

Chapter 9.1 Launching the New Government

I. The New Government

A. George Washington

1. Inauguration
 - a. April 30th, 1789
 - b. Oath of Office
 - c. Looked grave, almost sad
2. Precedent
 - a. Two-terms in office
 - b. Title is Mr. President or President of the United States
 - c. Select highly qualified cabinet members

B. The First Cabinet

1. Five Cabinet Offices
 - a. State, Treasury, War, Attorney General, Postmaster General
 - i. Sec. of State = Thomas Jefferson
 - ii. Sec. of Treasury = Alexander Hamilton

C. The Federal Court System

2. Judiciary Act of 1789
 - a. One Chief Justice
 - (1). John Jay
 - b. Five Associate Justices
 - c. District and Circuit Courts
 - (1) Decision appealed to the Supreme Court

II. Battling the National Debt

A. National Debt

1. American Revolution
 - a. National & State governments borrowed from countries & citizens
 - b. Bonds = certificate that promised to repay money
2. Southern states had repaid debts
 - a. Other states and the fed gov't hadn't

III. Hamilton's Plan

A. Part 1

1. Buy ALL bonds issued by the National & State governments
 - a. Done by issuing new bonds
 - b. When economy improves, new bonds would be paid

B. Part 2

1. National government would pay states' debt

C. Madison Leads Opposition

1. Speculator issue
 - a. Investor in risky situation to make a LARGE profit
 - b. Soldiers and merchants were given bonds
 - c. Many soldiers sold bonds for 10-15 cents on the dollar to speculators
 - d. Repaying bonds = HUGE profit for speculators
2. State debt issue
 - a. States that repaid debt would be "punished"
 - b. Hamilton planned to buy debt still held by delinquent states

D. Hamilton's Compromise

1. His plan continues as is, but capital is moved south
 - a. July 1790 the plan is passed
 - b. District of Columbia set up
 - c. Not officially part of any state

IV. Building Up the Economy

A. A National Bank

1. Bank of the United States
 - a. Tax money goes in to this bank
 - b. Bank issues paper money to make loans to businesses
 - c. Bank therefore encourages economic growth
 - d. Paper money would also pay government bills

B. Protecting the American Industry

1. Tariff passed to raise money for the government

V. The Whiskey Rebellion

A. A Hated Tax

1. All liquor made and sold in the U.S. was taxed
2. Corn was a HUGE crop in the “backcountry”
 - a) *Too bulky to haul east of the Appalachians*
 - b) *Converted corn to whiskey for transport*
 - c) *Compared tax to British taxes on the colonists*
 - d) *Many refused to pay the tax*
3. Western Pennsylvania
 - a) *Farmers rebelled when told to pay the tax*
 - b) *Thousands were marching towards Pittsburgh*
 - c) *Tarred and feathered tax officials*

B. A Show of Strength

1. Washington responded with the militia
 - a) *15,000 troops!*
 - b) *Rebellion scattered*
2. Washington pardoned the leaders
3. New government was MUCH more effective than the previous gov't