Describe the steps Washington's administration took to build the federal government.
  - Analyze Hamilton's plans for the economy and the opposition to them.
  - Explain how a two-party system emerged in the new nation.

Government and Party Politics

**Why It Matters**

In 1789, the leaders of the new federal government of the United States gathered in New York City. Besides ideals, they had very little to guide them. The newly ratified Constitution was clear on some points but vague on others. It was also entirely untested. Those who had written the Constitution, along with the new President, George Washington, knew full well that a good start would secure the daring experiment in republican union. But early mistakes could doom it. Section Focus Question: How did debate over the role of government lead to the formation of political parties?

**Building the Federal Government**

The new government started out with huge problems. It had inherited a national debt of $52 million from the Confederation—a huge burden for a nation with a farm economy and only about 3 million people. With no navy and an army of only around 400 men, the United States was not respected by other countries. At New Orleans, the Spanish closed the Mississippi River to American trade. Along the Great Lakes, the British kept forts within American territory. Elected a President

Fortunately, the new government enjoyed extraordinary leaders. In 1789, the new electoral college unanimously elected George Washington as President of the United States. As a revolutionary leader, Washington enjoyed widespread respect and popularity. Yet he took the difficult job reluctantly.

**Vocabulary Builder**

Use the information below and the following resource to teach students the high-use word from this section. Teaching Resources, Vocabulary Builder, p. 11

<table>
<thead>
<tr>
<th>High-Use Word</th>
<th>Definition and Sample Sentence</th>
</tr>
</thead>
<tbody>
<tr>
<td>suppress</td>
<td>v. to put an end to with force</td>
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</tbody>
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The British government tried to suppress the protests against the Stamp Act.
Massachusetts patriot John Adams was elected Vice President. Washington’s administration, or the officials in the executive branch of government, began with just himself, Adams, and about a dozen clerks. Besides the newly elected Congress, there were few other federal officers. There were also few set rules to guide the administration. Quickly after taking office, Washington began setting important precedents, or acts or statements that become traditions to be followed.

**Setting Up the Judiciary**
The Constitution called for one Supreme Court and several smaller ones, but intentionally left to Congress the details of organizing a federal court system. Madison, who had been elected to the House of Representatives in the first Congress, helped to pass the Judiciary Act of 1789. This act established a judiciary, or a system of courts. The U.S. judiciary was made up of thirteen federal district courts, one for each state. Three circuit courts would decide contested cases. The Supreme Court also served as a trial court in certain cases involving states or foreign affairs. The act also established the office of Attorney General to prosecute and defend cases on behalf of the federal government. Washington appointed John Jay as the first Chief Justice of the Supreme Court.

**Setting Up the Cabinet**
One of Washington’s most important precedents was the formation of a Cabinet, or the group of federal leaders who headed the major departments of the executive branch and advised the President. The first four executive departments were the departments of State, Treasury, and War, and the Attorney General. The State Department, led by Thomas Jefferson, conducted foreign policy. The War Department supervised national defense. The Secretary of the Treasury, Alexander Hamilton, managed the nation’s finances. Nominated by the President, the Cabinet members were approved by the Senate. In 1797, the Cabinet was officially recognized by law.

**Hamilton’s Plans Stir Debate**
Hamilton was tasked with paying off the young nation’s immense debts and setting it on a course of economic security. An ardent Federalist, he believed that a strong, centralized government was necessary to preserve the Union. As he developed his plans, Hamilton faced fierce and vocal opposition from Antifederalists, who feared that a strong national government would threaten states’ rights and people’s freedoms. Their struggles and debates made clear that two very different views of government were solidifying in the new nation.

**The First Cabinet**
An engraving from the 1800s shows the first Cabinet. Henry Knox was the Secretary of War, and Edmund Randolph was the Attorney General.

**Checkpoint**
Why was setting up the Cabinet an important precedent?

**Building the Federal Government**

**Instruct**
- **Introduce:** Key Terms Ask students to find the key terms administration and Cabinet (in bold) in the text. Ask What is the difference between an administration and a Cabinet? (The administration refers to all members of the executive branch. The Cabinet refers to the heads of major departments who advise the President.)
- **Teach** Display Color Transparency: The First President, and have students review the Primary Source quotation. Discuss how Washington’s emotions on taking office differed from the public’s emotions about his presidency. Using the Numbered Heads strategy (TE, p. T23), discuss the main aspects of the new U.S. federal government. Ask: What was one precedent that Washington set? (Sample response: He formed a Cabinet of department heads to advise him.) Why did later Presidents follow his precedents? (Possible response: They probably respected his judgment and had seen how well his actions worked for his administration.)

**Independent Practice**
Have students organize the information about the early form of the federal government in the form of a concept web with a center oval labeled “Early U.S. Government.”

**Monitor Progress**
As students fill in their outlines, circulate to make sure that they construct the outline in the correct format. For a completed version of the outline, see Note Taking Transparencies B-34.

**Differentiated Instruction Solutions for All Learners**

Write the word precedent on the board. Explain to students that the prefix pre- means “first” or “before” and that the Latin root cede means “to go.” Have students use that information to write a meaning for the word. To help students understand the significance of Washington’s presidency, ask: What kinds of things did George Washington do first that later Presidents also did? (Sample response: formed a Cabinet) Explain to students that the things that Washington did first set precedents for other Presidents. Then, ask students to suggest other words they may know with the prefix pre-.

**Answer**
The Cabinet members provided leadership for the various parts of the executive branch and helped advise the President.
Hamilton’s Plans Stir Debate

Instruct
- Introduce: Key Term Ask students to find the key term tariffs (in bold) in the text, and have a volunteer read the definition. Ask What do you think is the purpose of a tariff? (to raise revenue for the government and encourage U.S. businesses by making foreign goods more expensive than domestic goods)

Teach
Discuss aspects of Hamilton’s economic plans and how they began the evolution of political parties. Ask What were the two main economic problems facing the country in 1789? (debt and instability) How did Hamilton’s Federalist views affect his role as Secretary of the Treasury? (He believed in a strong federal government and pushed for greater federal influence over the economy.) Why do you think Antifederalists might be against a National Bank? (because it would give the federal government control over state banks)

Have students describe Hamilton’s economic strategy. Then, ask students to discuss how farmers and southerners might have viewed Hamilton’s strategy.

Analyzing the Visuals
Have students examine the chart on this page, and note the emphasis on paying foreign debt. Ask students why they agree or disagree with Hamilton’s reasoning that it was beneficial to add to the nation’s overall debt to pay off foreign debts.

Independent Practice
Have students review the information below this blue heading and write a letter from Hamilton to George Washington, explaining Hamilton’s plans and the reasons behind them.

Monitor Progress
As students complete their letters, make sure that they correctly recall Hamilton’s plans and his views about the nation’s economy.

Answers
Caption He wanted the federal government to take over those debts.

He wanted to stabilize the economy first, which required increasing the debt to pay off earlier debt and give the nation financial credibility.

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Handling the National Debt
Hamilton despised the nation’s agricultural economy as backward. He wanted to quickly develop a commercial and industrial economy that could support a large federal government along with a strong army and navy. He saw the national debt of $52 million and the additional $25 million in debts owed by the individual states as assets. Rather than pay down those debts using cash reserves, he meant to fund them by selling government bonds, which would pay annual interest to the holders. Such bonds delighted investors, who welcomed an opportunity to reap annual profits.

To pay the annual interest on the bonds, Hamilton proposed new excise taxes and high tariffs, or taxes on imported goods, to raise revenue for the federal government and protect struggling American manufacturers from foreign competition. He also asked Congress to charter a Bank of the United States that could regulate state banks, strengthen the national government, and ensure that business interests were closely aligned with those of the government.

Hamilton’s Strategy
Hamilton saw three great benefits from his system. First, it would establish the nation’s financial credibility, making it easier to borrow money in the future. Second, it would buy political support from the wealthiest Americans, which Hamilton believed was essential for the government’s stability. Third, it would enrich investors, who could then build new ships, wharves, storehouses, and factories. In other words, his plan would promote the accumulation of capital needed for commercial and industrial growth.

Hamilton’s program was intended to redistribute wealth in two ways: from farmers to merchants and from the South to the North. About eighty percent of the nation’s debt was owed to merchants in the seaport cities of the Northeast. During the 1780s, they had bought up notes issued by the Congress or by the states. Those notes had lost most of their value but the merchants had bought them anyway as an investment. Because they paid only a fraction of the original value of the notes, and because Hamilton proposed paying them at full value, the merchants would profit under Hamilton’s plan. But to pay those debts, the federal government would tax the American people, who were mainly farmers.

Checkpoint Why did Hamilton want to add to the national debt?

Opposing Hamilton
The southern states, which were overwhelmingly agricultural, had done a better job of paying their own debts. Why, southerners wondered, should they pay federal taxes to bail out the northern states? And why should their tax...
dollars flow into the pockets of creditors in the Northeast? Opposition to Hamilton’s plans grew steadily in the South.

Interpreting the Constitution To justify his ambitious program, Hamilton interpreted the Constitution broadly, relying on its “implied powers” and its clause empowering Congress to enact laws for the “general welfare.” His broad interpretation, or loose construction, appalled his critics, including Jefferson and Madison. They favored a strict construction, or limiting the federal government to powers explicitly granted by the Constitution. They opposed Hamilton’s plans for assuming state debts. Fearing that a national bank would benefit the North at the expense of the South, they also argued that the Constitution did not authorize Congress to charter one.

Compromise over a National Capital As Americans aligned themselves either with Hamilton or with Madison and Jefferson, debate heated up. Jefferson declared that Hamilton’s system “flowed from principles adverse to liberty and . . . calculated to undermine and demolish the republic.” Jefferson and Madison insisted that Hamilton was betraying the American Revolution to establish a “kingly government.” They pointed to Great Britain, where factories made owners wealthy but kept most of the workers in poverty. Fearing that industrial development led to greater inequality, they concluded that America needed to keep a farm economy in order to sustain the Republic.

In 1791, by a narrow vote, Congress approved full funding of the federal debt, the implementation of new excise taxes, and the creation of a national bank. But in order to get southerners to agree to the assumption of state debts, Hamilton promised that in ten years the national capital would move southward to the banks of the Potomac River, between Maryland and Virginia. To honor the first President, who was reelected in 1792, the new capital became known as Washington, District of Columbia.

The Whiskey Rebellion In western Pennsylvania, mountains made it difficult to transport bulky barrels of grain to eastern markets. So people distilled their grain into whiskey, which was more compact and of higher value. Rural farmers hated the excise tax on whiskey, which reminded them of the British taxes that had led to the Revolution. In 1794, farmers resisted the tax by intimidating and attacking tax collectors.

Hamilton welcomed the opportunity to demonstrate the new power of the nation by suppressing the Whiskey Rebellion. Washington agreed, observing, “We had given no testimony to the world of being able or willing to support our government and laws.” Under Hamilton’s command, 12,000 militiamen marched west into the troubled region. The rebellion quickly dissolved. Rather than resist such overwhelming force, most rebels stayed home or ran away. Hamilton arrested twenty suspects, but only two were convicted. Jefferson mocked that “an insurrection was announced and proclaimed and armed against, but could never be found.”

Checkpoint On what grounds did some people oppose Hamilton’s plans?

Opposing Hamilton

Instruct

- Introduce: Key Terms Ask students to find the key terms loose construction and strict construction (in bold) in the text and the definitions. Ask students to provide examples of loose construction and strict construction of the Constitution.

- Teach Explain that opposition to Hamilton’s proposals involved concerns over federal power as well as concerns about economic fairness. Ask Which side did Congress support—Jefferson’s or Hamilton’s? (Hamilton’s) Why did Washington support Hamilton’s response to the Whiskey Rebellion? (Washington believed that the federal government needed to demonstrate that it would uphold the law.) What do you think Jefferson is implying about the Whiskey Rebellion in the quotation on this page? (Possible response: that it was fabricated to make a point about the power of the federal government)

- Analyzing the Visuals Ask students to study the political cartoon on this page. Remind them that political cartoons are drawn in a particular style and with a certain viewpoint. Discuss what this cartoon tells them about this period in American government.

Independent Practice

Have students write two brief editorials about the Whiskey Rebellion that might have appeared in a newspaper in the 1790s. One letter should be from a strict constructionist and the other from a loose constructionist, with each defending a particular viewpoint.

Monitor Progress

As students write their editorials, circulate to ensure that they understand these two interpretations, especially the strict constructionists’ opposition to Hamilton’s plan.

Answers

Analyzing Political Cartoons

1. The small figures represent the rebels, and the large figure represents the government.
2. The cartoonist seems to side with the rebels, showing the larger and more powerful government stealing their whiskey.

They believed that he was interpreting the Constitution too loosely.
A Two-Party System Emerges

Instruct
- **Introduce:** Key Term Write the key term, political parties, on the board, and explain that the framers of the Constitution opposed political parties. Ask Why do you think this was so? (Sample answer: They saw political parties as dangerous factions that would undermine national unity.)

- **Teach** Ask What were the first American political parties? (the Federalists and the Democratic Republicans) How did they differ? (The Federalists supported a strong federal government, and the Democratic Republicans believed that the states should have the greater power.) How did the Whiskey Rebellion influence the creation of these parties? (Political groups called Democratic Societies had supported the rebellion. These clubs became the basis for the Democratic Republican Party. The Federalist Party formed in reaction to the clubs.)

- **Quick Activity** Have students examine the infographic. Then, have them create a list of subjects on which the two parties might have agreed.

Independent Practice
To learn more about the differences between America’s first political parties, have students complete the Viewpoints: Federalists and Democratic Republicans worksheet. Teaching Resources, p. 15

Monitor Progress
As students complete their worksheets, circulate to make sure that they understand how the views of Federalists and Democratic Republicans differed.

Answers
Thinking Critically
1. Federalists: loose constructionists; favored strong federal government, pro-industry; Democratic Republicans: strict constructionists; favored state power, pro-agriculture
2. Possible answer: He opposed parties and did not want to side with one faction over another.

Connect to Your World
**The Two-Party System** Since the days of the Federalists and Democratic Republicans, the United States has had a two-party political system. For the first 100 years of the country’s existence, several major parties have come and gone, although generally only two parties enjoyed any real power at any time. Since the rise of the Republican Party in the 1850s, however, the two major parties have been the Democrats and Republicans. Numerous third (and sometimes fourth) parties have arisen to challenge these two, such as the Green Party and the Libertarian Party, but so far none has succeeded in gaining as much support and power as the two dominant parties.

Within each of the main parties, there are subgroups with views ranging from moderate to extreme. However, in the Democratic Party, members are generally loose constructionists and support government intervention in the economy and society. In the Republican Party, members tend to be strict constructionists and more wary of government intervention in the economy or society.

Debating the Whiskey Rebellion
The Whiskey Rebellion, and its outcome, fueled disagreement. The Federalists blamed the rebellion in part on a set of political clubs known as the Democratic Societies. The clubs had formed to oppose the Federalists. Although these clubs were small and scattered, Washington...
denounced them as “the most diabolical attempt to destroy the best fabric of human government and happiness.” Jefferson and Madison defended the societies, fearing that aristocracy would triumph if leaders were immune from constant public scrutiny and criticism. They were alarmed that the Federalists had sent so many troops to suppress popular dissent in western Pennsylvania. As debate over the rebellion continued, the two sides gradually emerged as distinct political groups.

Political Parties Compete for Power The authors of the Constitution wanted to avoid organized political parties, or groups of people who seek to win elections and hold public office in order to shape government policy. They deemed these groups to be “factions” that threatened the unity of a republic. Despite these intentions, politicians decided to form two parties: the Federalists, led by Hamilton and John Adams, and the Democratic Republicans, led by Jefferson and Madison.

Northerners, especially merchants, tended to favor the Federalists. In contrast, southerners, especially farmers, voted mainly for the Democratic Republicans. Still, Federalists and Democratic Republicans could be found in every social class, in every type of community, in every region, and in every state. Political elections were closely contested most of the time.

The first two Presidents and most of the governors, state legislators, and congressmen were Federalists. Their electoral success indicates that many common voters shared Federalist values. Voters credited the Federalists with the new Constitution and with the nation’s increased prosperity and stability during the 1790s. But many common people continued to support the Democratic Republicans. They worried that the Federalists would concentrate wealth and power in the hands of the elite. Many voters also believed that the Democratic Republican Party offered more social mobility.

Checkpoint Who were the leaders of the two emerging political parties?

**Assess Progress**
- Have students complete the Section Assessment.
- Administer the Section Quiz, Teaching Resources, p. 22
- To further assess student understanding, use Progress Monitoring Transparencies, 42.

**Reteach**
If students need more instruction, have them read the section summary.

1. Terms and People

For each term below, explain its impact on early American government.
- administration
- precedent
- Cabinet
- tariff
- loose construction
- strict construction
- Whiskey Rebellion
- political party
- Democratic Republican

**Critical Thinking**

4. Predict Consequences Would the federal government have survived if the first President had not had widespread respect? Explain.
5. Analyze Information Why did Hamilton believe that wealthy Americans were necessary to secure the nation’s economic future?
6. Recognize Ideologies How did Americans structure their debates about the economy in terms of interpreting the Constitution?
7. Draw Conclusions Is it possible to govern a democracy without political parties? Explain.

**Answer**

- John Adams and Alexander Hamilton for the Federalists, Thomas Jefferson and James Madison for the Democratic Republicans

**Section 1 Assessment**

1. Students’ sentences should reflect their understanding of how each term affected early U.S. government.
2. The first parties were formed from groups divided mainly over the issue of how much power the federal government should have. Federalists believed in a strong federal government, and Democratic Republicans believed that power should be held mainly by the states.
3. Students’ questions should reference a single topic from the section.
4. Possible answer: No; respect for Washington meant that most people listened to him and followed his lead and his precedents. Without that respect, the government might have lost credibility, leading to the dissolution of the Union.
5. Sample response: He believed that they were needed to invest in new businesses and to pay taxes; also, if wealthy people do not support the government, they can apply their resources to destroy it.
6. Because Hamilton was expanding control over the economy far beyond what the Constitution specified, that became the focus of discussions about interpretations of the Constitution.
7. Possible answer: No; parties are needed to organize campaigns and voters, but most importantly, a strong minority party can check the power of the majority power and prevent it from becoming tyrannical.

For additional assessment, have students access Progress Monitoring Online at Web Code nca-0611.