

Section 1: Washington Leads a New Nation

THE FIRST PRESIDENT

George Washington was unanimously elected by the **electoral college** in January 1789. John Adams became his vice president. **Martha Washington** entertained and accompanied her husband at social events. She was in charge of the presidential household. Other women, such as Abigail Adams, wife of John Adams, believed women needed to play a larger role in the nation than Martha Washington did. They thought that women should take a more important role in society because they educated their children to be good citizens.

ORGANIZING THE GOVERNMENT

The new federal government had to establish a **precedent** in many areas when creating policies and procedures that would have a great influence on the future of the nation. Congress formed departments in the executive branch to oversee various areas of national policy. Washington consulted with department heads, or cabinet members, who advised him. Our presidents today also meet with their key advisers. Congress passed the **Judiciary Act of 1789**. This act created the federal court system and the courts' location. The president nominated candidates for federal judgeships. The Senate held the power to approve or accept the judges.

AMERICANS' EXPECTATIONS OF GOVERNMENT

Americans had high expectations of their government. They wanted trade that did not have the limits put in place by the British Parliament. They also expected the government to protect them and keep the economy on track.

In 1790 4 million people lived in the United States. Most Americans worked on farms. They hoped for fair taxes and the right to move onto western lands. Americans who lived in towns worked as craftspeople, laborers, or merchants. They wanted help with their businesses. Merchants wanted simpler trade laws. Manufacturers wanted laws to shield them from overseas competitors. Most cities were small. Only New York and Philadelphia topped 25,000 residents. New York City, the first capital, reflected the new nation's spirit. In 1792 some 24 Wall Street stockbrokers signed an agreement that eventually created the New York Stock Exchange.

Section 2: Hamilton and National Finances

SETTLING THE DEBT

Alexander Hamilton wanted to pay off the **national debt**. He figured that the United States owed \$11.7 million to foreign countries. The nation also owed about \$40.4 million to U.S. citizens. During the Revolutionary War the government sold **bonds** to raise money. Officials said bonds would be repurchased at a higher price. Some bondholders sold their bonds to **speculators**. Hamilton and **Thomas Jefferson** disagreed on what to do. More politicians agreed with Hamilton. The government replaced old bonds with new, more reliable ones. Hamilton thought that the federal government should repay \$21.5 million of the states' debt. But southern leaders objected. Their states had relatively low debts. Hamilton arranged to have the U.S. capital's location changed from New York to Philadelphia and finally Washington, D.C. Southern leaders then supported his plan.

HAMILTON VERSUS JEFFERSON

Hamilton and Jefferson disagreed about the role of the central government. Hamilton wanted a strong federal government. Jefferson wanted strong powers for the states. Hamilton did not want people to have much power because he had little faith in the average person. Jefferson believed

that the people had the right to rule the country. Hamilton backed manufacturing and business, and higher tariffs. Jefferson backed farming, and lower tariffs.

THE DEBATE OVER THE BANK

In 1791 Hamilton and Jefferson disagreed about the government's economic problems. Hamilton wanted a national bank, so the government could safely deposit money. Jefferson believed that Hamilton's plan gave too much power to the federal government. Hamilton supported **loose construction** of the Constitution. Jefferson backed **strict construction**. Washington and Congress wanted **The Bank of the United States**. It helped make the U.S. economy more stable.

Section 3: Challenges for the New Nation

REMAINING NEUTRAL

The **French Revolution** increased tensions between France and Britain. Many Americans supported the French Revolution, but others opposed it. France and Great Britain finally went to war. George Washington stated U.S. neutrality toward the war in the **Neutrality Proclamation**. A French representative asked American sailors to command **privateers** to aid France in fighting England. Washington said that this violated U.S. neutrality. Jefferson thought the United States should support France and resented interference in his role as secretary of state. He resigned in 1793.

Washington wanted to stop a war between the United States and Britain. The two sides signed **Jay's Treaty**. Britain would pay damages on seized American ships. Spain and the United States disputed the border of Florida. **Pinckney's Treaty** settled that issue and reopened New Orleans to American ships.

CONFLICT IN THE NORTHWEST TERRITORY

Americans continued to settle the territory despite protests of American Indians. U.S. forces lost a battle to Miami chief **Little Turtle**. But General Anthony Wayne commanded U.S. troops in gaining the territory at last. The American Indians were defeated in the **Battle of Fallen Timber**.

THE WHISKEY REBELLION

In March 1791 Congress passed a tax on Americanmade whiskey. The **Whiskey Rebellion** broke out. Washington personally led the army against the rebels in western Pennsylvania, but they fled. The revolt ended with no battle.

WASHINGTON SAYS FAREWELL

Washington declined to run for a third term. He had tired of public life, and considered the American people the nation's leaders. In his farewell speech, he warned about the dangers of foreign ties and political conflicts at home. He also cautioned against too much debt. At the conclusion of his speech, he stated that he looked forward to a life "of good laws under a free government. . ."

Section 4: John Adam's Presidency

THE ELECTION OF 1796

In the election of 1796, more than one candidate ran for president. **Political parties** had started during Washington's presidency. Washington cautioned against party rivalry in his farewell, but rivalry dominated the 1796 election. Alexander Hamilton was key in founding the **Federalist Party**. John Adams and Thomas Pinckney were the Federalist candidates. Thomas Jefferson and James Madison helped found the **Democratic-Republican Party**. That party selected Thomas Jefferson and Aaron Burr as its candidates. Business people in cities tended to support

Adams. Farmers generally favored Jefferson. Both sides attacked each other. Adams won; Jefferson was second. He and Jefferson then had to serve as president and vice president.

PRESIDENT ADAMS AND THE XYZ AFFAIR

Adams made improving the relationship between the United States and France a high priority. France was unhappy when the United States refused to let its citizens join in the war against Britain. Adams sent U.S. diplomats to repair that problem and make a treaty to guard U.S. shipping. The French foreign minister refused to meet with them. Three French agents said that the minister would discuss a treaty only if America paid a \$250,000 bribe and gave a \$12 million loan. The American public became furious about the **XYZ affair**. Still, Adams did not declare war on France. This angered many other Federalists. At last the United States and France did negotiate a peace treaty.

THE ALIEN AND SEDITION ACT

The **Alien and Sedition Acts**, passed by Federalists in Congress, became law in 1798. The Alien Act empowered the president to remove foreign residents he decided were involved in any treasonable or secret plots against the government. The Sedition Act forbid U.S. residents to “write, print, utter, or publish” false or critical words against the government.

The **Kentucky and Virginia Resolutions** stated that the acts were unconstitutional. Jefferson and James Madison said that the states could disobey unconstitutional federal laws. Congress did not repeal the acts, though they were not renewed. The resolutions presented the view that states could dispute the federal government. Later politicians would say this idea meant that the states could declare laws or actions of the federal government to be illegal.