

The Federalist Era (1789-1800)



National Bank of the U.S.

I. Hamiltonians vs. Jeffersonians

A. Hamilton's views--Man is irrational, corrupt, and guided by base instincts.

- 1) Sovereignty must rest with a strong central government insensitive to the popular will
- 2) Government's function is maintain order in a potentially chaotic society. It needs to be remote and secure from the people's emotional uprisings.

B. Jefferson's views--man is rational, capable of self-improvement.

- 1) Government exists to protect man's natural rights to life, liberty, and happiness.
- 2) The greatest threat to man's freedom is tyrannical government. It needs to be limited in its powers and completely responsive to the needs and desires of the people.
- 3) State governments should have greater power because they are less likely to be despotic.

II. Hamilton's Financial Plan

A. Protective tariff to stimulate industry

B. Willingness to assume debts of states

C. Willingness to assume Confederation's debts

D. Establishment of a national bank. Purposes:

- 1) Repository of national assets
- 2) Issue paper money based on assets
- 3) Source of investment capital

E. Whiskey Excise Tax--burden fell on western farmers

- 1) Whiskey Rebellion (1794)--2000 armed men

2) Washington leads militia to put down revolt

III. Jeffersonian Opposition to Hamilton's Plans

- A. Strict constructionist view--creation of U.S. Bank exceeded Congressional authority
- B. 10th Amendment forbids the national government exercising powers not delegated to it.
- C. Commercial and manufacturing interests favored over farming interests.

IV. Foreign Problems

A. French Revolution--Early sympathy and support turned to divisive feelings following Louis XVI's execution.

1) Democrat-Republicans were strongly pro-French and formed Republican clubs advocating war with England and Spain

2) Federalists viewed England as the defender of property rights against French anarchy.

3) Citizen Genet lands in pro-French South, begins building revolutionary armies to attack Spanish Florida and Louisiana, and outfits privateers to attack British shipping

a) Washington sees Genet officially, but expresses America's intention of remaining neutral

b) Internal divisions between Federalists and Democratic-Republican societies increased.

B. Jay Treaty (1794)

1) Trouble with Great Britain arose over fur trading posts in the Northwest and interference with American shipping

2) Jay negotiated with British who agreed to:

a) Abandon posts

b) Limit seizures of American cargoes

C. Pinckney Treaty (1795) gave Americans the right to navigate freely on the Mississippi River.

D. XYZ Affair--French demands for a bribe before negotiating with Americans so angered citizens that they called for war. Congress armed privateers, commissioned an army, and ordered new ships built

1) Naval war with France raged for two years, with 90 French ships captured.

2) France agreed to American terms in the Convention of 1800.

V. Fall of the Federalists

A. Alien & Sedition Acts (1798) sought to lessen criticism of the Federalists

- 1) Alien Acts made it more difficult to become a citizen, provided for detention of aliens in time of war, and allowed the president to deport any alien
- 2) Sedition Act outlawed criticism of the government or the president (10 convictions obtained)
- 3) Jefferson and Madison wrote the Kentucky & Virginia Resolutions which stated right of states to disobey Congress if laws exceeded Constitutional authority. First statement of nullification.

B. Jefferson's election in 1800 ended the reign of the Federalists.

- 1) Jefferson and Burr ended up with 73 electoral votes each
- 2) Hamilton cast his support to Jefferson, ending the tie
- 3) 12th Amendment allows for president and vice-president to run on the same ticket.

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