



# Chapter 8, section 1

The First President





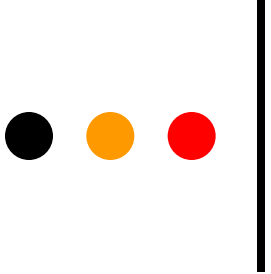
# Vocabulary:

- Precedent: - Another word for traditions
- Cabinet: - Dept. Heads and Attorney General
- National Debt: - Amount of money owed by a nation's government
- Bond: - Paper notes promising to repay the money in a certain length of time.
- Unconstitutional: - Inconsistent with the Constitution
- Tariff: - Tax on imports



# The 1<sup>st</sup> federal government

- President: George Washington
  - Create departments within the Executive Branch
  - Set up federal court system
  - Added Bill of Rights to Constitution
- Vice-President: John Adams
  - Break tie in Senate as President of the Senate

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- Sect' of State: Thos. Jefferson
    - Handles relations with other countries
  - Sect' of Treasury: Alex. Hamilton
    - Handles financial matters
  - Sect' of War: Henry Knox
    - Provides for the nations defense
  - Attorney General: Edmund Randolph
    - Handles the government's legal affairs
  - Postmaster General: Samuel Osgood
    - Handles communications
  - Chief Justice of S.C.: John Jay
    - Sets courts agenda which settles arguments concerning national issues.

- ● ● | 7. What law established the federal court system?

- THE JUDICIARY ACT OF 1789

- Established 13 District Courts
- John Jay – 1<sup>st</sup> Supreme Court Chief Justice
  - Strong Independent National Judiciary



## 8. Describe Hamilton's proposal for strengthening the economy.

A. Create a national debt by combining all state debts

B. Pay off all debt including bonds at their original value.

- o Problem of War Debt – States helped fund/win Rev. War
- o Hamilton wanted to deal with financial problems and thought it would also help strengthen the national economy



Problem: War Bonds were purchased mostly by average people (farmers – soldiers)

- After the war – hard economic times – people sold bonds at a loss to speculators

9. Someone who is willing to invest in a risky venture on the chance of making a large profit is called a speculator. Example: Shark Tank

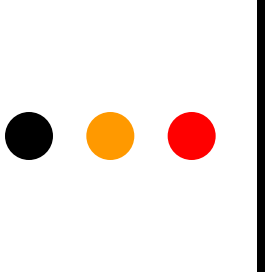


10. The member of Congress who led the opposition against Hamilton's Plan was James Madison.

11. Why was James Madison (and others) against Hamilton's plan to repay bondholders in full?

- It would make speculators rich (huge profits when the original bond holders lost money).
  - Hurt the poor – rich got richer
- Southern states had already paid their debt
  - Now they would have to pay double





12. Why did Hamilton want to repay the national and state debts?

- To unify the country (All states, North & South, would have a strong interest)
- To develop trust in the nation's credit to build the nation's economy.



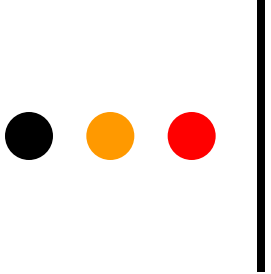
13. Explain Hamilton's compromise.

A. The South accepted Hamilton's concept of a national debt (pay off state debts), so

B. The South got the U.S. capitol moved to the South.

- ● ● | 14. The name Congress gave to the piece of land on which the federal capitol was to be built:

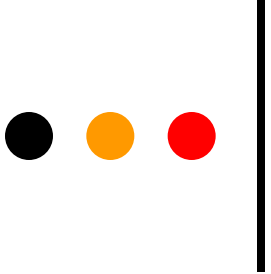
- Washington D.C.



# 15. Where was the capitol moved to while the new “Federal City” was being built?

## o Philadelphia

- Philadelphia 1775-1776 – War
- Baltimore 1776-1777 – War
- Philadelphia 1777-1777 – War
- Lancaster, PA 1777 (One Day) – War
- York, PA 1777-1778 – War
- Philadelphia 1778-1781 – War
- Princeton, NJ 1783-1783 – War
- Annapolis, MD 1783-1784
- New York, NY 1785-1790
- Philadelphia 1790-1800
- Washington DC Since 11/17/1800



16. The bank created in 1791 to issue paper money, pay government bills, and make loans to farmers and business was called the

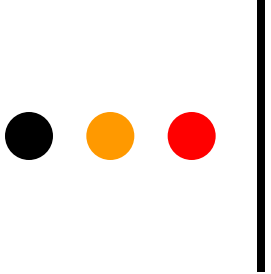
o Bank of the U.S.

- Alexander Hamilton asked Congress to create Bank of the U.S. – Combination of public and private ownership
- Issue Money – Pay Government Bills – Loan Money
- An even bigger argument than the National Debt

● ● ● | 17. In the Constitution, how did Hamilton justify his starting his federal bank?

○ The “elastic clause”

- Also called – Necessary and Proper Clause
- Article I, Section 8, Clause 18
- Congress may make all laws that are necessary and proper to run the country



18. Congress tried to raise money by taxing. What 2 taxes were passed; who liked each and whom did each hurt?

1. Tariff (tax on imports)

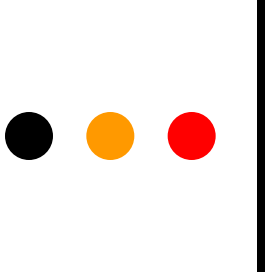
- The North liked it because they had a lot of manufacturing
- The South was hurt because they imported most of their manufactured goods from Europe, especially England

● ● ● | # 18 continued.

## 2. Whiskey Tax (tax on liquors)

- The North liked it because they did not make whiskey, they made rum.
- The West (Western Pennsylvania) was hurt because they distilled a lot of grain into whiskey to make a profit





19. List the 4 precedents that George Washington established for the presidency:

- The Inaugural Address
- Two terms in office
- Creation of the cabinet
- Foreign policy of neutrality