Washington’s Presidency

BEFORE YOU READ
In the last chapter, you read about how the Constitution was ratified. In this section, you will learn how the first president and Congress of the United States set up the nation’s new government.

AS YOU READ
Use this diagram to take notes on setting up the new government in the United States.

TERMS & NAMES

inagurate To swear into office
Federal Judiciary Act The act that created a court system and divided authority between the state and federal courts
cabinet Heads of the departments that help the president lead the nation
tariff Tax on imported foreign goods

Washington Takes Office (pages 293–294)

**What difficulty did Washington face as the first president?**

George Washington was **inaugurated**, or sworn in, as the nation’s first president. John Adams became vice-president. Washington faced a difficult task. He knew his actions as president would set an example. Congress agreed that Washington should be called “Mr. President” rather than by a title that would suggest he was a king. Congress also had to settle differences about how to run the new government.

1. **Why was Washington’s task as the nation’s first president difficult?**

Setting Up the Courts; Washington’s Cabinet (pages 294–295)

**Why did Congress pass the Federal Judiciary Act?**

Congress had many matters to decide that were not spelled out in the Constitution. One problem was how to divide authority between the state and federal courts. Congress passed the **Federal Judiciary Act** of 1789. This act gave the Supreme Court six members: a chief justice and five associate judges. The current number is nine. The act also provided for other lower federal courts. John Jay was appointed Chief Justice.

The Constitution gave Congress the power to create departments to help the president. The president appointed the heads of these departments, which became his **cabinet**. Washington chose Henry Knox as secretary of war, Thomas Jefferson as secretary of state, and Alexander Hamilton as secretary of the treasury. To help him with matters of law, Washington picked Edmund Randolph as attorney general. These department leaders were
called together to advise Washington. Since then, other presidents have followed this example.

2. What was the Federal Judiciary Act?

Economic Problems; Hamilton’s Financial Plan (pages 295–297)

Why did Hamilton want to tax imported goods?
Alexander Hamilton, secretary of the treasury, had to straighten out the nation’s finances. First, the U.S. government needed to pay its war debts to France, the Netherlands, Spain, and merchants and private citizens in the United States. State governments also had war debts. By 1789, the national debt was more than $52 million.

Most government leaders agreed that the nation must repay its debts to win the respect of both foreign nations and its own citizens. Foreign nations would do business with the United States if they saw that the country would pay its debts.

Hamilton’s financial plan showed his belief in a strong central government. He thought the national government should be stronger than the state governments. He also believed that government should encourage business and industry. Hamilton believed that the nation’s economic well-being depended on them.

In 1790, Hamilton proposed his financial plan to Congress. The plan included the following steps to improve the nation’s finances: 1) paying off all war debts (including state debts); 2) raising government revenues; 3) creating a national bank.

Sectional differences arose over repayment of state debts. Many Southern states had already repaid their debts and resented being asked to help pay Northern states’ debts. Hamilton asked Thomas Jefferson to help him gain Southern support. They reached a compromise. In exchange for Southern support of the plan, Northerners agreed to place the nation’s capital in the South. Washington, D.C., was built on the Potomac River between Virginia and Maryland.

Hamilton favored tariffs—taxes on imported foreign goods. Tariffs had two purposes: they raised money for the government and encouraged the growth of American industry. The government placed the highest taxes on foreign goods that Americans used in large quantities. This ensured a steady flow of income to the government, and encouraged people to buy less expensive American-made goods.

Hamilton called for the creation of a national bank. A national bank would give the government a safe place to keep money, make loans to government and businesses, and issue bank notes.

3. Why did Hamilton favor tariffs?

Interpreting the Constitution (page 297)

How did Hamilton interpret the Constitution?
Thomas Jefferson and James Madison believed that the Constitution discouraged the concentration of power in the federal government. The writers of the Constitution had tried to make the document general enough so that it would be flexible. Therefore disagreements sometimes arose over the document’s meaning.

The debate over Hamilton’s plan for a national bank exposed differences about how to interpret the Constitution. Madison and Jefferson argued that the Constitution did not give the government the power to set up a bank. They believed in the strict construction of the Constitution. They stated that the government has only those powers that the Constitution clearly says it has. Therefore, if the Constitution does not mention a national bank, the government cannot create one.

Hamilton disagreed. He favored a loose construction of the Constitution. He argued that the bank was necessary to carry out the government’s duties. According to this view, where a power has been created by the Constitution, the “necessary and proper” clause (the elastic clause) permits it to be exercised flexibly. Hamilton won the debate, and the Bank of the United States was set up in 1791.

4. What was Hamilton’s interpretation of the Constitution?