



# **Launching the New Government**

# I. New Government



- **A. George Washington inaugurated April 30, 1789**
- **B. He had no one to imitate, everything set a precedent or example for new leaders**
- **C. In 1796, Washington set precedent of only two terms. Not until 1940 did a President seek a third term.**

# George Washington



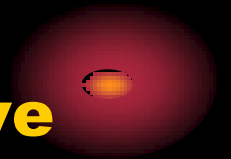
## II. The Cabinet

- **A. In 1789, Congress created five executive departments. They were State, Treasury, War and the offices of Post Master and Attorney General.**
- **B. *Heads* of these departments were the members of the President's Cabinet.**
- **C. The two most influential were Thomas Jefferson (Secretary of State) and Alexander Hamilton (Secretary of the Treasury)**

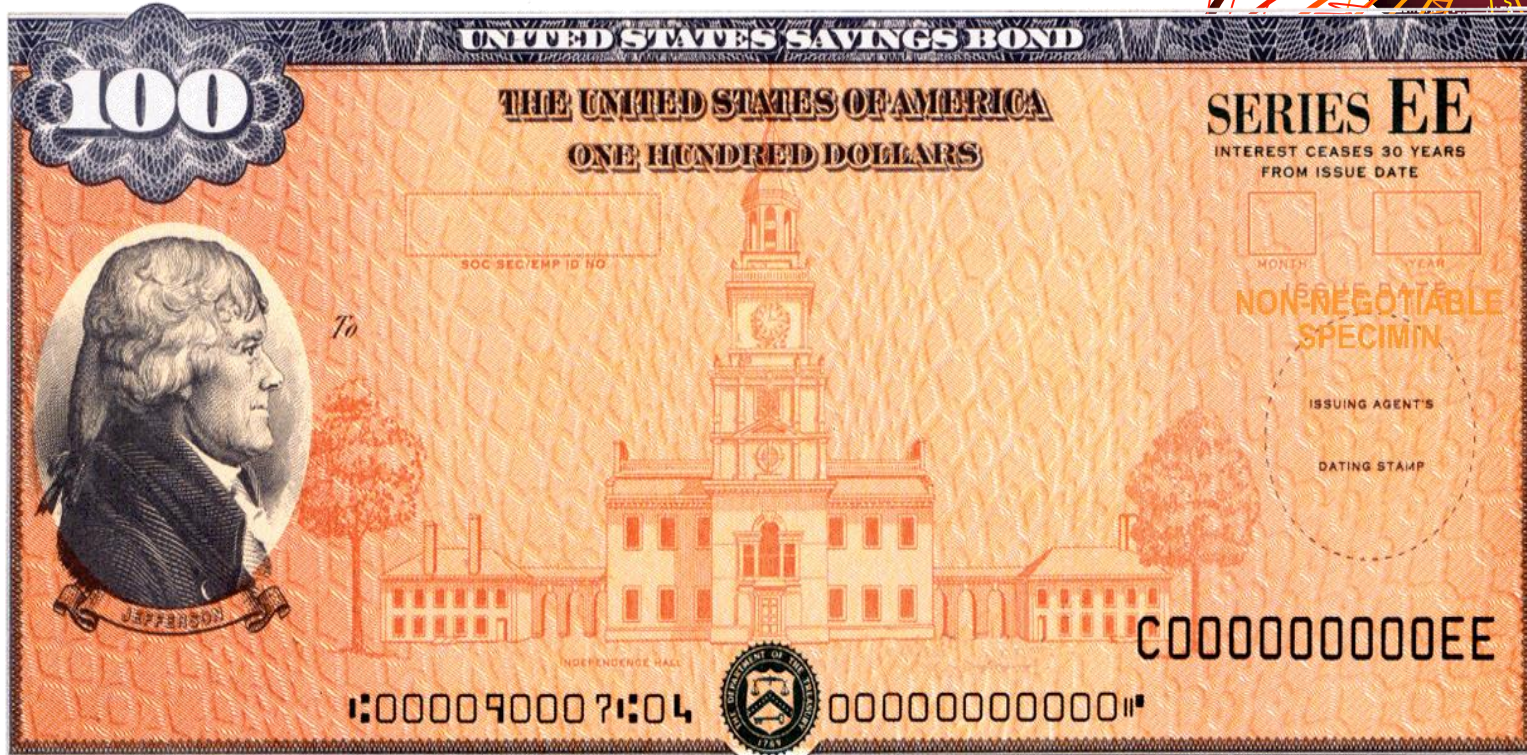
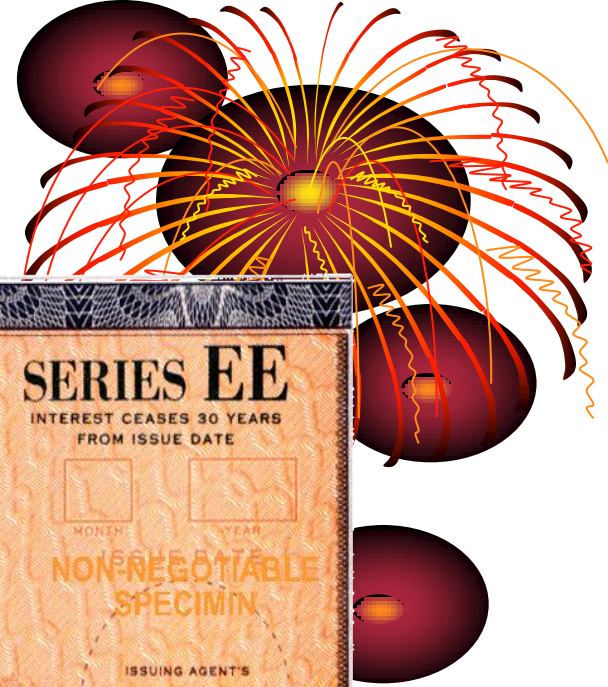


# III. Federal Court System

- **A. Constitution called for Supreme Court but Congress passed the Judiciary Act in 1789 to set up the federal courts.**
- **B. Judiciary Act called for Supreme Court to have one Chief Justice and five Associate Justices.**
- **C. Washington named John Jay as first Chief Justice.**
- **D. Judiciary Act also called for district courts and circuit courts. Their decisions could be appealed to the Supreme Court.**








# **IV. Fighting the National Debt**

- **A. Alexander Hamilton faced problems building a strong economy.**
- **B. Biggest was National Debt or money the Federal Government owed to others.**
- **C. During the Revolution, states and the Federal Government sold bonds to raise money.**
- **D. By 1789, most Southern states had paid their bonds but Federal and some states had not.**



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- **E. Hamilton had a plan that would buy old bonds and issue new ones that would pay them off.**
  - **F. Bankers and investors liked it, others did not.**
  - **V. Madison leads the opposition**
    - **A. James Madison said *Speculators* would be rewarded.**
    - **B. *Speculators* invest in risky ventures in hopes of big rewards.**
    - **C. *Speculators* had bought old bonds at a discount (10 or 15 cents on the dollar) and could then sell them at face value.**
    - **D. Madison was a Southerner and Southern states had mostly paid off their bonds.**

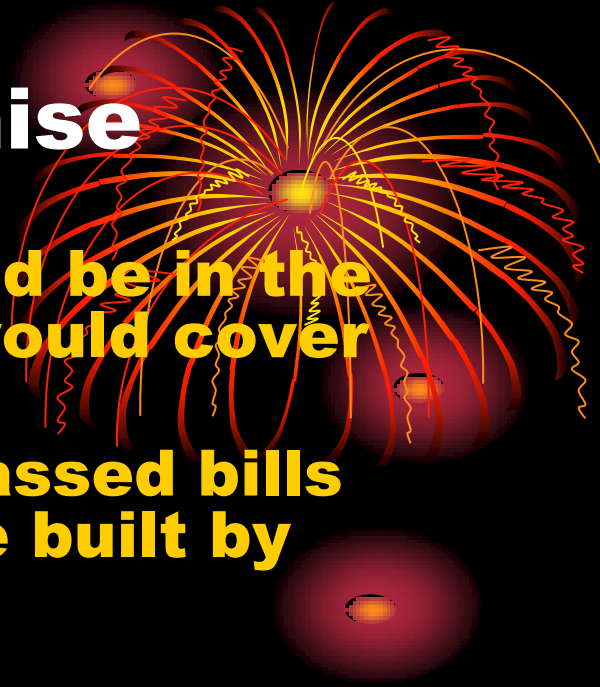


## **VI. Hamilton's Compromise**

- **A. New national capital would be in the South, Federal government would cover all states' debts.**
- **B. In July, 1790, Congress passed bills for District of Columbia, to be built by 1800.**

## **VII. National Bank**

**A. In 1791, Congress set up Bank of the United States. Government would deposit tax money and Bank would issue paper money. Bank would also lend money to farmers and businesses.**



## VIII. Protecting American Industry

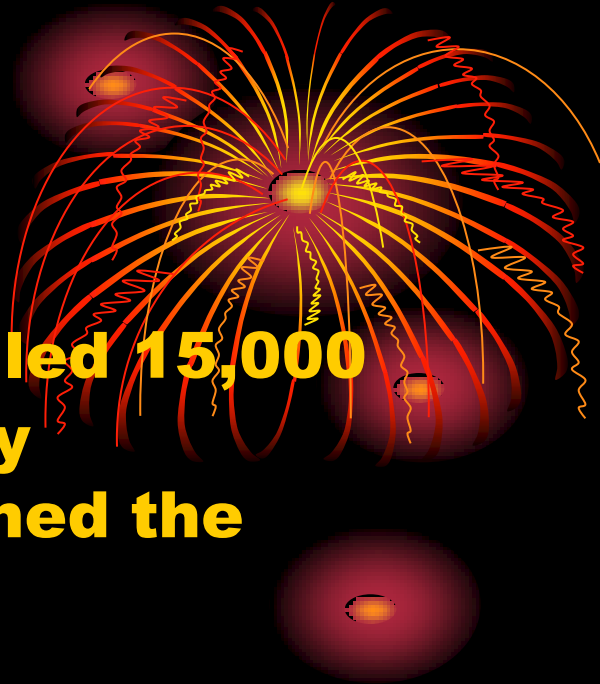
- **A. Hamilton proposed a *Tariff* or tax on foreign goods. He wanted a high tariff to make foreign goods expensive. Called a *Protective Tariff*.**
- **B. Northern businesses wanted it; Southerners did not.**
- **C. Tariff was passed to raise money for government but it was a lower tariff than Hamilton wanted.**



# IX. Whiskey Rebellion

- **A. Congress passed a tax on **whiskey**- farmers hated it! They grew corn and made whiskey that was easy to ship.**
- **B. Farmers thought it was like the British taxes they had fought against.**
- **C. In **1794**, **Pennsylvanians** fought the tax collectors and marched on Pittsburgh.**



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- **D. George Washington** led **15,000** soldiers against them and they scattered. Washington pardoned the leaders.
  - **E. Whiskey Rebellion** was a crucial test of how strong the new government would be. Washington showed violence would not be tolerated and that the government would act strongly in a crisis.

- **X. Washington's Farewell Address**

- **A. 1796, Washington declined to run for third term**
- **B. In final speech to congress, he warned U.S. to:**
  - **1. Avoid political divisions at home**
  - **2. Avoid European wars, foreign entanglements**
  - **3. Avoid national debt**

