Launching a New Republic
1789 through 1797

Washington’s Presidency
The President and the Congress begin
to set up the new government
When George Washington became the first president of the United States in April 1789, in New York City, the nation’s temporary capital, America’s political leaders believed the republican experiment’s success depended on political harmony. They wanted to avoid organized political parties, which were seen as divisive and disruptive. Yet parties quickly formed, first in Congress, and then spread throughout the nation. The 1790s was a decade of intense partisanship, an “age of passion” in which the survival of the republic, the revolution’s legacy, and American liberty seemed at stake.
George Washington is Inaugurated as 1st President of the U.S. at Federal Hall, New York on April 30, 1789
Setting up the courts

John Jay

- Congress passes the Federal Judiciary Act 1789
- This act gave a supreme court six members
  - 1 Chief Justice: John Jay
  - 5 associate justices
- It also provides for lower federal courts
  - District courts
  - Circuit courts
John Adams was the VP.
Economic problems

- By 1789 the US had a huge national debt of $52 million.
  The US must pay back debt to gain the respect of other countries.

  Alexander Hamilton’s financial plan shows his belief in:
  - Strong central government
  - Government encouraging business and industry
  - Pay debt to nations wealthy gain their support for government
President Washington embodied national unity and the virtue of republican self-sacrifice, having retired from public life after the war. His vice-president, John Adams, was an important political leader of the Revolution. His cabinet included Thomas Jefferson as secretary of state and Alexander Hamilton as head of the Treasury Department. He formed a Supreme Court, with John Jay as its chief justice.

But a financial plan proposed by Hamilton frayed national unity. Taking Great Britain as his model, Hamilton wanted to stabilize the nation’s finances, garner the support of powerful financiers, and foster economic development. He hoped to make the United States a world military and commercial power.

To establish the government’s creditworthiness, Hamilton proposed (1) that it pay off at full face value all national and state debts from the Revolution. He wanted to create a new national debt, issued as interest-bearing bonds to government creditors, that would tie wealthy investors to the national government.
To (2) raise revenue, he proposed a tax on whiskey. And in a *Report on Manufactures*, Hamilton called for a tariff and *government subsidies* to develop factories that would produce in the U.S. goods then imported from abroad.
He wanted to establish a Bank of the United States, modeled on the Bank of England, that would act as the nation’s financial agent—a private corporation that would hold government funds, make loans to the government, and make profits for stockholders.
Though American financiers, manufacturers, and merchants supported Hamilton’s vision of the nation as a powerful commercial republic, many had a different vision. His plans for close ties with Britain alarmed James Madison and Thomas Jefferson, who looked not to Europe but westward expansion as assuring a prosperous, republican future. They disliked urban growth and manufacturing and did not want economic policy that catered to bankers and business leaders. They hoped America would be a republic of independent farmers who sold their goods to the world through free trade. Jefferson and Madison feared that a powerful central government, if allied with a growing class of commercial capitalists, would endanger American freedom. Some objections: (a) Creating a standing army would threaten individual liberty, (b) a whiskey tax would unfairly target backcountry farmers used to distilling their grain, (c) Hamilton’s program would create a corrupt alliance between government and large commercial interests, especially the Northeast elite, and (d) Hamilton’s plan for new government bonds would unfairly reward speculators.

Initial opposition to Hamilton’s program came from the South, which lacked investors and owners of government bonds, where support for manufacturing and a diversified economy was weak, and whose states had paid off much of their war debt. Hamilton argued that the Constitution’s clause giving Congress the power to enact laws for the “general welfare” authorized his plans (and the were “loose constructionists”), but opponents, known as “strict constructionists,” argued that the federal government could only use powers that were explicitly in the Constitution—which, they charged, did not authorize a national bank. A compromise secured Hamilton’s fiscal program, **minus subsidies for factories**, in exchange for locating the nation’s capital between Virginia and Maryland. This became Washington, D.C.
“Dinner Table Bargain” b/w Jefferson and Hamilton.
Interpreting the Constitution

- Thomas Jefferson and James Madison argued that the National Bank was unconstitutional
- They claimed the Constitution does not allow for a national bank
- Alexander Hamilton had a more flexible interpretation of the Constitution
- Hamilton claims the elastic clause in the constitution, "necessary and proper", gave Congress the power
- Hamilton persuades Washington to approve the National Bank in 1791
By the mid-1790s, two parties appeared in Congress, calling themselves Federalists and Republicans. Both parties claimed the language of American liberty, and each accused the other of conspiring to destroy that liberty.

The Federalists supported the Washington administration, favored Hamilton’s economic program, and wanted ties with Britain. Well-to-do merchants, farmers, lawyers, and established political leaders, especially in the North, tended to support the Federalists. They were generally elitist, and saw society as a fixed hierarchy in which political office should go to wealthy men, who expected deference from lesser men. They feared that the spirit of liberty generated by the Revolution was degenerating into anarchy.

When armed frontier farmers in Pennsylvania tried to prevent the collection of the whiskey tax in 1794, invoking the Revolution and liberty, Washington dispatched troops to the region to suppress them. The rebels offered no resistance, and the rebellion reinforced Federalists’ fear of popular democracy. It was the only time in U.S. history that the president commanded an army in the field.
The Republicans, led by Madison and Jefferson, seemed to embrace popular politics. They supported France (note about French Rev. below), and had more faith in democratic self-government. Southern planters, ordinary farmers around the country, and urban artisans who sympathized with the French Revolution supported this party. They were far more critical of social and economic inequality, and more congenial to broad democratic participation by ordinary Americans, than the Federalists.

Each party believed that only itself was legitimate and representative of all the nation’s interests. The other party was deemed an illegitimate “faction” and enemy of American liberty and the Revolution’s principles.

Jefferson and his followers thought the French Revolution, despite its extremism, was a victory for self-government everywhere. To Washington and Hamilton and their followers, the Revolution invited anarchy, and they believed America should befriend Britain. But since the Revolution, the United States had been a permanent ally of France. In 1793, Washington declared that the United States would be neutral in the war between France and Britain. But he also moved to expel a French envoy, Edmond Genet, for trying to recruit American ships to attack British vessels. At the same time, Britain seized American ships and sailors. John Jay negotiated a controversial treaty in 1794 that effectively cancelled the American-French alliance and recognized British commercial and naval supremacy. THIS WAS HIGHLY CRITICIZED BY JEFFERSONIANS AS CAPITULATING TO ENGLAND AND DIRECTLY LED TO THE FORMATION OF THE JEFFERSONIAN THAT WAS OPPOSED TO THE FEDERALISTS (THAT NEGOTIATED THE TREATY).
The partisanship of the 1790s expanded the public sphere and the democratic content of American freedom. It increased the number of citizens who attended political events and read newspapers. Ordinary men never before active in politics wrote pamphlets and organized political meetings. Newspapers and pamphlets were a primary vehicle for political debate in the early republic.

These men included members of the Democratic-Republican societies, inspired by the Jacobin clubs of Paris. They were highly critical of the Washington administration, openly supported the French Revolution and praised American and French liberty. Federalists viewed them as illegitimately usurping the representative authority of the government; Washington dismissed them as “self-created societies.” They justified their existence by claiming that the people had a right to debate political questions and organize to influence government policy. They believed political liberty involved more than just voting, and included popular organizing and pressure tactics, too. Although the societies soon disappeared, they were absorbed by the emerging Republican party, which also found support among radical British immigrants who defended the French Revolution, such as Thomas Paine.
George Washington was re-elected in 1792, but he decided to retire from public life in 1796 and set a precedent that the presidency should not be a life-long office. In his Farewell Address, Washington warned against parties and partisanship and urged Americans to avoid Europe’s power politics by refusing to embrace “permanent alliances” with other nations.