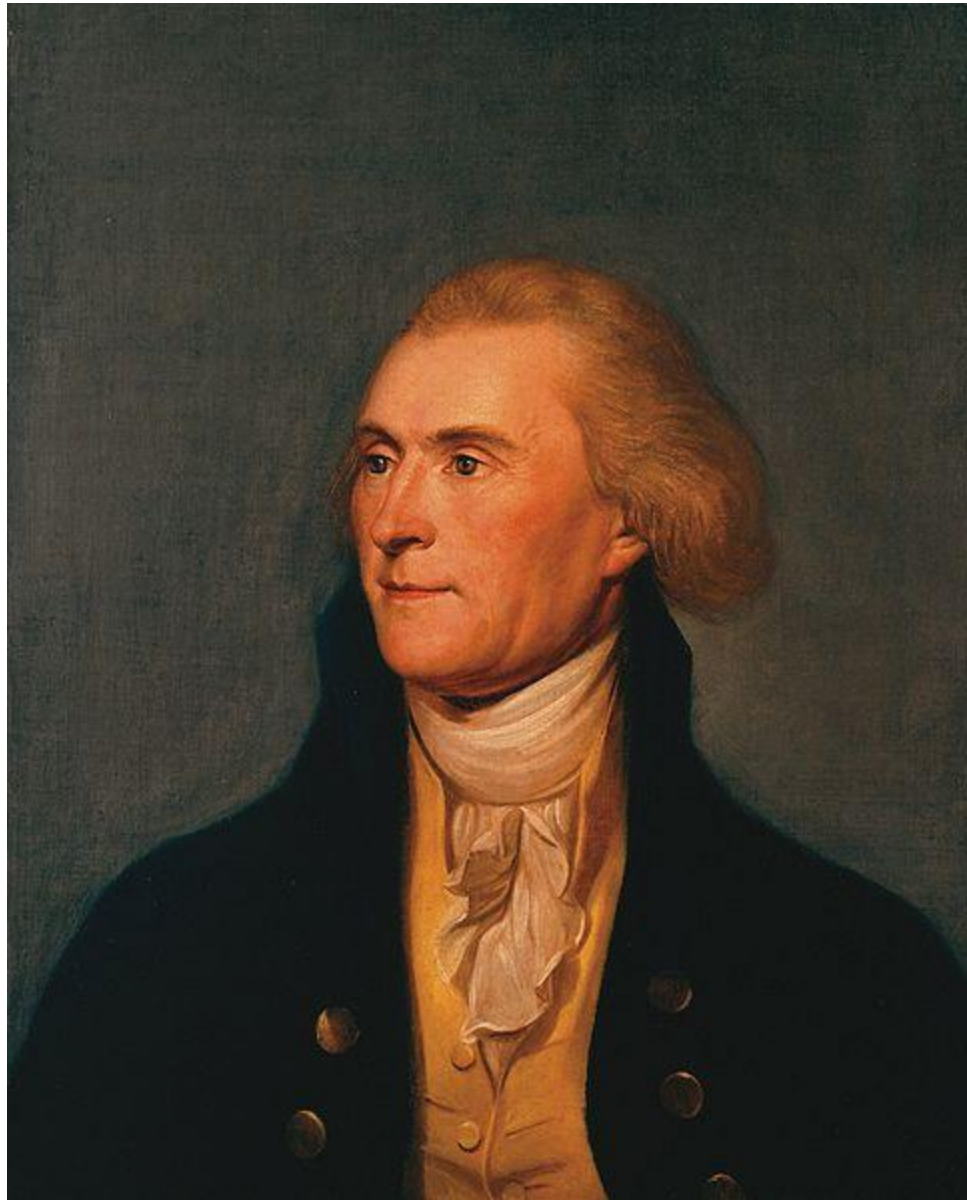


The First Party System



- In 1789, the First Congress convened for the first time in New York and adopted two important measures in its first session. The first measure was the Tariff Act of 1789 which levied duties on a wide range of imported items. The second measure, the Tonnage Act, taxed foreign vessels entering American ports.
- Congress also established three executive departments-State, Treasury, and War-and passed the Federal Judiciary Act which established the structure of the Supreme Court and the federal court system.

- The Second Congress had to resolve the issue of unpaid war debts.

- President George Washington appointed Thomas Jefferson, soon to be the leading Republican, as the first secretary of state and Alexander Hamilton, soon to be the leading Federalist as the first secretary of treasury.
- Secretary of Treasury Hamilton had a plan for America. Alexander understood the importance of agriculture in America. In 1790, America had a population of four million people and most of them were farmers or farm workers. Hamilton recognized that agriculture would be a mainstay of the American economy, but he believed that America must turn to manufacturing.

- Hamilton believed that industry would free America from foreign dependence and guarantee future prosperity. He tried to encourage economic growth and social modernization.
- Hamilton submitted three major reports to Congress in which he detailed how he planned to put America on a sound financial basis. Not only did he want to firmly establish the taxing power of the government, he wanted it to issue bonds with an attractive interest rate.

- The new funded debt, he believed, could be used to back a new national money supply which would stimulate commerce and provide investment capital for a capital poor nation.
- He recommended that Congress should charter a commercial bank-the Bank of the United States.
- In his report, Hamilton recommended that Congress support industry with subsidies, a tariff, and a system of roads, canals and other “internal improvements.”

- When President Washington had to decide whether or not to accept Hamilton's bank bill and reports, he faced a dilemma and he asked for advice from Hamilton, Jefferson, and Edmund Randolph, Attorney General. Their written replies summarized the classical argument for "loose construction" and "strict construction" of the Constitution. Hamilton argued that the doctrine of implied powers supported the bank. Jefferson and Randolph argued that the powers that the Constitution did not explicitly grant to Congress were beyond its authority. Washington accepted Hamilton's views and approved the bank.

- Ideological divisions.

Republicans like Jefferson and Madison deplored paternalistic government and feared a powerful government that could destroy freedom.

They wanted to strictly limit the power of national government and assign as many function as possible to the states.

Jeffersonian Republicans believed in free markets.

They envisioned a society composed of small freeholders. They were suspicious of the urban masses.

- Jeffersonian Republicans believed in the ability of human intelligence to improve the lives of people.
- They were conservatives in the original sense of the word: they wanted to conserve what already existed. America should remain a nation of farms and forests.
- Jeffersonians believed that people were inherently good and trustworthy.

Federalists

- The Federalists wanted to radically change the economic status quo.
- Federalists were elitists who distrusted human nature and feared the rule of mere numbers. To Hamilton, the people were “a great beast.”
- Federalists believed that power should rest in the hands of the well born and well educated.
- They believed in strong central government.

- Religion also separated the two parties.
- Federalists often defended traditional Christian beliefs.
- Republicans tended to support a group of diverse faiths like Baptists, Methodists, Roman Catholics, deists.

- Relationships with Europe

In 1790, Spain still controlled the mouth of the Mississippi and still denied Americans the right of free deposit at New Orleans.

The British continued to restrict American trade with their empire and refused to abandon the military posts they occupied in the Northwest.

France had begun to limit American trade with its colonies despite the commercial treaty of 1778.

- The French Revolution made relations between the United States and France more difficult. The phases of the French Revolution polarized Americans. The Federalists were horrified at the attacks on property, the nobility, and traditional Christianity. The Jeffersonian-Republicans admired the Revolution and applauded the “rule of reason.”
- Americans were undecided how to respond to the 1793 war between the new revolutionary French Republic and England, Spain, and Holland.

- The French wanted American aid. They saw the United States as a source of food and supplies for itself and the French colonies in the Caribbean. They also saw America as a possible base of operations against British and Spanish possessions in North America.

- Great Britain and America almost fought another war over the British seizure neutral vessels trading with the French Caribbean islands.
- In 1794 President Washington sent Chief Justice John Jay to London to negotiate a settlement with Britain over the neutrality and occupation issues.
- Americans were entirely satisfied with the provisions of the Jay Treaty, but it did put the United States in the British camp in the generations long world rivalry between Britain and France.

- After George Washington retired from the presidency in 1796, the party system that he had cautioned against during his presidencies and warned against in his farewell letter kicked into action.
- John Adams was elected president by the electoral college. Thomas Jefferson got the second highest number of vote and became vice president.

- In 1798 the Federalist Congress passed the Alien and Sedition Acts. The Alien Act extended the period of residency necessary for United States citizenship and gave the American president the power to expel any alien that he considered dangerous from the country.
- The Sedition Act made it illegal for both aliens and citizens to keep federal laws from being enforced. It provided punishments for inciting riots, insurrection, or unlawful assembly or preventing a federal officer from performing his duties.

- To counter the Alien and Sedition Acts, Jefferson and Madison influenced the legislatures of Kentucky and Virginia to pass the Virginia and Kentucky Resolutions.
- These resolutions said that the Constitution was a compact between the states and whenever the national government exceeded its powers as in the Alien and Sedition Acts, the states had the right to “nullify” all of the unauthorized acts by the national government.
- These resolutions set a significant precedent for the southern position on state’s rights before the Civil War.

- The election of 1800 was thrown to the House of Representatives. The Federalists had chosen John Adams and Charles Pinckney as their candidates. The Republicans nominated Thomas Jefferson and Aaron Burr.
- When the voting was over, Adams had 65 electoral votes, Pinckney 64, and Jefferson and Burr 73 votes each.

- Jefferson was elected on the 36th ballot. He would be the third president of the United States.