

Hamilton v. Jefferson

Rise of Political Parties

during the 1790s



Sources of Dispute between Hamilton and Jefferson

- ◆ Direction of American Economy?
- ◆ Whose interests should the government promote?
- ◆ How much power should the federal government have?
- ◆ Support France or Britain?



Economic Differences

Hamilton

- ◆ Strong Central Government
- ◆ Loose Construction
- ◆ Government should encourage manufacturing
- ◆ High Tariff on Imports – to protect and encourage manufacturing
- ◆ Government for and by the wealthy
- ◆ Common man too uneducated to have a voice in government

Jefferson

- ◆ Strong state governments
- ◆ Strict Construction
- ◆ Supported agrarian economy
- ◆ Believed country should be nation of small farmers
- ◆ Common man incapable of ruling-gov't must support his interests

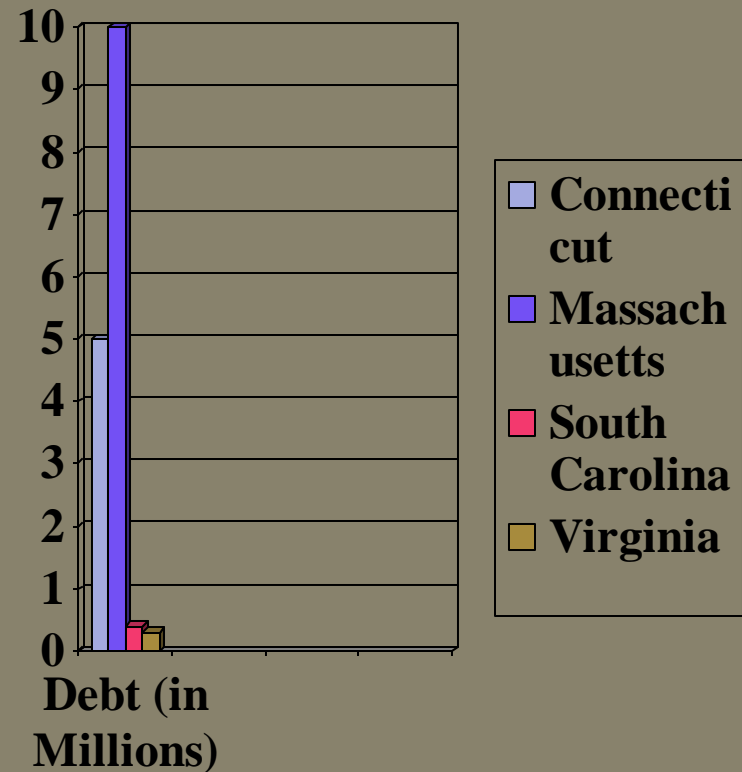
Hamilton's Financial Program



- ◆ Assumption of states' debt
- ◆ Selling of new national bonds to create a permanent national debt
- ◆ National Bank -
- ◆ Protective Tariff
- ◆ Excise Taxes -Whiskey

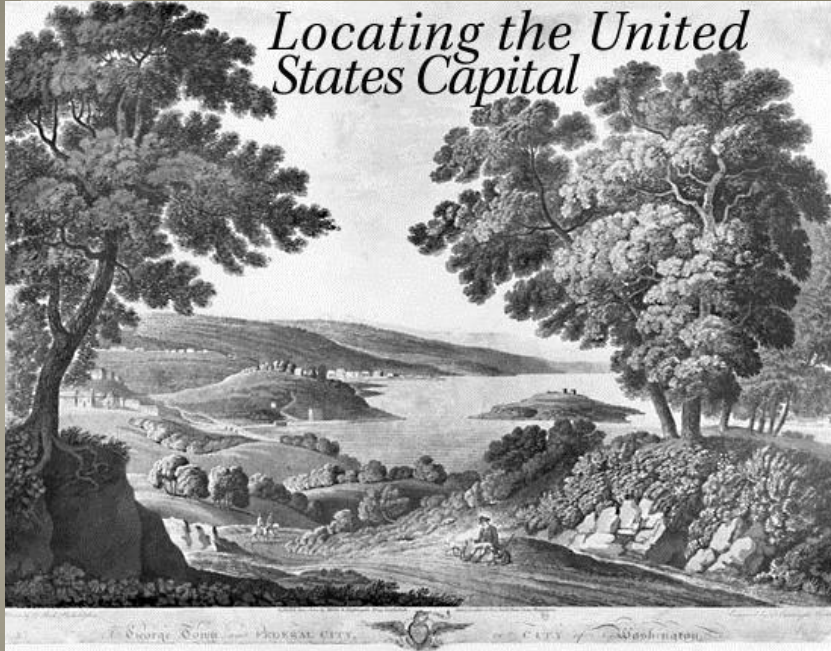
States' Debts

- ◆ Why might Northern states have supported Hamilton's plan to have the federal government assume states' debts? Why would the South oppose the plan?



Assumption of State Debts

Locating the United States Capital



SITE OF THE FUTURE CAPITOL
(Between Maryland and Virginia
along the Potomac River)

- ◆ Many southern states had repaid all of their debts
- ◆ Most indebted states were in the North
- ◆ Southerners claimed Hamilton was protecting Northern business interests at the expense of the South
- ◆ Hamilton was able to sway Southerners to support this by promising the permanent capital would be located in the South

Excise Tax on Whiskey

- ◆ This tax on whiskey was relatively small but angered western farmers who relied on the sale of whiskey produced from their grain
- ◆ Led to the 1794 Whiskey Rebellion
- ◆ Hamilton was sent by Pres. Washington with 13,000 troops to put this rebellion down



TAX COLLECTOR RUN OFF

- Money from this tax helped pay state debts and interest on new bonds sold