CHAPTER 5

The Federalist Era: Nationalism Triumphant

ANTICIPATION/REACTION

Directions: Before you begin reading this chapter, place a check mark beside any of the following seven statements with which you now agree. Use the column entitled “Anticipation.” When you have completed your study of this chapter, come back to this section and place a check mark beside any of the statements with which you then agree. Use the column entitled “Reaction.” Note any variation in the placement of check marks from anticipation to reaction and explain why you changed your mind.

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<th>Anticipation</th>
<th>Reaction</th>
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<td>□ 1. Under the Articles of Confederation, the national government was too weak to accomplish anything of real significance.</td>
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<td>□ 2. As expected, when British mercantilistic trade laws were lifted from American trade, America’s foreign commerce immediately began to flourish.</td>
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<td>□ 3. While the national government under the Articles of Confederation was weak and ineffective, state governments proved to be financially sound and successful at solving problems.</td>
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<td>□ 4. The Founding Fathers—delegates to the Constitutional Convention—believed people were selfish by nature and could not be counted on to respect the interests of others.</td>
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<td>□ 5. The Great Compromise at the Constitutional Convention dealt with slavery.</td>
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<td>□ 6. The Bill of Rights was added to the Constitution after it was already ratified.</td>
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<td>□ 7. The Founding Fathers wrote no provision for political parties into the Constitution.</td>
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LEARNING OBJECTIVES

After reading Chapter 5 you should be able to:

1. Explain how the Articles of Confederation Congress failed as a national government for the new United States.
2. State the goals and describe the work of the Philadelphia Convention.
3. List the terms of Hamilton’s financial program and state his intentions for it.
4. Explain the origins of the party system in American politics, and compare and contrast the views of the Federalists and Republicans.
5. Trace the conduct of American diplomacy in the 1790s and describe how it influenced domestic politics.

CHAPTER OVERVIEW

Border Problems

Despite their promises in the Treaty of Paris, the British continued to occupy a string of forts in the Northwest, intrigue with the Indians, and dominate the fur trade. Americans found their national government’s inability to eject the British troops a national disgrace. In the Southwest, the Spanish first closed the Mississippi River to American commerce, and then imposed a tariff on U.S. goods. The United States was too weak in the 1780s to challenge either European power.

Foreign Trade

America’s release from British mercantilism was a mixed blessing. Congress successfully negotiated commercial treaties with Continental powers and the Far East, but Britain excluded the America from its imperial trade union while pouring low-priced manufactured goods into the United States. Thus, the new nation continued to have an unfavorable balance of trade with England. This aggravated the economy at a time of postwar depression. Congress’ inability to find money to pay its debts undermined public confidence, but efforts to empower Congress to tax imports failed, and some began to concede the need to revise the Articles of Confederation.

The Specter of Inflation

The depression and unfavorable balance of trade compelled many states to print more paper money and adopt debtor-friendly laws. The result was rampant inflation and a further weakening of public confidence. Rhode Island’s effort to compel creditors to accept depreciated currency in payment for debts alarmed conservatives.
Daniel Shays’s “Little Rebellion”

In Massachusetts, bad times, high taxes, and deflation led to foreclosures on western farms and the crowding of debtors’ prisons. Daniel Shays and his followers rebelled against the state government’s insensitivity to the farmers’ plight. Congress was powerless to respond to the state’s plea for help. Throughout the colonies, many were alarmed that liberty had become license and they insisted that the national government must have more authority.

To Philadelphia, and the Constitution

The 1786 Annapolis Convention, which was called to discuss common problems of trade, was poorly attended. But Alexander Hamilton, a procentralizing “nationalist” from New York, proposed another convention to address constitutional reforms. Congress endorsed this Philadelphia Convention, and all states except Rhode Island sent delegates. The convention elected George Washington as its president.

The Great Convention

The Founding Fathers were politically experienced, pragmatic, and optimistic about America’s future. They agreed that the nation ought to have a federal system of republican government, deriving its authority from the people and remaining responsible to them. They also agreed that people, though well-intentioned, were selfish by nature, that property must be protected, and that no single state, section, or group should be allowed to dominate the new union. Power, they thought, had to be balanced and divided. They saw their task as compromising clashing interests, and they met in secret proceedings, scrapped the Articles of Confederation, and decided to draft an entirely new frame of government.

The Compromises That Produced the Constitution

The Philadelphia delegates agreed to a massive shift of power away from the states and to the national government. They quickly establish a national government of three branches with the power to tax, regulate trade, and deploy armed force. The states could no longer issue money, make treaties, or tax trade. A long debate over representation in the national government was resolved in the Great Compromise that created the House of Representatives where representation was proportional and the Senate where each state had equal representation. Secondly, delegates divided over slavery. Northerners demanded that slaves be counted for taxation, and southerners insisted that slaves be counted for determining representation in the House. This dispute was resolved in the Three-fifths Compromise: three-fifths of the slaves would be counted for both purposes.
The Constitution gave the president remarkable administrative, military, diplomatic, appointive, and veto powers; a drastic departure from past experience. The president was to be elected by a cumbersome Electoral College system that was expected to throw the election into the House of Representatives. A national court system was set up, which soon exercised the right of judicial review—declaring laws void when they conflicted with the Constitution. While the Constitution greatly expanded the power of the national government, it limited the exercise of that power with an ingenious system of countervailing checks and balances.

**Ratifying the Constitution**

To get the endorsement of the people’s representatives and to bypass potentially hostile state legislatures, the framers submitted the Constitution to special state ratifying conventions. Federalists, who supported ratification, were more interested in orderly and efficient government than in safeguarding freedom of individual choice. Antifederalists believed that free choice was more important than power. They feared the new Constitution would destroy state sovereignty and that centralized republican government could not function well in a large country—a thesis destroyed by James Madison. When Federalists agreed to add amendments to protect civil liberties and states’ rights, most opposition to ratification disappeared. Leading Federalists wrote the *Federalist Papers* to try to persuade delegates at the vital New York convention to ratify the new Constitution.

**Washington as President**

Washington was the nation’s first, and—acutely aware that his every action set a precedent—one of its more cautious, presidents. He took the separation of powers seriously and believed that the veto should be used only when he considered congressional legislation to be unconstitutional. Although he respected the opinions of the department heads (Cabinet) he appointed for their own competence, Washington was a strong president who made his own decisions.

**Congress Under Way**

Congress created the executive departments, established the federal courts, and proposed the Bill of Rights to protect individual civil liberties and states’ rights from the power of the new national government. This did much to convince doubters that the new government would not become too powerful. It remained to be seen if the new government would be powerful enough to deal effectively with border problems, trade relations, and the national debt.
**Hamilton and Financial Reform**

The new Congress placed a light tariff on foreign imports to raise money, but the new nation had a large debt, shaky credit, and an uncertain economic future. Alexander Hamilton, a self-made man who distrusted the common people, dedicated himself to strengthening the national government by establishing its public credit. He called for funding the national debt at par and for federal assumption of the state debts. He proposed chartering a national bank to hold government funds and issue bank notes. In each case his proposals were deliberately intended to give a special advantage to the rich to attract their wealth to support of the national government.

Hamilton faced strong opposition to his bank proposal from Thomas Jefferson, who questioned its constitutionality. But the funding, assumption, and bank proposals were adopted and all were very successful. However, Congress rejected his call for government economic planning and national economic self-sufficiency gained through protective tariffs and subsidies to manufacturers.

**The Ohio Country: A Dark and Bloody Ground**

As Americans migrated into the upper Ohio River Valley, they found trouble. Indians fiercely defended their territory, and settlers blamed the British for inciting the Indians to violence. Westerners grew resentful of a federal government that seemed insensitive to their interests, and they detested the new national government’s excise tax on whiskey. Hamilton, however, was determined to enforce the new tax law.

**Revolution in France**

When war broke out between Britain and France in 1793, the United States ignored its moral obligation under the 1778 alliance to aid France. Instead, Washington issued a proclamation of neutrality. “Citizen” Genet, a French representative, was warmly welcomed by the American public, but was coolly dismissed by Washington, who objected to Genet’s illegal recruiting activities in America. Both the British and the French ignored America’s neutral rights on the high seas, but the powerful British navy made British violations more numerous and more costly. Anti-British sentiment in the United States was further aggravated by the continuing presence of British troops in the Northwest and the restrictions Britain imposed on American trade. In an attempt to avoid war, President Washington sent John Jay to negotiate a settlement with England.

**Federalists and Republicans: The Rise of Political Parties**

The strengthening of the national government created a need for political machinery that would focus discussion on national issues and nominate candidates for national offices. Jefferson’s
Republican party and Hamilton’s Federalist party sprang to life in the dispute over the national bank, and the controversy over the French Revolution and the resulting war between Britain and France widened the partisan split. Republicans admired the French revolutionaries, while the Federalists idealized the British as defenders of order. Still, both Jefferson and Hamilton endorsed Washington’s proclamation of neutrality and his decision to curtail “Citizen” Genet.

1794: Crisis and Resolution

Federal agents found it impossible to collect the whiskey tax in western Pennsylvania. But the Whiskey Rebellion there had disintegrated by the time federal troops arrived. Meanwhile, General Anthony Wayne’s victory over the Indians in the Battle of Fallen Timbers opened the Ohio region to settlement.

Jay’s Treaty

In the treaty John Jay negotiated with the British in 1794, England agreed to evacuate the northwest forts and compensate American merchants for ships seized in the West Indies. However, the British made no concessions to American neutral rights. Jay also assented to restrictions on American trade with the British West Indies, and to the United States paying pre-Revolutionary debts still owed British merchants. The treaty sacrificed principles of importance to the United States—a nation dependent on foreign trade.

1795: All’s Well That Ends Well

Objectionable as it was, Washington endorsed the Jay Treaty and its few but valuable benefits—reconciliation of Anglo-American relations and evacuation of the northwest forts. As an unexpected bonus, the treaty persuaded the Spanish to conclude the Treaty of San Lorenzo (Pinckney’s Treaty) that gave Americans free navigation of the Mississippi River, the right of deposit at New Orleans, and a favorable settlement of the Florida boundary dispute. A few months later, in the aftermath of the Battle of Fallen Timbers, the Treaty of Greenville opened huge sections of Indian lands and American settlers poured into the West.

Washington’s Farewell

Although he usually sided with Hamilton, Washington intended to be a symbol of national unity and was disturbed by party rivalry. In his Farewell Address, he deplored the baneful effects of partisanship. He also urged Americans to avoid both passionate attachments to foreign countries and permanent alliances.
The Election of 1796

Vice President John Adams narrowly defeated Jefferson in the 1796 presidential election. But, because of electoral chicanery by Hamilton that backfired, Jefferson was elected vice president. Although they belonged to rival political parties, both Adams and Jefferson disliked Hamilton.

The XYZ Affair

Adams’ three-man mission to the French government to discuss its violations of American neutrality was a fiasco. French commissioners (X, Y, and Z) demanded a pre-negotiation bribe that bruised Americans’ sense of national honor. Congress ended the French Alliance, Adams and Congress mobilized the armed forces, and the public demanded war.

The Alien and Sedition Acts

Conservative Federalists saw the war hysteria as an opportunity to smash the Republicans. The Federalist-controlled Congress passed several acts designed to intimidate recent immigrants from France and to limit their political activity. The Naturalization Act extended the residency requirement preceding citizenship, and the Alien Act empowered the president to deport “dangerous” aliens. The Sedition Act was an attempt to silence criticism by Republican newspapers. Unlike the alien acts, the Sedition Act was vigorously enforced in a series of patently unfair trials.

The Kentucky and Virginia Resolves

Jefferson believed that the Alien and Sedition Acts violated the Bill of Rights. In resolutions adopted by the Kentucky and Virginia legislatures, Jefferson and Madison argued from the compact theory of government that states could declare an act of Congress unconstitutional.

Adams made a second attempt at negotiations with the French and, much to the dismay of a warmongering Hamilton, the two nations negotiated the Convention of 1800. It ended the war scare and terminated the 1778 Franco-American Alliance, but nothing was said of French violations of American neutral rights.
Define the following:

right of deposit

nationalist

federal system

republican government

equal and proportional representation

checks and balances

ratification

funding at par

implied powers

elastic/necessary and proper clause
strict and loose construction


Describe the following:

Shays’s Rebellion

Philadelphia Convention

Virginia and New Jersey plans

Great Compromise

Three-fifths Compromise

Federalist Papers

Bill of Rights

Report on the Public Credit

Bank of the United States
Report on Manufactures

Proclamation of Neutrality

Whiskey Rebellion

Battle of Fallen Timbers

Jay’s Treaty

Treaty of San Lorenzo/Pinckney’s Treaty

Farewell Address

XYZ Affair

Alien and Sedition Acts

Kentucky and Virginia Resolves

Convention of 1800
Identify the following:

Daniel Shays

Alexander Hamilton

Founding Fathers

James Madison

John Adams

Thomas Jefferson

Electoral College

Federalists and Antifederalists

Federalist party

Republican party
“Citizen” Genet

John Jay

Thomas Pinckney

SELF-TEST

Multiple-Choice Questions:

1. The Articles of Confederation government did NOT
   A. establish a federal bureaucracy.
   B. negotiate foreign trade agreements.
   C. establish a federal land policy.
   D. end the postwar economic depression.

2. After the Revolutionary War, New England merchants were hard hit by being excluded from trade with the
   A. southern states.
   B. French.
   C. British West Indies.
   D. Spanish southwest.

3. To many who opposed it, Shays’s Rebellion was a reminder that
   A. the possibility of a military coup was always present.
   B. slaves could not be trusted.
   C. the national government was too weak.
   D. the states must be allowed to handle their own problems.

4. Most of those who attended the Philadelphia Convention were
   A. nationalists.
   B. states’ rightists.
   C. Antifederalists.
   D. Loyalists.
5. The major controversy at the Philadelphia Convention involved the question of  
A. representation in the national government.  
B. slavery in the new republic.  
C. domestic rebellion in the states.  
D. paper currency issued by the states.

6. Delegates to the Philadelphia Convention did NOT agree that  
A. the United States should have a federal system of government.  
B. the national government should be republican in form.  
C. government should protect property.  
D. slavery should be abolished.

7. The original Philadelphia Constitution did NOT specifically provide that  
A. Congress could regulate interstate trade.  
B. the president could veto acts of Congress.  
C. states could issue paper currency.  
D. states could tax their citizens.

8. Opponents of the Philadelphia Constitution objected to the absence of a  
A. provision for popular ratification.  
B. specific list of powers of the national government.  
C. guarantee of individual civil liberties.  
D. provision for proportional representation.

9. In New York, ratification of the Constitution was obtained after its supporters promised  
A. commercial favoritism for the port of New York.  
B. larger representation for the state in Congress.  
C. the first vice presidency for the state’s governor.  
D. a bill of rights would be amended to the Constitution.

10. The Federalist Papers were written by  
A. Hamilton as a platform for his new Federalist party.  
B. Madison and Jefferson as a critique of Federalist policies.  
C. Madison, Jay, and Hamilton in support of the ratification of the Constitution.  
D. the Virginia delegates to the Philadelphia Convention in support of a federal system of government.

11. The initial source of public revenue enacted by the first session of Congress was a tax on  
A. whiskey.  
B. imports.  
C. personal incomes.  
D. real estate.
12. Hamilton’s plan for funding the national debt assumed that people were primarily motivated by
   A. a concern for the welfare of the less fortunate.
   B. a keen sense of justice and fair play.
   C. religious conviction.
   D. economic self-interest.

13. Madison and Jefferson agreed to Hamilton’s assumption program in return for a promise involving the
   A. sale of western lands.
   B. location of the national capitol.
   C. levying of excise taxes.
   D. adoption of the Bill of Rights.

14. For Hamilton to get a national bank, he had to argue in favor of
   A. a “strict” view of the Constitution.
   B. the concept of “balanced government.”
   C. the “due process” clause of the Constitution.
   D. the doctrine of “implied powers.”

15. Congress enacted all of Hamilton’s financial program EXCEPT
   A. protective tariffs and subsidies to manufacturing.
   B. funding the national debt at par.
   C. creation of a national bank.
   D. federal assumption of the states’ debts.

16. Which one of the following is LEAST related to the other three?
   A. General Anthony Wayne
   B. Shays’s Rebellion
   C. Battle of Fallen Timbers
   D. Treaty of Greenville

17. In Jay’s Treaty, Jay got the British to agree to all of the following EXCEPT
   A. evacuation of northwest forts.
   B. recognition of America’s neutral rights.
   C. compensation for ships seized in the West Indies.
   D. opening British colonial ports in Asia.
18. Spain agreed to allow Americans’ use of the Mississippi River and the right of deposit in New Orleans in the
   A. Treaty of San Ildefonso.
   B. Jay-Gardoqui Treaty.
   C. Treaty of San Lorenzo.
   D. Jay Treaty.

19. In his Farewell Address, Washington warned Americans against the dangers of foreign alliances and
   A. political parties.
   B. a national bank.
   C. implied powers.
   D. trade agreements.

20. In which pair of items are the two items LEAST related to each other?
   A. Whiskey Rebellion—Farewell Address
   B. XYZ Affair—undeclared “quasi-war” with France
   C. Alien and Sedition Acts—Kentucky and Virginia Resolves
   D. Convention of 1800—Franco-American Alliance

**Essay Questions**

1. State what of real significance the Articles of Confederation Congress achieved between 1781 and 1787, and explain why, in spite of these achievements, it essentially failed as a national government.

2. List the major areas of agreement and disagreement among the delegates at the Philadelphia Convention. Explain how their key disagreements were resolved.

3. Explain why there was a need for Hamilton’s financial program, what the program contained, what he intended for it to do, and why it provoked opposition.

4. Compare and contrast the principles and public policy positions of the Federalist and Republican parties in the 1790s.

5. Show how foreign policy issues in Washington’s and Adams’ administrations influenced partisan politics in the United States.
CRITICAL THINKING EXERCISE

Compare and Contrast

In Chapter 2 you completed a compare-and-contrast matrix on the New England and southern colonies. As you saw, it was an effective way to organize useful information from throughout the chapter, and it helped you improve your understanding of both the New England colonies and the seventeenth-century South.

Chapter 5 devotes considerable space to the political principles and public policies of Alexander Hamilton and the Federalists, one of the two new political parties that emerged in the 1790s. The other party, the Jeffersonian Republicans, is introduced in this chapter, but its political principles and views on public policy are more fully developed in Chapter 6.

Begin the following compare-and-contrast exercise with your reading of Chapter 5 and complete it when you have read Chapter 6. Read each of the two chapters carefully to glean information you can include in the matrix. For those places where there is no direct statement from the text about the position of Hamilton and the Federalists, or Jefferson and the Republicans, infer their position and include it in the matrix. Some blocks have been filled in as examples.
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