PrepUS History

Unit 4 - The New Nation

Washington Becomes President

**Directions: Read and annotate this handout – remember, that means you must highlight or underline important sections of the text and then write notes in the margins about that text.**

The Philadelphia Convention had given the nation a new Constitution. George Washington’s task, and the task facing the newly elected Congress, was to take the words of the Constitution and turn them into an effective government for the United States. To get the government up and running, the president needed a bureaucracy to handle different responsibilities. In 1789 Congress created the Department of State, the Department of the Treasury, the Department of War, and the Office of the Attorney General.

To manage these departments, Washington wanted individuals who were “disposed to measure matters by a Continental scale,” instead of thinking only of their own states. He chose Thomas Jefferson as secretary of state, Alexander Hamilton as secretary of the treasury, General Henry Knox as secretary of war, and Edmund Randolph as attorney general. Washington regularly met with these men to ask for their advice. The department heads came to be known as the **cabinet**, a group of advisers to the president.

Congress also established the federal judiciary. The Judiciary Act of 1789 created 13 district courts and three courts of appeal, in addition to the Supreme Court established by the Constitution. With the Senate’s consent, Washington appointed the federal judges and selected John Jay to become the first chief justice.

**Financing the Government**

The most pressing need for the new government was a source of **revenue**, or income to pay for the nation’s expenses and massive war debts. Without funds, the government could not operate. James Madison, one of the leaders in Congress, and Hamilton responded to this need with different plans for financing the government.

**The Tariff of 1789**

Madison's plan was to tax imports. After much discussion, Congress passed the Tariff Act of 1789, which set tax rates on certain imported items. Congress also passed the Tonnage Act, levying a tax per ton of cargo on ships entering the United States, with foreign ships taxed at a higher rate.

**Hamilton's Financial Program**

Hamilton supported these measures, but he believed the government also needed the ability to borrow money. To fund the Revolutionary War, the Congress under the Articles of Confederation had issued **bonds**—paper notes promising to repay money with interest after a certain length of time. By 1789, the United States owed roughly $40 million to American citizens and another $11.7 million to foreign lenders. Few believed the bonds would be repaid in full, and many had been sold at a fraction of their face value. Hamilton asked Congress to redeem the bonds at full value.

Hamilton believed that if the United States accepted these debts at full value, then wealthy **creditors**, bankers, and merchants who owned the bonds would have enough confidence in the federal government's financial stability to lend it money in the future. Hamilton had described the importance of debt several years earlier: “A national debt if it is not excessive will be to us a national blessing; it will be a powerful cement of our union. It will also create a necessity for keeping up taxation . . . which without being oppressive, will be a spur to industry. . . .”

**Opposition to Hamilton's Plan**

Led by Madison, critics argued that Hamilton’s plan was unfair to the original purchasers who, fearing they would never be repaid, had sold their bonds at a low price. They were outraged that **speculators**, most from the North, who had bought the bonds at those low prices would now benefit. Hamilton's plan to assume the states' debts also worried Madison and other Southerners in Congress. The Southern states, with the exception of South Carolina, had nearly paid off their war debts.

The debate raged for months. In July 1790, Hamilton, Madison, and Jefferson reached a compromise. Southerners voted for Hamilton’s plan, and in return, the nation’s capital would, in ten years time, relocate to an area on the Potomac River that would be called the District of Columbia. Southerners believed that having the capital in the South would keep the federal government responsive to their region's interests.

**The Bank of the United States**

With his system of public credit finally in place, Hamilton asked Congress to create a national bank to manage the nation’s debts and issue bank notes— paper money. The notes would serve as a national currency and promote trade, encourage investment, and promote economic growth.

Southerners opposed the plan. Madison argued that Congress could not establish a bank because it was not among the federal government’s **enumerated powers**, or powers specifically listed in the Constitution.

Hamilton disagreed, noting that Article I, Section 8, of the Constitution gave the federal government the power “to make all laws which shall be necessary and proper” to execute its responsibilities. The “necessary and proper” clause created **implied powers**—powers not listed in the Constitution but necessary for the government to do its job. In 1791 Congress created the Bank of the United States with a 20-year charter.

**The Whiskey Rebellion**

Hamilton also believed the government had the right to impose taxes. In 1791 Congress imposed an excise tax on the manufacture of whiskey. The new tax enraged western farmers who distilled their grain into whiskey before sending it to market. The Whiskey Rebellion erupted in 1794 in western Pennsylvania. Farmers terrorized tax collectors, stopped court proceedings, and robbed the mail. Later that year, Washington led about 13,000 troops to crush the rebellion. The rebels dispersed without a fight.

**Trade and Western Expansion**

Shortly after George Washington was inaugurated in 1789, the French Revolution began in Europe. At first, most Americans sympathized with the revolutionaries, who seemed to be fighting for the same rights Americans had won a few years earlier. By the spring of 1793, however, a new group of French **radicals**, those whose political views and practices were considered extreme, had seized control. They executed thousands of people, including the king and queen. Many Federalists, shocked by the violence and chaos, opposed the French revolutionaries. Despite the bloodshed, many Republicans supported the revolutionaries, because they seemed to be fighting for liberty.

When France declared war on Britain, President Washington found himself in a difficult position. The United States traded with both Britain and France. Yet the Treaty of 1778 with France required the United States to help defend France’s colonies in the Caribbean. Washington wanted the United States to remain **neutral**, not aligning with either side. In April 1793, Washington declared the United States to be “friendly and impartial” toward both warring powers.

**Jay’s Treaty and Pinckney’s Treaty**

Despite Washington’s declaration, the British began intercepting all ships carrying goods to French ports, including hundreds of American ships. At the same time, reports appeared that the British, operating out of forts they still occupied on American territory, were inciting Native Americans to attack western settlers. Together, these events pushed Congress to the brink of war in 1794.

Determined to avoid war, Washington sent John Jay to Britain to seek a solution. Britain agreed to a treaty but drove a hard bargain. Jay was forced to agree that Britain had the right to seize cargoes bound for French ports. The British then agreed to give up their forts on American territory and granted the United States **most-favored nation** status. Republicans attacked the treaty, accusing the Federalists of being pro-British. Washington reluctantly signed the treaty, avoided war, and protected the fragile American economy.

Jay’s Treaty helped the United States win concessions from Spain, which still controlled Florida and territory west of the Mississippi River. In 1795 Spain joined France in its war against Britain. Fearing that the United States would join forces with Britain to seize Spain’s North American holdings, Spain offered to negotiate all outstanding issues with the United States. In 1795 the Spanish signed the Treaty of San Lorenzo, or Pinckney’s Treaty, granting the United States the right to navigate the Mississippi and deposit goods at New Orleans.

**Westward Expansion**

In the 1780s, Americans began to settle in the area between the Appalachians and the Mississippi River. A Native American chief of the Miami named Little Turtle led Native American resistance to American settlement in the region. In late 1790 and again in 1791, Little Turtle’s forces defeated U.S. troops. After these disasters, Washington sent General Anthony Wayne to stop the Native American attacks. In August 1794, Wayne’s forces defeated the Native American forces, led by the Shawnee chief Blue Jacket, at the Battle of Fallen Timbers.

Wayne’s victory dealt a decisive blow to Native American resistance in the Northwest Territory. In August 1795, 12 Native American nations signed the Treaty of Greenville. They agreed to give up part of southern Ohio and Indiana in exchange for a yearly payment of $9,500 from the federal government. After the treaty was signed, the flow of settlers to the region rapidly increased. By 1803, Ohio had enough settlers to become a state.

**Directions: Circle the letter of the correct answer.**

What global events caused tensions within the United States and diplomatic problems for President Washington?

A. the French Revolution and the subsequent war between England and France

B. the seizure by England of French holdings in the Caribbean

C. a war between Spain and France over colonies in North America

D. the rise of Napoleon in France and his unpopular policies

Jay's Treaty stated that American merchants would not be discriminated against when they traded with Britain, granting the United States

A. quasi-war status.

B. alien-and-sedition status.

C. most-favored nation status.

D. limited trade agreement status.

Pinckney's Treaty with Spain allowed the United States to

A. seize control of Florida and Louisiana.

B. use the Mississippi River to transport goods to New Orleans.

C. supply French ports in the Caribbean.

D. join forces with Britain and attack Spanish holdings in North America.

At the Battle of Fallen Timbers, General Anthony Wayne defeated Native Americans led by the Shawnee chief

A. Little Turtle. C. Blue Jacket.

B. Tecumseh. D. Cochise.

Twelve Native American nations agreed to give up part of southern Ohio and Indiana, as well as land near Chicago, Detroit, and Vincennes, Indiana, in the

A. Convention of 1800. C. XYZ Affair.

B. Alien and Sedition Act. D. Treaty of Greenville.