Chapter 6: FEDERALISTS AND REPUBLICANS
Objectives:

• We will examine the main tenets of Alexander Hamilton and the Federalist Party.

• We will examine the opposition Republican party and their issues of contention with the Federalists.
Pro_27:17 Iron sharpeneth iron; so a man sharpeneth the countenance of his friend.
FEDERALISTS AND REPUBLICANS:

• The first twelve years under the Constitution brought deep seeded tension and conflict between the two parties.

• At the heart of the controversy in the 1790s was the same basic difference in philosophy that had been at the heart of the debate over the Constitution.
FEDERALISTS AND REPUBLICANS:

• On one side stood a powerful group that believed America required a strong national government:

• The country’s mission was to become a genuine nation-state with centralized authority, a complex commercial economy, and a proud standing in world affairs.
FEDERALISTS AND REPUBLICANS:

• On the other side stood another group a minority at first, but gained strength during the decade that saw a vision of a far weaker central government.

• American society should not, this group believed aspire to be highly commercial or urban.

• It should remain predominately rural and agrarian.

• It should have a central government of modest size and powers that would leave most power in the hands of the states and the people.
FEDERALISTS AND REPUBLICANS:

• The centralizers became known as the Federalists gravitated to the leadership of Alexander Hamilton.

• Their opponents took the name Republicans and gathered under the leadership of James Madison and Thomas Jefferson.
Hamilton and the Federalists:

- For twelve years, control of the new government remained firmly in the hands of the Federalists.
- That was in part because George Washington was so respected and had prestige that was the Federalists greatest assets.
Hamilton and the Federalists:

• Washington envisioned a strong national government and the president quietly supported those who were attempting to create one.

• But Washington believed that the President should avoid all political controversies and avoided personal involvement in the deliberations in congress.
Hamilton and the Federalists:

• The dominant figure of the administration was the secretary of treasury, Alexander Hamilton who influenced both domestic and foreign policy.

• Born as a illegitimate child in the Caribbean, Hamilton humble beginnings contrasted to him being the most aristocratic in personal tastes and political philosophy of all the nation’s leaders of his time.
Hamilton and the Federalists:

• He did not embrace the republican ideals of the virtue of the people.
• He believed that a stable and effective government required an enlightened ruling class.
• Thus the new government needed the support of the wealthy and powerful; and to get that support it needed to give those elites a stake in its success.
Hamilton and the Federalists:

• Hamilton proposed that the new government take responsibility of the existing public debt of both the national government and the debts accumulated by the States.

• This would encourage both state as well as the federal bondholders to look to the central government for eventual payment.

• The government would then sell interest-bearing bonds payable at a definite dates (This is called funding the debt).
Hamilton and the Federalists:

• Hamilton did not envision paying off the debt and thus eliminating the debt.
• He wanted instead to create a large and permanent national debt and new bonds being assumed as old ones were paid off.
• The result would be that creditors the wealthy classes most likely to lend money to the government would have permanent stake in seeing the government survive.
Hamilton and the Federalists:

• Hamilton wanted to create a national bank that would help fill the void that the absence of a well-developed banking system had created.

• It would provide loans and currency to businesses.

• It would give the government a safe place to deposit federal funds.

• It would help collect taxes and disburse the government’s expenditures.
Hamilton and the Federalists:

- The bank would be chartered by the federal government, would have a monopoly of the government’s own banking business and would be controlled by the directors.
- One-fifth would be appointed by the government.
- It would provide a stable center to the nation’s small and feeble banking system.
Hamilton and the Federalists:

• The funding of the assumption of debts would require new sources of revenue since the government would now have to pay interest on the loans it was accepting.

• Hamilton proposed two new kinds of taxes.

• One was an excise tax to be paid by distillers of alcoholic liquors of which many small farmers were involved in.
Hamilton and the Federalists:

- The other was a tariff on imports which not only would raise revenue but also would protect American manufacturing from foreign competition.
- Thus the Federalist offered a vision of a nation with a wealthy, enlightened ruling class.
- A vigorous, independent commercial economy, and a thriving industrial sector; a nation able to play a prominent role in world economic affairs.
Enacting the Federalist Program:

• After debate, congress finally passed the funding bill Hamilton wanted.
• Hamilton’s proposal that the federal government assume the state debts encountered greater difficulty.
• His opponents argued that if the federal government took over the state debts, the people of the states with few debts would have to pay taxes to service the larger debts of other states.
• Hamilton and his supporters struck a bargain with the Virginians to win passage of the bill.
Enacting the Federalist Program:

• The deal involved the location of the national capital.
• The capital had moved from New York back to Philadelphian in 1790.
• But the Virginians wanted a new capital in the South.
• Hamilton met with Thomas Jefferson and agreed over dinner to provide northern support for placing the capital in the South in exchange for Virginia’s votes for the assumption bill.
Enacting the Federalist Program:

- The bargain called for the construction of a new capital in the South in exchange for Virginia’s votes for the assumption bill.
- The bargain called for construction of a new capital city on the banks of the Potomac River which divided Virginia and Maryland on land that Washington selected himself.
- The government would move there by the beginning of the new century.
Enacting the Federalist Program:

• Hamilton argued that creation of a national bank was compatible with the intent of the Constitution, even though the document did not explicitly authorize it.

• But Madison, Jefferson, Randolph and others argued that Congress should exercise no powers that the Constitution had not clearly assigned it.
Enacting the Federalist Program:

- Both the House and the Senate agreed to Hamilton’s bill.
- Once enacted Hamilton’s program had many of the effects he had intended and won support of influential segments of the population.
- It quickly restored public credit; the bonds of the U.S. were selling at home and abroad at prices even above their face value.
Enacting the Federalist Program:

- Manufacturers profited from the tariffs and merchants in the seaports benefited from the new bank system.
- Small farmers who were the vast majority of the population complained that they had to bear most of the tax burden.
- Not only did they have to pay state property taxes but they had to pay the excise tax on distilleries.
Enacting the Federalist Program:

• Many Americans came to believe that the Federalist program served the interests not of the people but of small, wealthy elites.

• Partly as a result of these factors, an organized political opposition arose.
The Republican Opposition:

- The Constitution had made no reference to political parties, and the omission was not an oversight.
- Most of the framers, George Washington in particular believed that organized parties were dangerous and should be avoided.
- Disagreement on particular issues was inevitable but the founders believed that such disagreements need not and should not lead to the formation of permanent factions.
The Republican Opposition:

- However, Madison and others were convinced that Hamilton and his followers were a overbearing majority.
- They saw the Federalists work to establish a national network of influence that embodied all the worst features of a party.
- Federalists used control over appointments and the awarding of government franchises to reward their supporters to win additional allies.
The Republican Opposition:

- The Federalists had encouraged the formation of local associations largely aristocratic in nature to strengthen their standing in local communities.
- The opposition saw them similar to the British government.
- Because the Federalists appeared to be creating a menacing and tyrannical structure of power, their opponents believed that there was no alternative but to organize a vigorous opposition.
The Republican Opposition:

- The result was the emergence of an alternative political organization which called itself the Republican Party.
- This first Republican Party is not an ancestor of the modern Republican Party which was born in the 1850s.
- By the late 1790s the Republican groups created a system of strong Partisan influence.
- In every state they formed committee societies and caucuses.
The Republican Opposition:

- Republican groups corresponded with one another across state lines.
- They banded together to influence state and local elections.
- They justified their actions by claiming that they and they alone represented the true interests of the nation,
The Republican Opposition:

• They were fighting to defend the people against a corrupt conspiracy by the Federalists.

• Both sides believed that they represented the best interests for the nation.

• Neither side was willing to admit that they were acting as a party; neither would concede the right of the other to exist.
The Republican Opposition:

- Republican Party was led by Thomas Jefferson and James Madison.
- They were almost twins in philosophies and contributions but Jefferson being more charismatic personality of the two.
- Jefferson considered himself a farmer.
- He was a substantial planter.
- He believed in an agrarian republic, most of whose citizens would be sturdy, independent farmer-citizens tilling their own soil.
The Republican Opposition:

• Jefferson did not scorn commercial activity; he assumed farmers would market their crops in the national and even international markets.

• Nor did he oppose industry; he believed the U.S. should develop some manufacturing capabilities.
The Republican Opposition:

• Jefferson was suspicious of large cities, feared urban mobs and opposed development of an advanced industrial economy because it would increase the number of property-less workers packed in cities.

• Jefferson envisioned a decentralized society dominated by small property owners engaged in large agrarian activities.
Differences over the French Revolution

• The difference between Federalist and Republican social philosophies was visible in, among other things, reactions to the French Revolution.

• As that revolution grew increasingly radical in the 1790s, it attacked organized religion.

• Overthrew the monarchy,

• And eventually executed the king and queen

• The Federalists expressed horror.

• But the Republicans generally applauded the democratic, anti-aristocratic spirit they believed the French Revolution embodied.
Between Cities and the Country

- Although both parties had supporters in all parts of the country among all classes, they were regional and economic differences.
- The Federalists were most numerous in the commercial centers of the Northeast and in such southern seaports as Charleston.
- Republicans were more numerous in the rural areas of the South and West.
As the 1792, presidential election, the nation’s second approached; both Jefferson and Hamilton urged Washington to run another term.

The president reluctantly agreed.

But while most Americans considered Washington above the partisan battle, he actually had more sympathy with the Federalists than with the Republicans.

And during his presidency, Hamilton remained the dominant figure in government.