



SECTION
1

Washington Heads the New Government

MAIN IDEA

President Washington transformed the ideas of the Constitution into a real government.

WHY IT MATTERS NOW

The Cabinet, an institution Washington created, is still a key element of every presidential administration.

Terms & Names

- Judiciary Act of 1789
- Alexander Hamilton
- Cabinet
- Bank of the United States
- Democratic-Republicans
- two-party system
- protective tariff
- excise tax

One American's Story

George Washington had no desire to be president after the Constitutional Convention. His dream was to settle down to a quiet life at his Virginia estate, Mount Vernon. The American people had other ideas, though. They wanted a strong national leader of great authority as their first president. As the hero of the Revolution, Washington was the unanimous choice in the first presidential ballot. When the news reached him on April 16, 1789, Washington reluctantly accepted the call to duty. Two days later he set out for New York City to take the oath of office.

A PERSONAL VOICE GEORGE WASHINGTON

“About ten o'clock I bade adieu [farewell] to Mount Vernon, to private life, and to domestic felicity [happiness]; and with a mind oppressed with more anxious and painful sensations than I have words to express, set out for New York . . . with the best dispositions [intentions] to render service to my country in obedience to its call, but with less hope of answering its expectations.”

—*The Diaries of George Washington*

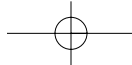
When Washington took office as the first president of the United States under the Constitution, he and Congress faced a daunting task—to create an entirely new government. The momentous decisions that these early leaders made have resounded through American history.



George Washington

The New Government Takes Shape

Washington took charge of a political system that was a bold experiment. Never before had a nation tried to base a government on the Enlightenment ideals of republican rule and individual rights. No one knew if a government based on the will of the people could really work.



Although the Constitution provided a strong foundation, it was not a detailed blueprint for governing. To create a working government, Washington and Congress had to make many practical decisions—such as how to raise revenue and provide for defense—with no precedent, or prior example, for American leaders to follow. Perhaps James Madison put it best: “We are in a wilderness without a single footstep to guide us.”

JUDICIARY ACT OF 1789 One of the first tasks Washington and Congress tackled was the creation of a judicial system. The Constitution had authorized Congress to set up a federal court system, headed by a Supreme Court, but it failed to spell out the details. What type of additional courts should there be and how many? What would happen if federal court decisions conflicted with state laws?

The **Judiciary Act of 1789** answered these critical questions, creating a judicial structure that has remained essentially intact. This law provided for a Supreme Court consisting of a chief justice and five associate justices. It also set up 3 federal circuit courts and 13 federal district courts throughout the country. (The numbers of justices and courts increased over time.) Section 25 of the Judiciary Act, one of the most important provisions of the law, allowed state court decisions to be appealed to a federal court when constitutional issues were raised. This section guaranteed that federal laws remained “the supreme Law of the Land,” as directed by Article 6 of the Constitution. **A**

MAIN IDEA

Analyzing Motives

A Why did federal law have to be “the supreme Law of the Land” in the new nation?

WASHINGTON SHAPES THE EXECUTIVE BRANCH At the same time that Congress shaped the judiciary, Washington faced the task of building an executive branch to help him make policies and carry out the laws passed by Congress. In 1789, when Washington took office, the executive branch of government consisted of only two officials, the president and the vice-president. To help these leaders govern, Congress created three executive departments: the Department of State, to deal with foreign affairs; the Department of War, to handle military matters; and the Department of the Treasury, to manage finances.

To head these departments, Washington chose capable leaders he knew and trusted. He picked Thomas Jefferson as secretary of state, **Alexander Hamilton** as secretary of the treasury, and Henry Knox, who had served as Washington’s general of artillery during the Revolution, as secretary of war. Finally, he chose Edmund Randolph as attorney general, the chief lawyer of the federal government. These department heads soon became the president’s chief advisers, or **Cabinet**.

President Washington (far right) meets with his first Cabinet: (from left to right) Henry Knox, Thomas Jefferson, Edmund Randolph (with back turned), and Alexander Hamilton.

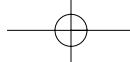
NOW & THEN

THE CABINET

The Constitution provided President Washington and his successors the right to “require the opinion, in writing, of the principal officer in each of the executive departments.” Washington chose to seek those opinions, in person, on a regular basis. In 1793, James Madison called the assembled secretaries the Cabinet, a term used in Britain for advisers to the king.

Since Washington’s time the number of departments has increased to 14. In addition to the secretaries of these 14 departments, Cabinet officers also include the director of the Central Intelligence Agency, the administrator of the Environmental Protection Agency, and the vice-president. The Cabinet meets at the request of the president and frequency varies from administration to administration.





Hamilton and Jefferson Debate

Hamilton and Jefferson were brilliant thinkers, but they had very different political ideas. The differences between the two also caused bitter disagreements, many of which centered on Hamilton's plan for the economy.

HAMILTON AND JEFFERSON IN CONFLICT Political divisions in the new nation were great. No two men embodied these differences more than Hamilton and Jefferson. Hamilton believed in a strong central government led by a prosperous, educated elite of upper-class citizens. Jefferson distrusted a strong central government and the rich. He favored strong state and local governments rooted in popular participation. Hamilton believed that commerce and industry were the keys to a strong nation. Jefferson favored a society of farmer-citizens.

Overall, Hamilton's vision of America was that of a country much like Great Britain, with a strong central government, commerce, and industry. His views found more support in the North, particularly New England, whereas Jefferson's views won endorsement in the South and the West. **B**

MAIN IDEA

Contrasting

B How did Jefferson's and Hamilton's views of government differ?

HAMILTON'S ECONOMIC PLAN

As secretary of the treasury, Hamilton's job was to set in order the nation's finances and to put the nation's economy on a firm footing. To do this, he proposed a plan to manage the country's debts and a plan to establish a national banking system.

According to Hamilton's calculations in his *Report on the Public Credit*, the public debt of the United States in 1790 (most of it incurred during the Revolution) was many millions of dollars. The national government was responsible for about two-thirds of this debt, and individual states were responsible for the rest. The new nation owed some of the debt to foreign governments and some to private citizens, including soldiers who had received bonds—certificates that promised payment plus interest—as payment for their service during the war.

Hamilton proposed to pay off the foreign debt and to issue new bonds to cover the old ones. He also proposed that the federal government assume the debts of the states. Although this would increase the federal debt, Hamilton reasoned that assuming state debts would give creditors—the people who

KEY PLAYERS



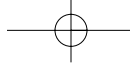
ALEXANDER HAMILTON
1755–1804

Born into poverty in the British West Indies, Alexander Hamilton was orphaned at age 13 and went to work as a shipping clerk. He later made his way to New York, where he attended King's College (now Columbia University). He joined the army during the Revolution and became an aide to General Washington. Intensely ambitious, Hamilton quickly moved up in society. Although in his humble origins Hamilton was the opposite of Jefferson, he had little faith in the common citizen and sided with the interests of upper-class Americans. Hamilton said of Jefferson's beloved common people: "Your people, sir, your people is a great beast!"



THOMAS JEFFERSON
1743–1826

The writer of the Declaration of Independence, Thomas Jefferson began his political career at age 26, when he was elected to Virginia's colonial legislature. In 1779 he was elected governor of Virginia, and in 1785 he was appointed minister to France. He served as secretary of state from 1790 to 1793. A Southern planter, Jefferson was also an accomplished scholar, the architect of Monticello (his Virginia house), an inventor (of, among other things, a machine that made copies of letters), and the founder of the University of Virginia in 1819. Despite his elite background and his ownership of slaves, he was a strong ally of the small farmer and average citizen.



Contrasting Views of the Federal Government

HAMILTON	JEFFERSON
<ul style="list-style-type: none"> • Concentrating power in federal government • Fear of mob rule • Republic led by a well-educated elite 	<ul style="list-style-type: none"> • Sharing power with state and local governments; limited national government • Fear of absolute power or ruler • Democracy of virtuous farmers and tradespeople
<ul style="list-style-type: none"> • Loose interpretation of the Constitution • National bank constitutional (loose interpretation) • Economy based on shipping and manufacturing 	<ul style="list-style-type: none"> • Strict interpretation of the Constitution • National bank unconstitutional (strict interpretation) • Economy based on farming
<ul style="list-style-type: none"> • Payment of national and state debts (favoring creditors) • Supporters: merchants, manufacturers, landowners, investors, lawyers, clergy 	<ul style="list-style-type: none"> • Payment of only the national debt (favoring debtors) • Supporters: the “plain people” (farmers, tradespeople)

SKILLBUILDER Interpreting Charts

1. Whose view of the federal government was a wealthy person more likely to favor? Why?
2. How do you think Jefferson differed from Hamilton in his view of people and human nature?

MAIN IDEA

Analyzing Issues

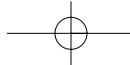
C Why did the new nation need to pay off its debts?

originally loaned the money—an incentive to support the new federal government. If the government failed, these creditors would never get their money back. However, this proposal made many people in the South furious. Some Southern states had already paid off most of their debts. Southerners resented assumption of state debts because they thought that they would be taxed to help pay the debts incurred by the Northern states. **C**

PLAN FOR A NATIONAL BANK Hamilton’s line of reasoning also motivated his proposal for a national bank that would be funded by both the federal government and wealthy private investors. Hamilton hoped to tie wealthy investors to the country’s welfare. The **Bank of the United States** would issue paper money and handle tax receipts and other government funds.

Hamilton’s proposals aroused a storm of controversy. Opponents of a national bank, including James Madison, claimed that the bank would forge an unhealthy alliance between the government and wealthy business interests. Madison also argued that since the Constitution made no provision for a national bank, Congress had no right to authorize it. This argument began the debate between those who favored a “strict” interpretation of the Constitution, one in which the federal government has very limited powers, and a “loose” interpretation, which favors greater federal powers. The latter group appealed to the so-called elastic clause of the Constitution (Article 1, Section 8, Clause 18), which gives Congress the authority to do whatever is “necessary and proper” to carry out its specific enumerated powers, such as regulating commerce. In the end, however, Hamilton convinced Washington and a majority in Congress to accept his views, and the federal government established the Bank of the United States.

THE DISTRICT OF COLUMBIA To win support for his debt plan from Southern states, Hamilton offered a suggestion: What if the nation’s capital were moved from New York City to a new city in the South, on the banks of the Potomac River? This idea pleased Southerners, particularly Virginians such as Madison and Jefferson, who believed that a Southern site for the capital would make the government more responsive to their interests. With this incentive, Virginians agreed to back the debt plan. In 1790, the debt bill passed Congress, along with authorization for the construction of a new national capital in the District of Columbia, located between Maryland and Virginia.



Pierre L'Enfant, a French engineer, drew up plans for the new capital. L'Enfant was later fired by George Washington for being obstinate. He was replaced by Andrew Ellicott, who redrew L'Enfant's plan, but kept much of the grand vision. An African-American surveyor, Benjamin Banneker, assisted Ellicott with the surveying work. They made their plan on a grand scale, incorporating boulevards, traffic circles, and monuments reminiscent of European capitals. By 1800, the capital had been moved to its new site on the Potomac.

▲ Pierre L'Enfant proposed a federal capital of spacious, tree-lined boulevards, symbolizing the freedom of the young republic.

The First Political Parties and Rebellion

President Washington tried to remain above the arguments between Hamilton and Jefferson and to encourage them to work together despite their basic differences. These differences were so great, however, that the two men continued to clash over government policy. Their conflict divided the cabinet and fueled a growing division in national politics.

FEDERALISTS AND DEMOCRATIC-REPUBLICANS The split in Washington's cabinet helped give rise to the country's first political parties. The two parties formed around one of the key issues in American history—the power and size of the federal government in relation to state and local governments. Those who shared Hamilton's vision of a strong central government called themselves Federalists. Those who supported Jefferson's vision of strong state governments called themselves Republicans. No relation to today's Republican Party, Jefferson's Republicans—later called **Democratic-Republicans**—were in fact the ancestors of today's Democratic Party. **D**

The very existence of political parties worried many leaders, including Washington, who saw parties as a danger to national unity. At the close of his presidency, Washington criticized what he called “the spirit of party.”

A PERSONAL VOICE GEORGE WASHINGTON

“It serves always to distract the public councils and enfeeble the public administration. It agitates the community with ill-founded jealousies and false alarms; kindles the animosity of one part against another; foment[s] occasionally riot and insurrection. It opens the door to foreign influence and corruption. . . .”

—“Farewell Address,” 1796

Despite criticism, the two parties continued to develop. The **two-party system** was well established by the time Washington left office.

THE WHISKEY REBELLION During Washington's second term, an incident occurred that reflected the tension between federal and regional interests. In 1789, Congress had passed a **protective tariff**, an import tax on goods produced in Europe. This tax, meant to encourage American production, brought in a great deal of revenue, but Secretary Hamilton wanted more. So he pushed through an **excise tax**—a tax on a product's manufacture, sale, or distribution—to be levied on the manufacture of whiskey.

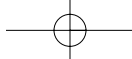
MAIN IDEA

Contrasting

D How did the Federalists and the Democratic-Republicans differ from each other?

Background

In addition to promoting American goods, the Tariff Act of 1789, as well as tariffs that followed, provided the majority of the federal government's revenue until the 20th century.



◀ A group of rebels taking part in the Whiskey Rebellion tar and feather a tax collector.

Most whiskey producers were small frontier farmers. Their major crop was corn. Corn was too bulky to carry across the Appalachian Mountains and sell in the settled areas along the Atlantic. Therefore, the farmers distilled the corn into whiskey, which could be more easily sent to market on the backs of mules.

Since whiskey was the main source of cash for these frontier farmers, Hamilton knew that the excise tax would make them furious. And it did. In 1794, farmers in western Pennsylvania refused to pay the tax. They beat up federal marshals in Pittsburgh, and they even threatened to secede from the Union.

Hamilton looked upon the Whiskey Rebellion as an opportunity for the federal government to show that it could enforce the law along the western frontier. Accordingly, some 15,000 militiamen were called up. Accompanied by Washington part of the way and by Hamilton all the way, the federal troops hiked over the Alleghenies and scattered the rebels without the loss of a single life.

The Whiskey Rebellion was a milestone in the consolidation of federal power in domestic affairs. At the same time, the new government was also facing critical problems and challenges in foreign affairs—particularly in its relations with Europe and with Native American peoples west of the Appalachians.



ASSESSMENT

1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

- Judiciary Act of 1789
- Cabinet
- Democratic-Republicans
- protective tariff
- Alexander Hamilton
- Bank of the United States
- two-party system
- excise tax

MAIN IDEA

2. TAKING NOTES

In a chart, list the leaders, beliefs, and goals of the country's first political parties.

Federalists	Democratic-Republicans

If you had lived in that time, which party would you have favored?

CRITICAL THINKING

3. EVALUATING DECISIONS

How would you judge President Washington's decision to put two such opposed thinkers as Hamilton and Jefferson on his Cabinet?

Think About:

- both men's merits
- their philosophies
- the conflicts that developed

4. ANALYZING ISSUES

How was the Whiskey Rebellion an opportunity for the federal government to demonstrate its authority?

5. ANALYZING

Would you have supported Hamilton's economic plan? Explain why or why not. **Think About:**

- the money problems the nation faced
- other problems the nation faced