Chapter 9 Lesson 1

Washington Takes Office

Under the Articles, the executive position was held by several presidents, it was weak and ineffective. When the delegates wrote a new Constitution they included a strong executive branch headed by a single president

April 30, 1789, George Washington took the oath of office as the first president of the United States with John Adams as his Vice President.

Washington knew that his actions would determine precedents, or traditions, that would shape the nation’s future. “No slip will pass unnoticed.” The president and congress created departments within the executive branch and set up the court system. Congress added the Bill of Rights to the Constitution and Washington set the standard for how long a president should serve and for how the nation should relate to other nations.

The Cabinet

The executive branch of government took shape during the summer of 1789. Congress set up 3 departments and two offices within the executive branch. Thomas Jefferson was chosen to lead the state department, which handles relations with other nations. Alexander Hamilton led the Department of the Treasury to manage the nation’s wealth. Henry Knox was the choice for the Department of War, which managed the nation’s defense. Edmund Randolph was chosen as the attorney general to handle the government’s legal affairs.

These department heads were tasked with giving advice to the president in addition to their other responsibilities and became known as the cabinet.

Congress was unsure of how much power the president ought to have over the cabinet. In a vote on this question senators were evenly divided and Vice President John Adams broke the tie. He voted to allow the president the power to dismiss cabinet officers without senate approval, establishing presidential power over the whole executive branch.

Establishing the Court System

Congress was also in charge of setting up the nation’s court system. Some favored a uniform legal system others favored keeping the existing state system. The Judiciary Act of 1789 established a federal court system. The states kept their own laws and courts, but the federal courts had the power to reverse state decisions. This marked a first step in creating a strong and independent national judiciary system. The Constitution established the Supreme Court as the final authority on many issues with John Jay chosen to lead the Supreme Court as chief justice.

The Bill of Rights

Americans were concerned about replacing one unjust government with another one. Thus, many Americans wanted the Constitution to include a bill of rights. This would guarantee civil liberties. In fact, some states agreed to ratify the Constitution only with the promise that a bill of rights be added.

James Madison introduced a set of amendments during the 1st session of Congress. Congress passed 12 amendments and the states ratified 10 of them. In December 1791, these 10 amendments, called the Bill of Rights, became part of the Constitution.

The Bill of Rights limited the power of government and protects individual liberties including freedom of speech and the rights of people accused of crimes. The 10th Amendment says that any power not listed in the Constitution belongs to the states or the people. Madison hoped this amendment would help protect Americans against a national government that was too powerful.

The New Economy

Washington focused on foreign affairs and military matters, he rarely suggested new laws and almost always approved new laws and rarely suggested new ones. Economic policies were relegated to Alexander Hamilton, secretary of the treasury. Hamilton was in hos 30’s but had bold plans and clear policies in mind.

Federal and state governments had borrowed money to pay for the American Revolution. They now owed millions of dollars to both other countries and American citizens. The nation faced serious financial trouble. Hamilton tried to improve the government’s finances and strengthen the nation at the same time.

Hamilton’s Plan

The House of Representatives asked Hamilton to make a plan for the “adequate support of the public credit.” The US needed a way to borrow money for its government and economy. In order to borrow money the government had to prove it could pay back the money it already owed.

Hamilton proposed that the federal government take over and pay off the state’s wartime debt, arguing that paying off the debt as a nation would build national credit and make it easier for the nation to borrow money. He also believed that by paying off the state debt it would give the states a strong interest in the success of the national government

The Plan Faces Opposition

Congress agreed to part of Hamilton’s plan – to pay the money owed to other nations. However the plan to pay off the debt owed to American citizens caused protest.

When borrowing money from citizens the government (states) issued bonds, notes that promise repayment of borrowed money in the future. While waiting for repayment many bond owners – shopkeepers, farmers, and soldiers – sold their bonds. They accepted less money for their stated value. Often, the buyers of these bonds were speculators, people who risk money in hopes of making a large profit in the future.

Now, Hamilton was proposing to pay off the old bonds at full value. This would make the speculators rich. The original bond holders would get nothing. One newspaper said Hamilton’s plan was “established at the expense of national justice, gratitude, and humanity.”

Even strong opposition came from the Southern states. The states had accumulated much less debt than the Northern states. Several had already repaid their debt altogether. Southern states complained about having to repay other states’ debts.

Compromise and a Capital

Hamilton worked out a compromise with Southern leaders. If they voted for his plan he would support moving the nation’s capital in the South. Congress ordered a special district to be laid out between Virginia and Maryland along the banks of the Potomac River. There, George Washington chose the site for the new capital city, later named Washington D.C., in his honor. While workers prepared the new city, the nation’s capital shifted from New York to Philadelphia.

The Fight for the National Bank

Hamilton also asked Congress to create a national bank – the Bank of the United States. The proposed bank would hold government funds and make debt payments. It would also issue a single form of money for use throughout the nation. At that time, different states and banks issued their own currencies. Having a national currency would make trade and all other financial actions much easier.

Madison and Jefferson opposed a national bank, believing it would help the wealthy. They argued the Constitution did not give Congress the authority to create a bank. Hamilton believed the Constitution indirectly gave Congress power to create a bank when it gave Congress power to collect taxes and borrow money. Washington agreed, and Congress created the national bank.

Tariffs and Taxes

Hamilton believed that the US needed more manufacturing. He proposed high tariffs – taxes on imports. The tariffs would raise money for the government and protect American industries from foreign competition. The South had little industry and opposed such high tariffs. Congress passed only low tariffs. Hamilton also called for national taxes to help pay the national debt. Congress approved several taxes, including a tax on whiskey made in the US.

Hamilton’s ideas created conflict. Jefferson and Madison worried that Hamilton was building a dangerously powerful government run by the wealthy. They began to organize opposition to Hamilton and the policies he favored.