



U.S. HISTORY

Launching a New Nation (1789–1800)

What You Will Learn

The new federal government dealt with challenges at home and abroad. During John Adams's presidency, disagreements increased between the parties.

Focus Question

As you read this chapter, keep this question in mind: **How did Americans respond to internal and external challenges?**

Key Events

1789 Washington organizes new government departments and appoints heads.

1795 Senate approves Jay's Treaty with Britain.

1798 "XYZ Affair" becomes public and sours relations with France. Congress passes the Alien and Sedition acts.

✓ Checkpoint

List the members of President Washington's cabinet.

Washington Takes Office

Section 1 Focus Question

How did President Washington set the course for the new nation? To begin answering this question,

- Learn about the first President, George Washington.
- Understand the nation's first economic crisis.
- Read about Hamilton's financial plan.
- Find out about the Whiskey Rebellion.

Section 1 Summary

Washington organized the executive branch, and Hamilton worked to end the nation's financial crisis. The Whiskey Rebellion tested the new government.

The First President

As the first President, George Washington set many precedents, or examples to be followed by others in the future. He created new federal departments. Alexander Hamilton led the Treasury, Thomas Jefferson led the State Department, Henry Knox was Secretary of War, and Edmund Randolph was Attorney General. The group came to be called the Cabinet. In addition, the Judiciary Act of 1789 established a federal court system headed by the Supreme Court. ✓

The Nation's First Economic Crisis

The American Revolution had left the nation deeply in debt. The debt was mainly in the form of bonds. A **bond** is a certificate issued by a government for an amount of money that the government promises to pay back with interest. Most of the original buyers sold their bonds to **speculators**, or people who invest in a

risky venture in the hope of making a large profit. Because speculators bought the bonds for less than they were worth, it did not seem fair to pay them in full, especially since the original bondholders had lost money. The government also questioned whether or not it should pay back state debts. ✓

Hamilton's Financial Plan

It fell to Alexander Hamilton, the new secretary of the treasury, to come up with a plan to solve the financial crisis. The first part of his plan was for the government to pay back all federal and state debts. However, many southern states did not want the federal government to pay state debts because they had paid theirs on their own. The South eventually agreed to this part of Hamilton's plan, and in return, the government would build its capital in the South.

The second part of the plan was to charter a national bank for depositing government funds. Members of Washington's cabinet fought over whether the government had the right to do this. Jefferson argued that a national bank was **unconstitutional**—contrary to what is permitted by the Constitution. He called for a "strict" interpretation, or reading, of the Constitution. According to this view, the government's power was limited to what the Constitution specifically says. Hamilton, on the other hand, called for a "loose" interpretation. He believed that the Constitution gave Congress the power to do things not directly permitted, as long as they were "necessary and proper." A national bank was created, but constitutional interpretation continues to provoke disagreement.

Southerners also opposed the last part of Hamilton's plan, a national tariff, or a tax on imported goods. The tariff benefited northern industries because it protected them from lower priced foreign goods. Since southerners had little industry, the tariff only hurt them by raising prices. Congress did not pass the tariff. ✓

The Whiskey Rebellion

Congress imposed a tax on all whiskey made and sold in the country, but many farmers who made whiskey opposed this tax. Some Pennsylvania farmers started a violent protest. Washington sent federal troops to Pennsylvania, showing that armed rebellion would not be accepted. ✓

Check Your Progress

1. What two crises occurred during the early part of President George Washington's administration?

2. What were the three parts to Hamilton's financial plan?

✓ Checkpoint

After the American Revolution, the nation's debt was mostly in what form?

Vocabulary Builder

Provoke comes from the Latin verb *provocare*, which means "to call out." What is being "called out" in the underlined sentence?

✓ Checkpoint

Name the two types of constitutional interpretation used during the debate about the national bank.

✓ Checkpoint

What caused the Whiskey Rebellion?

The Birth of Political Parties

Section 2 Focus Question

How did two political parties emerge? To begin answering this question,

- Learn why political parties emerged.
- Read about the differences between Republicans and Federalists.
- Find out about the election of 1796.

Section 2 Summary

The Framers did not expect political parties to develop. But differences over issues led to the creation of parties. After the 1796 election, tensions increased between the parties.

Political Parties Emerge

The Framers of the Constitution did not expect political parties to form in the United States. Rather, they thought that government leaders would rise above personal or local interests and work together for the sake of the whole nation. They proved to be wrong.

In those days, people spoke of *factions* rather than *political parties*. A **faction** was an organized political group, and the word was not complimentary. **James Madison** thought factions were selfish groups that ignored the well-being of the whole nation. In the *Federalist Papers*, he wrote that an effective national government would prevent the growth of factions. President Washington feared the effects of factions and tried to discourage their growth. Despite his efforts, by the early 1790s, political parties began to form. ✓

Republicans Against Federalists

The two parties that formed were called the Republicans and the Federalists. The Republicans developed out of Democratic-Republican clubs that accused the federal government of growing too strong. They wanted to keep most power at the state or local level. The Federalists took their name from the people who had supported the adoption of the Constitution. They believed that the United States needed a strong federal government to hold the country together.

At the time that both parties were organizing, the Federalists had an advantage. This was because President Washington usually supported **Alexander Hamilton** and his policies rather than **Thomas Jefferson** and his policies. Finally, in 1793, Jefferson resigned as secretary of state because he was unhappy with the federal government's support of Federalist policies.

Key Events

1789

Washington organizes new government departments and appoints heads.

1795

Senate approves Jay's Treaty with Britain.

1798

"XYZ Affair" becomes public and sours relations with France. Congress passes the Alien and Sedition acts.

✓ Checkpoint

Name the term that people used instead of the term *political parties*.

✓ Checkpoint

List the main supporters of the Republicans and Federalists.

Republicans: _____

Federalists: _____

Vocabulary Builder

A *precedent* is an action or decision that is used as an example for a later one.

✓ Checkpoint

Name the person elected president in 1796.

Republicans

- **Main Supporters:** southern planters and northern artisans and farmers
- **Main Leaders:** Thomas Jefferson and James Madison
- Supported strong state government
- Opposed a national bank
- Opposed a tariff on imported goods
- Supported France because it had recently overthrown its king
- Strictly interpreted the Constitution

Federalists

- **Main Supporters:** merchants, other property owners, and workers in trade and manufacturing
- **Main Leader:** Alexander Hamilton
- Supported a strong national government
- Supported a national bank
- Supported a tariff on imported goods
- Were pro-British
- Loosely interpreted the Constitution



The Election of 1796

George Washington announced he would not run for a third term as President. His action set an important precedent. Not until Franklin Roosevelt ran for and won a third term in 1940 would any President seek more than two terms. In 1951, the Twenty-second Amendment limited the President to two terms.

Today, the President and Vice President run together on the same ticket. However, at the time of the 1796 election, the President and the Vice President were not elected as a ticket. The candidate with the most votes became President, and the candidate who came in second place was elected Vice President. In the 1796 election, a Federalist, **John Adams**, became President, but a Republican candidate, Thomas Jefferson, was elected Vice President. Not surprisingly, this led to serious tensions during the next four years. ✓

Check Your Progress

1. Why did the Framers of the Constitution not expect political parties?

2. What were the two political parties' positions on the power of the national government?

Troubles at Home and Abroad

Key Events

1789

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✓ Checkpoint

Name the battle and the treaty that ended conflict between settlers and Native Americans in the Northwest Territory.

Section 3 Focus Question

How did the actions of Britain and France affect the United States? To begin answering this question,

- Find out about conflicts in the Northwest Territory.
- Learn about the French Revolution and how Americans reacted to it.
- Note President Washington's accomplishments and advice.

Section 3 Summary

President Washington faced conflict with Native Americans and foreign threats to American shipping. He advised Americans to avoid political divisions and involvement in European affairs.

Conflicts in the Northwest Territory

The Northwest Territory was the land north and west of the Ohio River to the Mississippi River. The United States acquired the territory from Britain as part of the terms of the Treaty of Paris that ended the American Revolution.

Under the treaty, Britain had pledged to withdraw its forts from the region within "a reasonable time." Ten years later, however, the forts were still there. The British were also supplying Native American groups in the region with guns and ammunition. The British hoped that this would limit American settlement in the Northwest Territory.

Many American leaders believed that the country's future depended on settling its western lands, and during the 1780s, many American settlers migrated into the Northwest Territory. Native Americans, worried about holding onto their lands, joined together to oppose American settlement.

By 1790, the federal government had bought much of the Native Americans' lands south of the Ohio River. However, Native Americans in the Northwest Territory refused to sell and attacked settlers. In 1790, Washington sent troops to the Northwest Territory. Three battles occurred between American troops and Native Americans led by Little Turtle of the Miami Nation and Blue Jacket of the Shawnees. The Native Americans won the first two battles. The second battle was the worst defeat U.S. troops ever suffered in a battle with Native Americans.

In 1794, Washington sent General Anthony Wayne to lead the troops. He defeated the Native Americans at the Battle of Fallen Timbers. That battle broke the Native American hold on the Northwest. In the 1795 Treaty of Greenville, Native Americans surrendered most of their lands in the part of the Northwest Territory that is now Ohio. ✓

The French Revolution

When the French Revolution began in 1789, Americans supported the effort of the French people to overthrow their king. By 1793, however, growing violence in France was becoming controversial in the United States, and it led Federalists to oppose the revolution. Republicans continued to support it, arguing that some violence could be expected in a fight for freedom.

By 1793, Britain and France were at war. Republicans supported France, and Federalists supported Britain. President Washington issued a proclamation that said the United States would remain neutral, not favoring either side of the dispute. However, the United States would trade with both sides. Neither France nor Britain agreed with the U.S. position. Both countries started seizing American ships, fearing that trade with the United States would benefit the enemy. Britain made matters worse by the impressment of sailors on American ships, which meant seizing the sailors and forcing them to serve in the British navy.

Washington sent John Jay to negotiate a treaty with Britain. In 1795 Jay returned with a treaty. The United States agreed to pay debts owed to British merchants. Britain agreed to pay for the ships it had seized and to withdraw its troops from the Northwest Territory. But it refused to stop impressing sailors. It also refused to recognize a U.S. right to trade with France.

Republicans opposed Jay's Treaty, arguing that it gave away too much and got too little. But the Federalist-controlled Senate approved it to keep peace with Britain. ✓

Washington Retires From Public Life

Washington published his Farewell Address at the end of his second term. He advised Americans to avoid political divisions at home. He feared that violent divisions might tear the nation apart. Washington also emphasized his belief that the United States must stay out of European affairs. Washington's main accomplishments were establishing a federal government, ending the country's economic crisis, forcing the British to leave the Northwest Territory, and keeping the country out of war. ✓

Check Your Progress

1. What role did Britain play in conflicts in the Northwest Territory?

2. How did public support in the United States for the French Revolution change over time?

Vocabulary Builder

Reread the underlined sentence. If to proclaim something means to announce it, what is a *proclamation*?

✓ Checkpoint

What led the Federalists to oppose the French Revolution?

✓ Checkpoint

List the two things that Washington recommended in his Farewell Address.

The Presidency of John Adams

Section 4 Focus Question

How did problems with France intensify the split between the Federalists and Republicans? To begin answering this question,

- Find out about America's troubles with France.
- Discover the impact of the Alien and Sedition acts.
- Learn about the idea of states' rights.

Section 4 Summary

Events in Europe intensified the split between Federalists and Republicans. Tensions increased further with the passage of the Alien and Sedition acts.

Troubles With France

The decision of the United States to remain neutral during the war between France and Britain angered France because it had been an ally during the American Revolution. Also, the signing of Jay's Treaty with Britain made it appear as if the United States favored Britain over France. As a result, France refused to meet with an American diplomat and continued to seize American ships.

In 1797, Adams sent three diplomats to France. Agents of the French foreign minister demanded a bribe from the American diplomats, but the Americans refused to pay one. Many Americans, especially Federalists, were outraged when they learned of the so-called XYZ Affair. (XYZ refers to the three French agents whose real names were kept secret.)

The XYZ Affair led to an undeclared naval war with France. Adams and the Congress increased the size of the army and rebuilt the navy. In addition, Adams created a new department of the navy.

Adams, who opposed war, sent another group of diplomats to France. In 1800, a treaty was signed. France agreed to stop seizing American ships, and the United States avoided a full-scale war with France. The treaty angered many of Adams's fellow Federalists who wanted war with France. ✓

The Alien and Sedition Acts

The undeclared war with France increased distrust between the Federalists and Republicans. Federalists feared that European immigrants would spread dangerous ideas inspired by the French Revolution to America. They also feared that the new immigrants would favor the pro-French Republican Party when they became citizens.

The Federalist-controlled Congress decided to pass several laws. They had two main goals. First, they wanted to slow the

Key Events

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✓ Checkpoint

To what did the XYZ Affair lead?

✓ Checkpoint

Name the act that targeted Republicans.

Vocabulary Builder

The word *resolution* has different meanings depending on its context. Which definition is most like that in the bracketed text?

- A. A statement of a group's opinion
- B. The solving of a problem

✓ Checkpoint

Name the two men who wrote resolutions for Virginia and Kentucky.

process of becoming a citizen. Second, they wanted to stop immigrants and Republicans from spreading ideas that threatened Federalist control of the federal government.

The Alien Act increased the length of time from 5 to 14 years that it took for an **alien**, or outsider or someone from another country, to become a citizen. It also allowed the President to jail or deport aliens he considered dangerous.

The Sedition Act targeted Republicans. **Sedition** is an activity aimed at overthrowing a government. The act made saying or writing anything insulting or false about the government a crime punishable by jail or a fine. The Sedition Act placed the harshest limits on free speech in America's history. During 1798 and 1799, ten people were convicted under the act. Most were Republican editors and printers. ✓

States' Rights

Republicans denounced the Alien and Sedition acts. They declared that the Sedition Act violated free speech protections under the First Amendment of the Constitution. However, it had not yet been clearly established that the Supreme Court had the power to strike down a law as unconstitutional. To overturn this law, therefore, the Republicans worked through state legislatures.

James Madison and Thomas Jefferson wrote resolutions for the Virginia and Kentucky legislatures, respectively. They stated that the Alien and Sedition acts were unconstitutional and that states had the right to declare federal laws unconstitutional.

The Virginia and Kentucky resolutions had little short-term impact. No other states supported them. By 1802 the Alien and Sedition acts had expired, and Congress restored the waiting period for citizenship to five years.

The resolutions were far more important over the long run because they established the principles of states' rights and nullification. **States' rights** is the idea that the union binding "these United States" is an agreement between the states and that they therefore can overrule federal law. Nullification is the related idea that states have the power to **nullify**, or deprive of legal force, a federal law. The ideas increased in importance when the southern states began defending slavery. ✓

Check Your Progress

1. What was John Adams's response to problems with France after the XYZ Affair?
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2. What two principles did the Virginia and Kentucky resolutions help to establish?
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