

Washington's Presidency

One American's Story

Charles Thomson had served as secretary of the Continental Congress in 1774. Now, on April 14, 1789, he came to Mount Vernon in Virginia with a letter for George Washington. Washington knew the reason for the visit. Thomson's letter was to tell him that he had been elected the nation's first president. Before giving Washington the letter, Thomson made a short speech.

PRIMARY SOURCE

“I have now Sir to inform you that . . . your patriotism and your readiness to sacrifice . . . private enjoyments to preserve the happiness of your Country [convinced the Congress that you would accept] this great and important Office to which you are called not only by the unanimous votes of the Electors but by the voice of America.”

—Charles Thomson, quoted in *George Washington's Papers, at the Library of Congress 1741–1799*

Washington accepted the honor and the burden of his new office. He would soon guide the nation through its early years.

Washington's New Government

▼ **KEY QUESTION** How did Washington's presidency shape new political traditions?

Under the new Constitution, the first presidential election was held in 1789. Washington won, and traveled to New York City, the nation's capital, to be **inaugurated**, or formally sworn in, as president. On April 30, 1789 at Federal Hall, the inauguration took place. The runner-up, John Adams of Massachusetts, became Washington's vice-president. As the nation's first president, Washington knew that his every action would set a **precedent**—an example that becomes standard practice. Under the first president, many political institutions and traditions were established.



George Washington—shown in a wax likeness—was a popular choice for first president of the new nation.

Congressional Decisions Washington took charge of a political system that was a bold experiment. No one knew if a government based on the will of the people could really work. The new government began to take shape in the summer of 1789. First, people argued over what to call Washington. Some suggested "His Excellency," but others argued that made the president sound as if he was a king. Finally, in keeping with the simplicity of a republic, Washington agreed to "Mr. President."

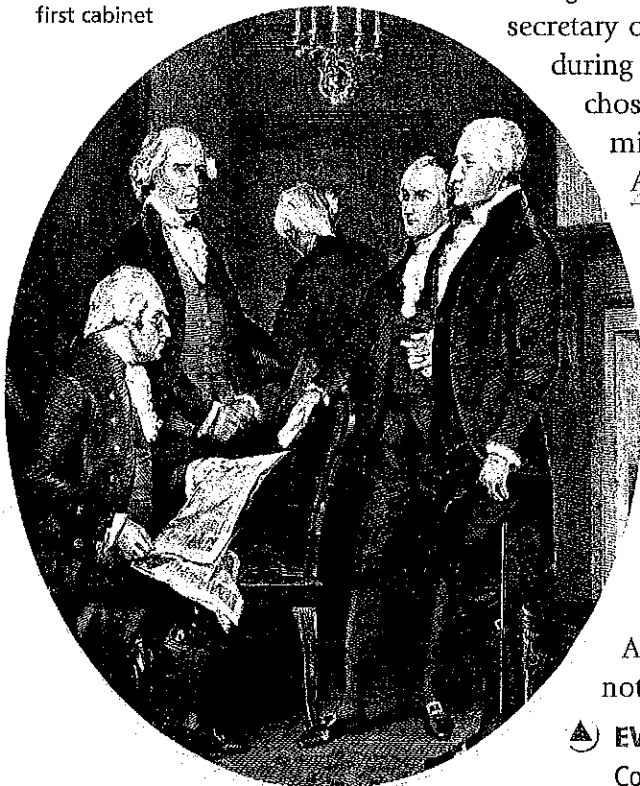
The writers of the Constitution had left many matters to be decided by Congress. For example, the Constitution created a Supreme Court but left it to Congress to decide on the details. What type of additional courts should there be and how many? What would happen if federal court decisions conflicted with state laws?

To help answer these questions, Congress passed a federal court system under the **Federal Judiciary** (joo•DISH•ee•AIR•ee) Act of 1789. This act gave the Supreme Court six members: a chief justice, or judge, and five associate justices. Over time, that number has grown to nine. The law also provided for less powerful federal courts. Washington appointed **John Jay**, the prominent lawyer and diplomat, as the first chief justice of the Supreme Court.

Assembling a Cabinet The Constitution also gave Congress the task of creating departments to help the president lead the nation. The president had the power to appoint the heads of these departments.

Congress created the departments: state, war, treasury, justice and postal service. The State Department dealt with relations with other countries. The War Department was in charge of the nation's defense. The Treasury Department was in charge of the nation's economy, or financial security.

George Washington's first cabinet



Washington chose talented people to run the departments. For secretary of war, he picked Henry Knox, a trusted general during the Revolution. For secretary of state, Washington chose Thomas Jefferson. He had been serving as U.S. minister to France. Washington chose the brilliant Alexander Hamilton to be secretary of the treasury. Hamilton was to manage the government's money. The secretary's ties to the president began during the war when he had served as one of Washington's aides. To advise the government on legal matters, Washington picked Edmund Randolph as **attorney general**.

These department heads and the attorney general made up Washington's **cabinet**. The Constitution made no mention of a cabinet, but Washington began the practice of calling his cabinet to advise him on official matters. Another high office, that of postmaster general, was not elevated to cabinet status until 1829.

▲ **EVALUATE** Explain how the decisions made by the first Congress created political traditions.

The Nation's Finances

▼ **KEY QUESTION** What financial problems faced the new nation?

Washington assigned his secretary of the treasury, Alexander Hamilton, the task of straightening out the nation's finances. The most urgent money issue was the U.S. government's war debts.

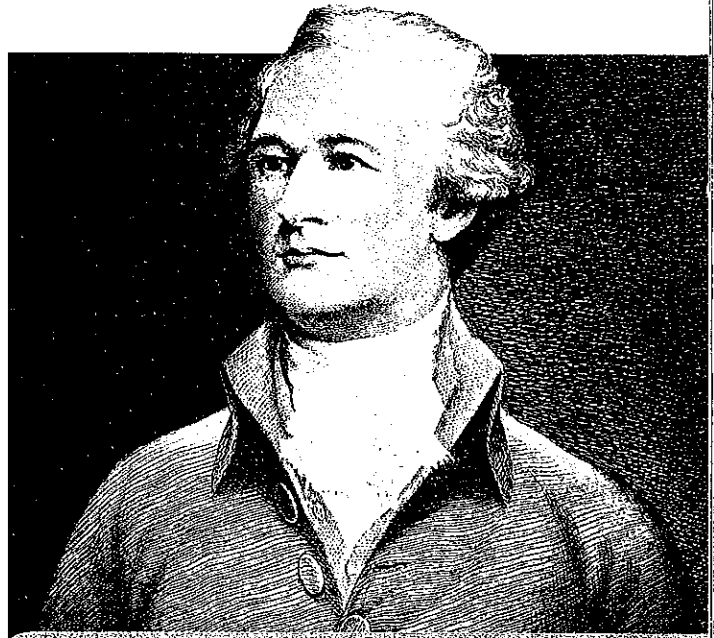
War Debts During the Revolution, the United States had borrowed millions of dollars from France, Spain, and the Netherlands. The new nation was also in debt to private citizens, including soldiers who had received bonds—certificates that promised payment plus interest—as compensation for their services during the war. State governments also had wartime debts. By 1789, the national debt—foreign and domestic—totaled more than \$52 million.

Most government leaders agreed that the nation must pay its debts to win the respect of both foreign nations and its own citizens. Hamilton saw that the new nation must assure other countries that it was responsible about money. These nations would do business with the United States if they saw that the country would pay its debts.

Hamilton's Political Views Hamilton believed in a strong central government. He thought the power of the national government should be stronger than that of the state governments. Hamilton also believed that government should encourage business and industry and that the nation's prosperity depended on the support of the nation's wealthy merchants and manufacturers. The government owed money to many of these rich men. By paying them back, Hamilton hoped to win their support for the new government.

Hamilton's Proposals In 1790, Hamilton presented his plan to Congress. He proposed three steps to improve the nation's finances and to strengthen the national government: 1) paying off all war debts, 2) raising government revenues, and 3) creating a national bank.

Hamilton also wanted the federal government to pay off the war debts of the states. However, sectional differences arose over repayment of state debts. Many Southern states resisted because they had already gone further



History Makers

Alexander Hamilton 1755–1804

Hamilton was one of the giants of American history. In his early twenties, he was a personal aide to General George Washington during the American Revolution. In the 1780s, he was a signer of the U.S. Constitution. He was one of the authors of a set of essays called *The Federalist Papers* that persuaded Americans to ratify the Constitution.

As the first secretary of the treasury, Hamilton helped ensure the economic health of the new republic. His actions helped support his belief in a strong government and helped establish the executive branch as the most powerful branch of the government.

COMPARING Leaders

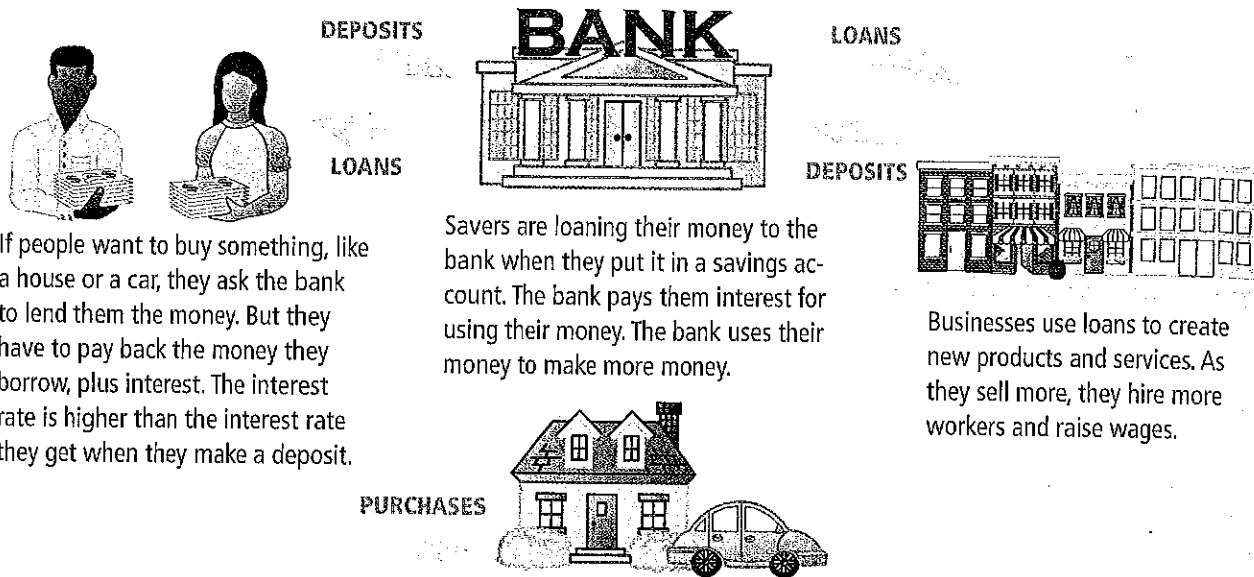
Compare Hamilton's leadership qualities to those of other American leaders mentioned in the chapter.

ONLINE BIOGRAPHY

For more on Alexander Hamilton, go to the Research & Writing Center @ ClassZone.com

HOW BANKS WORK

Hamilton believed that a national bank could help the economy of the new nation. It would be funded by a partnership between the federal government and wealthy private investors. In that way, private money would be tied to the country's welfare.



If people want to buy something, like a house or a car, they ask the bank to lend them the money. But they have to pay back the money they borrow, plus interest. The interest rate is higher than the interest rate they get when they make a deposit.

Savers are loaning their money to the bank when they put it in a savings account. The bank pays them interest for using their money. The bank uses their money to make more money.

Businesses use loans to create new products and services. As they sell more, they hire more workers and raise wages.

CRITICAL THINKING

1. **Analyze Point of View** Do you think that the people who feared a strong central government supported Hamilton's idea of a national bank? Why or why not?
2. **Make Inferences** What are some ways that banks make money?

towards paying off their debts. Hamilton asked Thomas Jefferson of Virginia to help him gain Southern support. They reached a compromise by agreeing that the southern states would support Hamilton's plan and back payment of state debts. In return, northerners would support locating the capital in the South. The location chosen was on the banks of the Potomac River.

Building a Strong Government To raise revenue, the secretary of the treasury favored tariffs, which are taxes on imported goods. Tariffs serve two purposes: raising money for the government and encouraging the growth of national business. Americans bought goods from overseas in large quantities, including hemp, steel, and molasses. Tariffs on these goods kept a steady income flowing to the government. Since tariffs made foreign goods more expensive, they encouraged people to buy American goods.

Hamilton also called for the creation of a national bank. It would give the government a safe place to keep money. It would also make loans to businesses and government. Most important, it would issue bank notes—paper money that could be used as currency.

Hamilton's Opponents Overall, Hamilton's plan was to strengthen the national government. Opponents of a national bank, including Jefferson and Madison, claimed that the bank would encourage an unhealthy partnership between the government and wealthy business interests. This angered Jefferson in particular. Those against the bank also argued that, since the Constitution does not mention a national bank, the government cannot create a national bank. They believed in the narrow or "strict" interpretation of the Constitution.

These differences began the debate among those who favored a "strict" interpretation of the Constitution, one in which the federal government has very limited powers, and a "loose" interpretation, which favors greater federal powers. Jefferson favored a strict interpretation, and Hamilton favored a broad or loose interpretation of the Constitution.

Hamilton's group used the so-called "Elastic Clause" of the Constitution (Article 1, Section 8, Number 18) to argue their case. This clause gives Congress the authority to do whatever is "necessary and proper" to carry out its specific powers, such as regulating commerce.

Washington backed Hamilton, and the Bank of the United States was established in 1791. Washington mostly tried to remain above the conflict between Hamilton and Jefferson and to encourage them to work together despite their basic differences. However, the formation of the two political factions, based on Hamilton's and Jefferson's opposing philosophies, laid the foundation for the American political factions that followed.

CATEGORIZE List Hamilton's solutions for the nation's finances.

1

Section Assessment



ONLINE QUIZ

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TERMS & NAMES

1. Explain the importance of
 - Federal Judiciary Act
 - attorney general
 - John Jay
 - cabinet

USING YOUR READING NOTES

2. **Categorize** Complete the diagram you started at the beginning of the section.

Cabinet Member	Responsibilities
Hamilton	managed the nation's money
Jefferson	oversaw foreign relations

KEY IDEAS

3. What was the purpose of Washington's cabinet?
4. What were the three steps proposed by Hamilton for helping the nation's finances?

CRITICAL THINKING

5. **Compare and Contrast** How did Hamilton and Jefferson differ in their interpretation of the Constitution?
6. **Make Inferences** Why might merchants and manufacturers support a strong central government?
7. **Connect Today** What organizational decisions made by the first Congress are still in effect today?
8. **Writing Letter** Imagine it's the 1790s. Write a letter to the editor that either supports or opposes Hamilton's plan for a national bank.