



The Federalist Era



Hamilton's Economic Plan

1. By order of Congress, the 34-year-old Alexander Hamilton, as Secretary of the Treasury, studied the state of public debt and submitted recommendations for steering the nation's economy. He placed the country's war debts into three categories—those owed by the United States to foreign governments, primarily _____ (over \$11 million); those owed by the federal government to holders of _____ (over \$40 million); and similar debts owed by all the state governments (about \$25 million).
2. Hamilton's first recommendation was that _____ assume all Revolutionary War debts and that they be funded _____. A good deal of opposition arose in Congress, led by _____, who noted that _____ now owned most of the government bonds purchased during the war. True enough, admitted Hamilton, but the new government needed full support of the _____ in order to survive.
3. Why did most of the opposition to Hamilton's plan come from the South?
4. What major action was taken to appease southerners?
5. Hamilton next recommended that a _____ be chartered. The major question here was in regard to _____. Opposition, led by Madison and _____, cited the "_____" of Article I. They claimed that this measure was not absolutely _____, but only desirable. Hamilton argued that if the end was constitutional, then the means (which might alone be unconstitutional) automatically became constitutional. The debate was a classic presentation of "strict" versus "loose" interpretations of the Constitution. The strict constructionist Jeffersonians emphasized the "_____" terminology while the loose constructionist Hamiltonians centered on the "_____" wording.

6. Hamilton's third recommendation was an ambitious program for encouraging and protecting _____. Hamilton felt that the United States could never be truly independent so long as it realized heavily on _____ for manufactured goods. Unable to realize the far-reaching merits of these proposals, and believing that America's future was _____, Congress declined most of this element of Hamilton's plan. Congress did, however, approve an excise tax on _____.
7. Hence, Hamilton's plan earned the United States solid financial footing. At the same time, it paved the way for the development of _____ and caused a _____.

The French Revolution

1. In _____ revolution broke out in France. By 1793, a _____ had been proclaimed, _____ had been beheaded, and France had become embroiled in a war with several of the major European nations, namely _____ and _____.
2. How did this war affect America?
3. America's involvement in the war centered on the _____. This treaty required the United States to defend the French West Indies "forever against all other powers."
4. Morally, then, the United States was obligated to enter the war as an ally of _____. What conditions would have made this a dangerous move?
5. Instead, in April of 1793, President _____ issued a proclamation of neutrality committing America to "conduct friendly and impartial" toward both warring parties.
6. Meanwhile, the French sent a special representative, _____, to the United States to seek support. How was he received by the American government? Was this appropriate, considering his actions when he arrived?
7. How was American shipping affected by the war?
8. American public sentiment favored _____. Toward _____, hatreds that had been smoldering since the American Revolution were revived.
9. What did President Washington do in an attempt to avoid war?

Jay's Treaty

1. In an attempt to avoid war, President Washington dispatched Chief Justice _____ to _____ in 1794.
2. Although the British did not want to go to war with America, they were nevertheless concerned about American intentions. Why the concern?
3. What was the one major concession that Jay garnered for America?
4. While the treaty was a valuable one for America, it was also a humiliating one. Jay was accused of being too _____.
5. With rejection by the Senate almost certain, President Washington argued for the treaty's approval. What was his reasoning for doing so?
6. There was some unexpected luck that accompanied Jay's treaty. What was it?

The Whiskey Rebellion

1. In August of 1794, nearly 7,000 armed militiamen assembled near _____ to demonstrate defiance of the federal government's excise tax on whiskey. Many of the protesters advocated outright _____ from the United States.
2. An excise tax is an internal, direct levy on _____ products.
3. President Washington considered the action to a threat to national _____. He countered the whiskey rebels with a force of nearly _____ militiamen from _____ states.
4. The incident diffused before Washington's force arrived, so Washington departed back to Philadelphia and his other presidential duties, leaving _____ in charge to finish the march. Thereafter, the excise tax was collected peacefully.
5. The outcome of this major challenge to the Constitution was not a foregone conclusion. It might well have resulted in the formation of new _____, fully independent of the government in Philadelphia, or perhaps even an alliance of trans-Appalachian counties with British _____ to the north or New _____ to the south.

Washington's Farewell Address

1. President Washington, weary from his endless service to the United States and frustrated with developing political partisanship, declined another White House term. His memorable Farewell Address (written by _____) admonished the country to encourage friendly relations, while avoiding “_____ attachments” and “permanent _____” with other nations.
2. In reference to the two-party system that had begun to develop during his second term, Washington maintained that the formation of political parties would hamper the _____ necessary to foster continued growth of the United States.
3. Additionally, Washington stated his firm belief that religion and morality were “_____ supports” of good government.

The XYZ Affair

1. During the presidential administration of _____, partially out of irritation at the Jay Treaty, _____ continued its attacks on American shipping. The resulting event represents one of the most remarkable reversals of public feeling in American history.
2. Who were X, Y, and Z?
3. What was the American public's reaction to the demands of the three French agents?
4. What actions did Congress take?
5. A declaration of war against France would have been very popular. What political group favored war with France? What political party opposed such action? What made President Adams decide to avoid war?
6. Many Federalists expected that the Democratic-Republicans would side with the French should war break out. Near panic, the Federalists pushed through Congress a series of repressive measures known collectively as the _____ Acts.

The Alien and Sedition Acts

1. In June and July of _____, the conservative _____, in an attempt to smash their political opposition, passed _____ repressive laws known as the Alien and Sedition Acts, against the wishes of _____ and _____.
2. The first law, known as the _____ Act, stiffened requirements for _____ to become American citizens. The existing five-year residency requirement was changed to _____ years. How would this harm the Democratic-Republicans? Was it particularly effective?
3. The second and third measures, called the _____ Act and the _____ Act, provided that in time of war, Congress could take action against _____ living in the country. It authorized the government, even in peace, to deport any foreigner deemed “dangerous to the peace and safety of the _____.” What was the real danger of these two laws? Were these laws very effective?
4. The fourth law was called the _____ Act. It called for stiff fines and imprisonment for anyone who uttered or published any “false, scandalous and malicious” statement that held the government in “contempt or disrepute.” Essentially, it was an attack on free _____ and _____. To what degree did Adams enforce this law?
5. The Democratic-Republicans, led by _____ and _____, responded to these laws by writing the _____ and the _____. These argued that a state could nullify a federal law within its boundaries.
6. Although these resolutions were never implemented, they nevertheless had significant ramifications. List two.
7. Why was it somewhat odd that James Madison took such a position?
8. What ended the entire mess?

The Federalist Legacy

1. Although relatively short-lived, the Federalist Period boasted several solid accomplishments. The _____ government was strengthened, both through _____ as well as the Constitution itself.

2. Thanks in large part to Secretary of the Treasury _____, a sound fiscal system was established.
3. Finally, the Federalists kept the United States out of _____.
4. The legacy of the Federalists is strengthened during the ensuing reign of the Democratic-Republicans. Jefferson, to his credit, did not _____ most of the Federalist institutions established under Washington and Adams.

The Election of 1800

1. The Federalist Era ended with the election of 1800. The Federalist candidates, incumbent President John Adams and _____ (of South Carolina), received 65 and 64 electoral votes, respectively. The Democratic-Republican hopefuls, Thomas Jefferson and Aaron Burr, both garnered _____ electoral votes.
2. Therefore, the election was thrown into the _____. The Federalists voted solidly for _____. The notable exception was _____, who actually worked hard on behalf of his long-time political adversary.
3. Some historians believe that Jefferson in return promised to preserve Alexander Hamilton's _____ program and continue the _____ policy of the Washington-Adams administrations. Jefferson also pledged that he would not engage in mass evictions of _____ during his term. The congressional elections of 1800, as well, went solidly in favor of the Democratic-Republicans. Thus, the one remaining Federalist power reservoir was the _____.
4. Jefferson referred to the election as the “_____ of 1800.” What does historian John Garraty have to say about this description?
5. The election represents an important juncture in that the young United States survived another crucial test—control of the political machinery switched hands in a/n _____ manner without _____. The informal political party system, which had developed without sanction of the _____ and in the face of warning issued by former President _____, was evidently working.
6. Jefferson's inaugural address downplayed the differences between the two political parties. What were some of the stronger statements made by Jefferson in his inaugural speech?

Washington as President. The hopes of the nation and the expectation of the Founding Fathers were fulfilled when George Washington was elected, unopposed, the first president of the United States. It is fair to characterize Washington as a strong chief executive who was firm, dignified, conscientious, but also cautious and unaggressive. Washington was especially sensitive to being the first and, therefore, responsible for establishing proper precedents for future presidential actions. He selected and consulted an able Cabinet, dominated by Hamilton and Jefferson. Washington, naive in understanding political power, unwittingly contributed to the rise of political factions.

Congress Under Way. The first Congress, remembering the Federalist promises to further protect civil liberties, prepared a Bill of Rights. These constitutional amendments guaranteed freedom of speech, the press, religion, and trial by jury, and protected citizens against unreasonable searches and self-incrimination. The Tenth Amendment conciliated states' rights advocates by giving states all powers not specifically delegated to the central government.

Hamilton and Financial Reform. Congress gave Alexander Hamilton the task of solving the nation's fiscal troubles and stimulating its economic development. Guided by his belief in a strong national government supported by the well-to-do, Hamilton proposed in his *Report on the Public Credit* plans for correcting the nation's economic ills. He suggested that the national debt of \$51 million be funded at par (face value) and that state debts of \$21 million be assumed by the federal government. While speculators benefited from the funding scheme, it was necessary for establishing credit. Southerners were appalled at the prospect of aiding northerners in paying off state debts, but Madison and Jefferson aided Hamilton in obtaining its passage in exchange for locating the national capital on the banks of the Potomac.

Hamilton also proposed creating a national bank to store government funds and issue bank notes. After listening to Hamilton and Jefferson debate the constitutionality of the bank, Washington accepted Hamilton's plan and the bank became an immediate success. Hamilton attempted to change the nation's agricultural base to a complex, self-sufficient economy. His *Report on Manufactures* recommended broad economic planning, but Congress balked on all but a few specific tariffs. Nevertheless, Hamilton had transformed the financial structure of the country and prepared the ground for an economic revolution.

Foreign Affairs. Americans continued to be plagued by problems on the western frontier. British soldiers remained in Ohio Valley forts and Indians resisted settlers encroaching on their hunting grounds. More serious, however, were the effects of the French Revolution (1789) and its attendant wars on American foreign policy. The United States was obligated under the Alliance of 1778 to defend French possessions in the Americas, but Americans were reluctant to get involved in France's problems. Washington responded by issuing a proclamation of neutrality but France sent Edmond Genet as a special representative to obtain American assistance. Genet violated the United States' neutrality and Washington had him recalled. But when his replacement arrived with an order for his arrest in France, Genet was given political asylum in the United States.

American shipping was severely restricted by attacks from both England and France, although the larger British fleet caused far more damage. Fearing war, Washington decided to attempt negotiations with the British.

Jay's Treaty. John Jay, chief justice of the Supreme Court, was sent to London (1794) to negotiate with the British. Jay obtained only one major concession: evacuation of the posts in the West. Jay was stymied in obtaining respect for neutral rights, and he committed the United States to pay pre-Revolutionary debts. The treaty was widely condemned by Americans as a sellout, but President Washington swallowed his disappointment and submitted it to the Senate. The treaty, ratified in 1795, had two important consequences: it marked a step toward regularization of Anglo-American relations, and the Spanish responded to the inherent threat of Anglo-American cooperation by signing Pinckney's Treaty (1795), which opened the Mississippi to American trade, provided right of deposit at New Orleans, and settled the Florida boundary dispute.

Federalism Militant. The government's western policy was "expansion with honor" with the emphasis on expansion. After General Anthony Wayne defeated the Indians at the Battle of Fallen Timbers (1794), the frontier was opened for westward expansion, and new states and territories were established. When rioting broke out in western Pennsylvania in response to an excise tax on whiskey (the Whiskey Rebellion, 1794), President Washington called up nearly 13,000 militiamen to put down the disturbance. At the show of force the rebels vanished. The action proved that the national government was powerful enough to prevent anarchy.

Thomas Jefferson: Political Theorist. To Thomas Jefferson the ideal design for American society was an educated electorate of small independent farmers. He opposed large-scale industrialization and urbanization, whereas Alexander Hamilton proposed economic measures to encourage the growth of industries and the power of the wealthy. The conflict between Jefferson and Hamilton came to a head slowly, but they regularly disagreed on foreign affairs and internal controls (Whiskey Rebellion); by 1791 party factions, stimulated by newspaper propagandists, were intent on gaining power once Washington retired from office.

Federalists and Republicans. Why did national political parties emerge after the ratification of a Constitution which made no provision for them? The main reason is that by creating a strong national government the Constitution produced a focus for the discussion and settlement of national issues. But the Constitution did not provide machinery for nominating candidates for federal offices, a vacuum filled by party organizations. Jefferson's friends called themselves Democratic Republicans; they were the first to organize and the more efficient. Hamilton's supporters were called Federalists. The most significant differences were psychological. The typical Federalist thought of change as an orderly progression presided over by established authority; the Republican view emphasized individual ability and effort. There were no clear-cut social or economic alignments. Political divisions over foreign policy held the greatest threat for national security. Hamilton, believing Jefferson so pro-French that he was unable to conduct foreign affairs rationally, overcompensated by being too cooperative with the British.

Washington's Farewell. In spite of growing political factions within his official family, George Washington remained throughout his tenure a symbol of national unity. In September of 1796, Washington issued a "Farewell Address" which counseled the nation to remain at peace, denounced political disputes, and warned against forming permanent foreign alliances.

Election of 1796. In 1796, the nation's first contested presidential election occurred. Jefferson, the Republican candidate, was opposed by John Adams representing the Federalists. Jefferson, receiving the second highest vote, 71 to 68 electoral votes, became vice-president. Dissension within Federalist ranks and the closeness of the election indicated the growth of Republican popularity.

The XYZ Affair. Upon taking office John Adams was faced with an international crisis which served to bolster Federalist prospects. France continued seizing American ships in retaliation for the Jay Treaty, but Adams, determined to avoid war, sent a commission to France to negotiate differences. The mission failed when the French agents (X, Y, and Z) demanded a bribe before negotiating; the commissioners broke off their talks and returned home. This news embarrassed the pro-French Republicans, and the Federalists, who controlled Congress, began making preparations for war. Adams avoided calling for war because he recognized the nation's limited military strength, but he did supervise a military buildup.

Alien and Sedition Acts. Through the Naturalization and Alien Acts citizenship requirements increased; the president was empowered to expel dangerous aliens (actually, none were expelled). The Sedition Act was intended to silence political opposition. Twenty-five Republican editors were prosecuted and ten convicted. Jefferson and Madison responded by writing the Kentucky and the Virginia Resolves which declared the Alien and Sedition Acts to be unconstitutional and violations of the First Amendment rights. Jefferson viewed the Resolves as simply protests against Federalist policy, not as advocacy of extreme states' rights.

The French indicated an interest in conciliation of differences. President Adams accepted the Convention of 1800 abrogating the Franco-American treaties of 1778.

The Revolution of 1800. Despite widespread fears that a Jefferson victory in the election of 1800 would result in weakening the central government and disrupt Hamilton's economic programs, the Virginian defeated Adams by an eight-vote electoral margin. However, Jefferson and his vice-presidential running mate, Aaron Burr, ended in a tie with 73 votes each (Republican electors had failed to "waste" a Burr vote). The election, thrown into the House, was not resolved until mid-February 1801, when Hamilton persuaded enough Federalist congressmen to break the deadlock by voting for Jefferson. The 12th Amendment was ratified in 1804 to prevent a recurrence of this problem.

The Federalist Contribution. The Federalists largely contributed to their own defeat in 1800 by overreacting to political criticism and "alien" philosophies. In perspective, however, the Federalists made lasting contributions to American politics and government by encouraging nationalism, strengthening the central government, and establishing a sound fiscal system.

Jefferson as President. In his inaugural address, Jefferson's main stress was on the cooling of partisan passions: "We are all Republicans--we are all Federalists." While denouncing the national debt, Jefferson stated the Hamiltonian position of stimulating commerce as well as his beloved agriculture. Jefferson showed his sincerity by reducing military expenditures and the national debt, by repealing excise taxes and naturalization laws, and by accepting as permanent the Hamiltonian economic structure. "Pell-mell" was good politics. Jefferson avoided pretentious presidential ceremonies, and he made political mileage from informal dinner parties for congressmen.

Although Jefferson politically undermined the Federalists, he accepted the Federalist economic structure, backed internal improvement projects, and maintained a respectful regard for public opinion. Republicanism triumphed in an orderly manner without a large military establishment and with reduced taxation.

Significance of the New Deal. The beginnings of war in Europe in 1939 had more direct effect on ending the Great Depression than did the New Deal. Roosevelt's willingness to experiment with different means of combating the depression made sense, but his uncertainty about the ultimate objectives of the New Deal proved counterproductive. Roosevelt increased the prestige and authority of the presidency, thus threatening the balance among the major branches of government.

On balance, the New Deal had an immense constructive impact. By 1939, the country was committed to the idea that government should be responsible for the national welfare. The New Deal created the machinery for preventing future catastrophic economic declines. It also caused a dramatic shift among black voters, who became Democrats in spite of not receiving the full benefits of American socioeconomic opportunities.