**CHAPTER 7: LAUNCHING THE NEW REPUBLIC, 1789-1800**

* Washington was inaugurated in 1789.
* The nation was still on fragile ground.

CONSTITUTIONAL GOVERNMENT TAKES SHAPE, 1789-1796

* The government began assembling in New York, the new national capital, but it took a month for everyone to get there.

*DEFINING THE PRESIDENCY*

* Many thought the presidency could be a king-like position.
* The first cabinet, established by Congress, had four departments: state, treasury, war, and the secretary of the attorney general.
* The President became a more equal partner with Congress.
* Washington proposed few laws and only vetoed twice. He wanted to be above favoritism and conflicts of interest.

*National Justice and the Bill of Rights*

* JUDICIARY ACT OF 1789 – Congress managed to quiet popular apprehensions by establishing in each state a federal district court that operated according to local procedures.
* The Supreme Court exercised final jurisdiction.
* James Madison played the leading role in drafting the ten amendments that became known as the Bill of Rights.
* Madison insisted that the first 8 amendments guarantee personal liberties.
* First Amendment – Freedom of expression: religion, speech, press, and political activity.
* Second Amendment – “The right to bear arms”
* Third Amendment – Protect citizens from standing armies.
* Fourth Amendment through the Eighth Amendment – limited the police powers of the state by guaranteeing individuals’ fair treatment in legal and judicial proceedings.
* Ninth and Tenth Amendments – reserved to the people or to the states powers not allocated to the federal government under the Constitution.
* The Bill of Rights was ratified in Dec. 1791. After this, the judiciary moved to establish its authority.
* In 1793 *Chisholm v. Georgia*, the Supreme Court ruled that nonresidents could sue a state in federal courts. Congress decided the court reached too far. They passed the Eleventh Amendment stating that individuals could not sue states in civil proceedings.

HAMILTON AND THE FROMULATION OF FEDERALIST POLICIES, 1789-1794

* Hamilton was Washington’s secretary of the treasury. He came up with a program to strengthen the federal government and promote economic development.

*Hamilton and his Objectives*

* He was born on Nevis (A British island in the Caribbean). He has no loyalties and believed that the federal government needed to remain strong and had to become financially stronger.

*Report on the Public Credit, 1790*

* Hamilton created this report that contained recommendations that would at once strengthen the country’s credit, enable it to defer paying its debt, and entice wealthy investors to place their capital at their service.
* 54 mill. In U.S. debt, 42 mill. In foreign debt, state debts at 25 mill.
* He wanted the government to support the national debt by “funding” it. That is, raise the $54 million needed to honor the debt by selling an equal sum in new securities. It would be combinations of federal “stock” and western lands. Those who wished could retain their original bonds and ear 4% interest. All of the options would reduce interest payments on the debt from the full 6% set by the Confederation Congress. Hamilton knew that creditors would not object to this reduction because their investment would now be more valuable and more secure.
* It proposed that the federal government pay off state debts remaining from the Revolution.
* He wanted the government to use the money earned by selling federal lands in the West to pay off the $12 million owed to Europeans as quickly as possible.
* The Treasury could accumulate the interest owed on the remaining $42 mill. By collecting customs duties on imports and an excise tax (domestic borders transported within a nation’s borders) on whiskey.
* He proposed that money owed to citizens be made a permanent debt. Instead, keep paying interest to people wishing to hold bonds as an investment.
* The only burden on taxpayers would be the small annual cost of interest.
* Many bond holders had to sell their bonds because they were so close to going bankrupt. The rich bought them. Now, the rich stood to make all of the money.
* Some states also paid off their war debts or a good portion of them – often at great expense. They were not happy that other states that weren’t as fiscally responsible would stand to benefit under Hamilton’s plan.
* S.C. became the only southern state to support Hamilton’s proposal.
* Virginia, in return for a national capital more near to them, garnered enough support to pass the Report. It dramatically reversed the nation’s fiscal standing. European investors grew so enthusiastic about U.S. bonds that by 1792 some securities were selling at 10% above face value.

*Creating a National Bank*

* Dec. 1790 he presented Congress with the Report on a National Bank.
* The proposed bank would raise $10 million through a public stock offering. He said that it would cost the taxpayers nothing and it would provide a safe place for the federal government to deposit tax revenues, make inexpensive loans to the government when taxes fell short, and help relieve the scarcity of hard cash by issuing paper notes that would circulate as money. It could regulate state banks and provide needed credit to expand the economy.
* Critics said that I would give a small, elite group special power to influence the government.
* They also argued that the bank was unconstitutional.
* Congress approved the bank by a thin margin.
* Washington asked Jefferson and Hamilton of their opinions.
* Jefferson favored a “strict interpretation” of the constitution.
* President accepted Hamilton’s argument for a “loose interpretation” of the constitution.
* Feb. 1791 the bank obtained a charter guaranteeing its existence for 20 years.
* This split between Jefferson and Hamilton signaled a deepening political divide within the administration.

*Hamilton’s Legacy*

* Those attracted to Hamilton’s policies called themselves Federalists. In actuality, Federalists favored a highly centralized national government instead of a truly “federal” system with substantial powers left to the states.
* His program had dissenters – many thought that the government was rewarding special interest groups.
* It offered little to the West.
* Resentment against a national economic program whose main beneficiaries seemed to be eastern “monied men” and New Englanders who refused to pay their debts gradually united westerners, southerners, and some mid-Atlantic citizens into a political coalition that challenged the Federalists and called for a return to the “true principles” of republicanism.
* For Hamilton, capital, technology, and managerial discipline were the surest roads to national order and wealth.
* Jefferson, put more trust in white male citizens and he envisioned land as the key to prosperity and liberty for all.

*The Whiskey Rebellion*

* Hamilton recommended an excise tax on domestically produced whiskey.
* Sept. 1791 a crowd tarred and feathered an excise agent near Pittsburgh.
* Hamilton’s excise equaled 25% of whiskey’s retail value, enough to wipe out a farmer’s profit.
* The law also stipulated that trials for evading the tax be conducted in federal courts.
* Washington concluded that failure to respond strongly to the uprising would encourage outbreaks in other western areas where distillers were avoiding the tax.
* Washington gathered 13,000 militiamen to march under his command.
* The Whiskey Rebellion set severe limits on public opposition to federal policies. Washington served notice that citizens who resorted to violent or other extralegal means of political action would feel the full force of federal authority.

THE UNITED STATE ON THE WORLD STAGE, 1789-1796

*Spanish Power in Western North America*

* Spain hoped to dominate North America from the Pacific to Louisiana on the Gulf of Mexico. But resistance from the Hopi, Quechan (yuma) and other Native Americans thwarted these hopes. Fortunately for Spain, Arizona had not attracted other outside powers.

*Challenging American Expansion, 1789-1792*

* Between the Appalachians and the Mississippi – Spain, Britain, and the U.S. and numerous Indian nations jockeyed for an advantage
* 1789 Spain opened New Orleans to American commerce
* 1791-1796 the US admitted VT, KY, and TN in hope to strengthen their flickering loyalty to the US
* Washington also tried to weaken the Spanish by neutralizing the Creek Indians
* Government formally recognized Indian title as secure and inalienable – they enacted laws prohibiting trespassing on Indian lands, punishing crimes committed there by non-Indians, outlawing alcohol, and regulating trade.
* The administration sought to make Natives more “civilized” – agriculturally more adept, rather than roaming.
* Most Americans pressured Natives to sell lands and move farther West.
* Indians refused. Many Americans thought the only way to counterbalance this was to become allies with France.

*France and Factional Politics. 1793*

* 1789 French Revolution
* 1793 it became a republic and proclaimed a war of all people against all kings – which they assumed the US would help
* Southern slave owners supported the French because England supported slave uprisings in the Caribbean.
* Northerners thought there was too much bloodshed in France
  + New Englanders thought they were substituting reason for God
  + Mid Atlantic Federalists thought they were evil radicals who incited the poor against the rich.
* Economic motives – New Englanders traded with England and didn’t want to ruin that. Southerners saw this dependence, as detrimental and thought U.S. should trade more with France.
* France went to war with Spain and Great Britain in 1793.
* Washington issued a declaration of American neutrality on April 22.
* Genet, a Frenchmen, recruited southerners to seize garrisons at New Orleans and St. Augustine. Clark, a recruited general, defied Washington’s orders. They begin fighting, but there were not enough funds. They would fight for France, but not for free.
* However, many privateers, confiscated British ships, brought them into American ports and auctioned the ships and their contents.

*Avoiding War, 1793-1796*

* Washington closed the harbors to Genet’s buccaneers, but the English were angry.
* They decided to seize ships traveling to the Caribbean, but did not issue the declaration until all of the ships left.
* The Royal Navy then seized more than 250 American vessels.
* They also started the IMPRESSMENT – forced enlistment of crewmembers on US ships. In late 1793, British naval officers began routinely inspecting American crews for British subjects, whom they then impressed as the king’s sailors. Some of the men were even American citizens.
* America soon found pressure, again, from other foreign parties trying to stop American expansion to the North and West.
* Trying to halt war – Washington launched three desperate initiatives in 1794
  + He authorized General Anthony Wayne to negotiate a treaty with the Shawnees and their Ohio valley allies.
  + Sent John Jay to Great Britain
  + Dispatched Thomas Pinckney to Spain.
* The Shawnees did not negotiate. Wayne burned every village in his reach; they then built an imposing stronghold to challenge British authority in the NW. Indian morale plummeted because of the defeat and British betrayal.
* In August of 1795, Wayne compelled the Shawnees to sign the Treaty of Greenville, which opened most of modern-day Ohio and a portion of Indiana to white settlement and ended US – Indian hostilities in the region for 16 years.
* Wayne’s success helped John Jay win a British promise to withdraw troops from American soil.
* He also agreed to stop loading ships with sugar, molasses, and coffee from French colonies during wartime. Few Americans thought this was a good treaty.
* Jay’s treaty left Britain to not only violate American neutrality but also ruin a profitable trade with French colonies.
* Even though the treaty was unpopular, it helped to avoid a war. It also helped to stimulate an enormous expansion of American trade. The West Indies and India were now open to U.S. ships – this raised American exports by 300%.
* Pinckney came up with the Treaty of San Lorenzo or Pinckney’s Treaty with Spain. This won westerners the right of unrestricted, duty-free access to world markets via the Mississippi River. Spain also recognized the 31 parallel as the US’s southern boundary, to dismantle all fortifications on American soil and to discourage Indian attacks against western settlers.
* Washington’s ability to negotiate saved the country from a war. Also, he was able to negotiate better deals for the US.

THE EMERGENCE OF PARTY POLITICS, 1793-1800

* Since pre-Revolutionary times, many Americans believed that developing political parties was a subversive action.
* However, before the end of Washington’s second term – the country had split into two hostile parties.
* They were Federalists and Republicans

*Ideological Confrontation, 1793-1794*

* Attitudes about what was happening in France divided the nation along ideological and regional lines.
* Federalists were afraid of mob rule and the message of the French Revolution – they thought they were headed for another revolution.
* They believed that people were simple minded and vulnerable to rabble-rousers.
* Republicans stressed the corruption in a powerful government dominated by a highly visible few, and insisted that liberty would be safe only if power were diffused among virtuous, independent citizens. Jefferson, Madison, and other republicans interpreted the American and French Revolutions as opening the way to a new kind of human community in which self-interested individuals recognized their common interest in maintaining a stable society responsive to the needs of all.
* Jefferson resigned from the cabinet because always getting out voted by Washington and Hamilton. The split was inevitable.

*The Republican Party, 1794-1796*

* In 1794, party development reached a decisive stage after Washington openly identified himself with Federalist policies. Calling themselves Republicans (rather than “Democrats”) followers of Jefferson successfully attacked the Federalists’ pro-British leanings in many local elections and won a slight majority in the House of Representatives. This showed them as a political party that could get support in different areas of the country.
* Newspapers became popular and they often bashed the other side.
* The Republicans’ central charge was that the Federalists had evolved into a faction bent on enriching wealthy citizens at the taxpayers’ expense.
* When Washington left office he warned of partisan politics as no good. He left in 1797 and died in 1799. As he retired, the division between Republicans and Federalists hardened into a two-party system.

*The Election of 1796*

* This was the first time political elites mobilized the ordinary masses to be concerned with public affairs.
* 1796 candidates were: the Federalist Vice President John Adams and the Republicans’ Jefferson.
* Jefferson lost the presidency by three electoral votes.
* The Federalists won both houses of Congress. However, back then, the person with the second highest amount of votes got to be president. This would later be superseded by the 12th Amendment.
* However, as a president, he was more theoretical than practical.

*The French Crisis, 1798-1799*

* On learning of Jefferson’s defeat, the French began commandeering American ships and that all American citizens on British ships (even those impressed) should be hanged.
* Adams sent a peace delegation. The French refused to negotiate. So, through three unnamed agents “X,Y, and Z” talks could begin if the US gave France $250,000 and the US loan France $12 million. This was a bribe and became known as the XYZ AFFAIR. Americans were outraged.
* This discredited the Republicans’ foreign policy views, but the leaders’ compounded the damage by refusing to condemn French aggression and opposing Adams’ call for defensive measures.
* The Federalists rode a wave of militant patriotism.
* In 1798 elections, Jefferson’s supporters were routed almost everywhere, even the South.
* Congress responded by arming 54 ships to protect American commerce. This worked
* By 1799 the French were a nuisance, not a threat.
* The Federalists tripled the army.
* The French were also trying to undermine western citizens’ loyalty to America.

*The Alien and Sedition Acts, 1798*

* In 1798, the Federalist dominated Congress accordingly passed four measures known and the Alien and Sedition Acts.
  + Alien Enemies Act – outlined the procedures for determining whether the citizens of a hostile country posed a threat to the United States as spies or saboteurs. It was only to be used if Congress declared war.
  + Alien Friends Act – A temporary peacetime statute, authorized the president to expel any foreign residents whose activities he considered dangerous.
  + The Naturalization Act – This measure increased the residency requirement for U.S. citizenship from five to fourteen years (the last five continuously in one state), this had the purpose to reduce Irish voting.
  + Sedition Act – It forbade an individual or group “to oppose any measure or measures in the United States” – wording that could be interpreted to ban any criticism of the party in power. Another clause made it illegal to speak, write, or print any statement about the president that would bring him “into contempt or disrepute.” Sedition cases were heard by jury.
  + Madison’s Virginia Resolution and Jefferson’s Kentucky Resolution declared that the state legislatures had never surrendered their right to judge the constitutionality of federal actions and that they retained an authority called interposition, which enabled them to protect the liberties of their citizens.
  + Kentucky Resolutions said that an objectionable federal law might be “nullified” by the states.
  + These resolutions showed the possibility of disunion in the late 1790’s

*The Election of 1800*

* Federalist = Adams and Republican = Jefferson
* Both men discouraged radical activity.
* Adams wanted to embark on a diplomatic mission with France – they wanted to seek peace.
* Adams lost the presidency. Many people saw the Federalists as defenders of entrenched privilege and upstart wealth.
* There was a tie for Jefferson and Burr
* The House of Representatives had to vote – After Hamilton showed support for Jefferson, a Federalist representative abandoned Burr and gave Jefferson the presidency.

ECONOMIC AND SOCIAL CHANGE

*Households and Market Production*

* Most European households produced their own goods.
* In the late 18th c., most people were on small farms and consisted of the nuclear family.
* By 1800, the farms typically had 7 children and women did all of the child rearing.
* After the American Revolution, many households began to change. Merchants began catering to urban consumers and southern slave owners who wanted to clothe their slaves as cheaply as possible.
* They made shoes in smaller farmhouses and cloth.
* Businessmen ran these enterprises.
* The countries first private banks were founded in the 1780’s in Philly, Boston, and New York.
* 1791 – New York merchants and insurance underwriters organized America’s first formal association of trading government bonds, out of which the New York Stock Exchange was born.

*White Women and the Republic*

* It was easier for some women to gain a divorce.
* New Jersey left a loophole because they did not designate gender in the law.
* In the 1790’s it allowed women to vote by saying “he or she”
* In 1797 the women’s vote almost gave the win to a Federalist. His opponent, John Condict, would get his revenge in 1807 by successfully advocating a bill to disenfranchise women along with blacks.
* American republicans increasingly recognized the right of a woman to choose her own husband. Elites used to choose their daughter’s husbands.
* New England women got pregnant so they could marry whom they chose.
* They had fewer children than their mothers
  + This was in part due to declining farm sizes and urbanization
* A few women challenged the sexual double standard – men could be adulterers, but women were condemned
* Some argued they should receive the same education
* “REPUBLICAN MOTHERHOOD” – Republicans emphasized the importance of educating white women in the values of liberty and independence in order to strengthen virtue in the new nation.
* Urban elites founded many private schools for girls.

*Native Americans in the New Republic*

* In the midst of many losses, Native Americans became demoralized
* Indians often drank heavily and inflicted violence on one another
* This sparked a large social and moral crisis within tribes
* A Seneca Indian, Handsome Lake, urged his people to give up alcohol and become more agricultural

*Redefining the Color Line*

* 1790- 8% of African Americans enjoyed freedom
* 1800- 11% “
* By 1794, most states outlawed the Atlantic slave trade.
* Before the 1790’s ended, abolitionist sentiment ebbed, slavery became more entrenched and whites resisted accepting even free blacks as fellow citizens
* The number of places that treated them as political equals of whites dropped sharply
* Many of them were being discriminated in Church and they formed the African Methodist Episcopal Church
* 1793 – FUGITIVE SLAVE LAW- This required judges to award possession of an escaped slave upon any formal request by a master or his representative.
  + Accused runaways were denied a jury trial and sometimes refused to present evidence.
* Their legal status as property disqualified them from claiming constitutional privileges
* This denied them rights that should be given according to the Bill of Rights.
* A Haitian rebellion by slaves put fear in Americans that it could happen here.
* 1793 – Eli Whitney invented the cotton gin.
  + This gave a new lease on life for plantation slavery