

Federalists

- ❖ led by Alexander Hamilton
- ❖ Secretary of the Treasury
- ❖ Washington, Adams, John Jay
- ❖ strongest in New England
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- ❖ pro-British or neutral
- ❖ loose construction (implied powers)
- ❖ promote commerce & build cities
- ❖ elite should govern an organic, naturally hierarchical society
- ❖ Strong federal government
 - promote manufacturing
 - erect tariff barriers
 - establish a stable currency
 - establish a national bank
- ❖ funding & assumption
- ❖ Federal debt was good

Republicans

- ❖ a.k.a. “Democratic - Republicans”
- ❖ led by Thomas Jefferson
- ❖ Secretary of State
- ❖ James Madison
- ❖ strongest in South & West
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- ❖ pro-French
- ❖ strict construction
- ❖ an agrarian “republic”
- ❖ yeoman farmer
 - “backbone of democracy”
- ❖ weak federal government
 - states rights
 - “the government that governs least, governs best”

Loose construction. Extending to the federal government any power not expressly forbidden by the constitution. **“Implied powers” – the draft is a good example**

Strict construction. the federal government possessed only those powers expressly granted in the constitution.

On human nature: Republicans believed people were **virtuous**

On human nature: Federalists believed people were **selfish**

Promote Commerce. Republic develops over time. Hamilton believed Americans should imitate by expanding its commerce & manufacturing, promote the well-being of the wealthy, and building great cities. As Treasury Secretary he promoted manufacturing, erected tariff barriers, established a stable currency fostered sound financial institutions. This often upsetting critics who argued that the federal government had overreached its constitutional authority.

A revenue tariff. Hamilton’s tariff was low, about 5% --used to fund the operation of government

An agrarian republic. Republic develops over space. Jefferson believed we should remain a nation of farmers – an agrarian republic. He believed liberty could best be preserved in a nation of independent, “yeoman” farmers. Virtue is found on the farm; not in cities, where men lose their independence working for other men.

Mobocracy. Hamilton had almost an obsessive fear of the “mob” and believed that democracy should be limited; that government should protect private property from the violent & unruly masses. See **Shays Rebellion**.

Organic society. Hamilton believed societies were organic – naturally hierarchical – and should be governed by those at the top of a society. A hierarchy of talent and brains, not just title, name and birth. French **“reign of terror”** was upsetting the natural order.

Jefferson and weak government. He viewed the expansion of federal power as dangerous. Powerful governments bred corruption, catered to special interests, robbed people of their liberties.

“Funding and Assumption.” Hamilton persuaded the federal government to assume the debts of the states and fund them at face value. This relieved states of debt and helped grow their economies. Funding them at par benefitted speculators. **Assumption.** To Hamilton, assumption was a plan to *consolidate* the debts of the states and to nationalize the economy for the benefits of all. Jeffersonians opposed any *consolidation* of national power. **Funding at par.** Hamilton had no problem enriching speculators. To him, money in the hands of a few was “capital” to be invested. Money spread around was just “money,” spent, not invested.

Hamilton and the federal debt. Debt was good because it tied the richest Americans to the state; the health of the country became their concern, because if it went broke, they would not get their money. Debt entitles us to credit.