Federalists vs. Republicans: The Nature of Man in a Republic 1787-1800

Benjamin J. Barlowe

A Senior Thesis submitted in partial fulfillment
of the requirements for graduation
in the Honors Program
Liberty University
Spring 2011

Acceptance of Senior Honors Thesis

This Senior Honors Thesis is accepted in partial fulfillment of the requirements for graduation from the Honors Program of Liberty University.

_____

Samuel Smith, Ph.D.
Thesis Chair

_____

Homer Blass, Ph.D.
Committee Member

_____

Marybeth Davis, Ph.D.
Committee Member

_____

James H. Nutter, D.A.
Honors Director

_____

Date

Abstract

During the early years of the American Republic known as the Federalist Era (1787-1800), a conflict arose which led to America's first formal political parties and the formation of the two-party system. The parties' disagreements, characterized most succinctly by the exchanges between the two party leaders, Thomas Jefferson and Alexander Hamilton, involved some of the most basic ideology of the American experiment. The conflicts of the Jeffersonian Republicans and the Hamiltonian Federalists set the precedent of the nature of the political atmosphere of the United States to this day.

This thesis examines the basic viewpoint of the two parties in their stand on key issues, the private and public writings of their leaders, and the history of ideas that influenced party ideology. The aim of this thesis is to show from these sources that the underlying difference between the Jeffersonians and Hamiltonians, the most essential ideology that divided them, lay in their philosophy of the common man and his trustworthiness to govern himself in a republic.

Federalists vs. Republicans: The Nature of Man in a Republic 1787-1800

Introduction

The early years of the American Republic under the Constitution are unique. Recovering from a violent revolt and a second political revolution, the fledgling nation found its footing on the world stage. With the adoption of the Constitution, a new government began to flesh out its structure and function from the framework of its founding document. Meanwhile, the nations of Europe anxiously waited to see if the American experiment would succeed or stumble back into the hands of the waiting British Empire.

During this auspicious time, known today as the Federalist Era (1787-1800), statesmen set precedents and traditions for the legislation and execution of laws that formed the government of the United States. This did not come without considerable political controversy. A close examination of the politics and rhetoric of this time does not evoke descriptions of harmony, togetherness, or brotherly agreement, but explosive altercation, emotional feuding, and political slander.

Out of this melee arose the American two-party system established by the rise of the Republicans and the Federalists. During the Federalist Era, the two battled for control over domestic and foreign policy, the structure of government, and the interpretation of the Constitution. While these parties do not exist in the same way today, the two-party tradition is alive and unique in America. Many arguments heard in the American marketplace today have their roots in the spokesmen of this era and even further into the past.

The fundamental difference between America's first political parties was embedded in their most essential philosophy.[1] A study of both parties' positions on various issues, the writings of party leaders, and their roots in Western political theory reveals that the underlying difference between the Jeffersonians and Hamiltonians lay in their philosophy of the common man and his trustworthiness to govern himself in a republic.

Federalist Position

Before examining the parties' stands on various issues, it is important to identify their fundamental philosophy. It is ironic that the Federalists, who most Americans view as the champions of today's republic were notably distrustful of democracy. The Federalists, led primarily by Secretary of the Treasury Alexander Hamilton, believed that government should be "for the people, but not government by the people."[2] They held that men are controlled solely by their own passions and interest, and usually will not act toward the good of the rest of society. Therefore, it is important to place the elite of society into office. Only men who are able to act beyond their own interest are worthy to gain authority. Washington, a Federalist in everything but name, affirmed this belief: "Whatever there be of wisdom, and prudence, and patriotism on the Continent, should be concentrated in the public councils, at the first outset."[3] Several men on Washington's cabinet would certainly agree, most notably, Alexander Hamilton.

---

[1] It is important to note the fluidity of the ideologies in both parties. While this paper focuses on the most prominent ideas from leading individuals, be aware that not all Republicans or Federalists would hold to every ideology discussed here.

[2] Leonard D. White, *The Federalists: A Study in Administrative History* (New York: The Free Press, 1948), 508-512.

[3] George Washington, quoted in John C. Miller, *The Federalist Era* (New York: Harper & Row Publishers, 1960), 5.

When discussing the character of the Federalist Party, one cannot avoid certain peculiarities of the first Secretary of the Treasury. As the leader and namesake of the Hamiltonian Federalists, he provided the voice, energy, and personality of the Federalist Party. Most scholars view him as a man set apart from the romantic fables of the founding fathers. As one scholar observed, Hamilton "'…was too skeptical a judge of men and too harsh a censor of democracy' to ever embody the American spirit."[4] Americans remember Hamilton differently among the founding fathers, because his policies often seem contrary to principles that contribute the American identity. One might say that in his efforts to practically govern the United States, he understated the ideology and rhetoric of the American Revolution.[5]

The party's understanding of the nature of common men influenced their understanding of the role of the common man in American society and government. While it is true that most Federalists did not believe in the perfectibility of mankind, it is important to understand that this belief did not lead them to argue that civilization could not be improved. Federalists held that from the efforts of responsible government, American society could become more perfect. John Adams articulated this belief late in his life in a letter to Jefferson dated July 16, 1814. Recounting the many trials the two had faced together in their youth Adams concluded:

> I have no doubt that the horrors We have experienced for the last forty Years will ultimately, terminate in the Advancement of civil and religious Liberty, and Ameliorations, in the condition of Mankind. For I am a believer, in the probable improvability and Improvement…in human Affairs: though I never could understand the Doctrine of the Perfectability [*sic*] of the human Mind.[6]

---

[4] Rossiter, 250

[5] Ibid., 249-251.

[6] John Adams to Thomas Jefferson, Quincy, July 16, 1814, in *The Adams-Jefferson Letters: The Complete Correspondence Between Thomas Jefferson and Abigail Adams*, ed. Lester J. Cappon (Chapel Hill: University of North Carolina Press, 1959), 435.

Here, Adams made an important distinction. He believed in the improvement of human *affairs* (i.e., human society), but he did not suppose that the human mind could be perfected. If the minds of individuals are evil and unable to improve, it would be foolish to rely on their efforts to increase the happiness of human society. Responsible government, based on a collaboration of individuals had the advantage of foresight over the whole of the nation. It is healthier to trust such a government with control over the nation's direction. The disbelief in the individual man's capacity to improve influenced many Federalists' view of the role of government.

Federalists' view of the state of individuals led them to assume that common men would not act willingly in the interest of the rest of society. The Federalists, therefore, aimed to create an environment in which men, pursuing their selfish goals, would also benefit their neighbors. In order to accomplish this, Federalists relied on the power of an energetic and benevolent government. Many Federalists believed that the purpose of government was to harness the interest of the people and turn it toward the public good in the same way that a gentle bit in a horse' mouth guides it to the proper destination. Responsible government could produce a happy society if it provided protection and incentive for American business and agriculture to act in a way that produced the most good for the most people.[7]

Republican Position

The Republicans, on the other hand, had different ideas concerning the function of government, arising from a much more optimistic view of mankind. Although some

[7] Clinton Rossiter, *Hamilton and the Constitution* (New York: Harcourt, Brace & World, Inc., 1964), 181; 250-252; White, *The Federalists*, 508-512; John R. Nelson Jr., "Alexander Hamilton and American Manufacturing: A Reexamination," *The Journal of American History* 65 (1979): 972.

Republicans did not hold that man was perfect or perfectible at birth, most believed that if men were well educated and informed, their mind would improve and they would become capable of choosing what is right, acting outside their own self-interest. Even the common man generally used good sense, and the Jeffersonians trusted in the people's judgment so long as they had access to good teachers and newspapers to inform and educate them.[8]

In Jefferson's inaugural address in 1801, he questioned the Federalist belief that the best government would consist of the elite. Referring to the opinion of the Federalists, Jefferson argued, "Sometimes it is said that man cannot be trusted with the government of himself. Can he, then be trusted with the government of others? Or have we found angels in the forms of kings to govern him? Let history answer this question."[9] Here, Jefferson challenged what he believed to be an inconsistency in the Federalist viewpoint. If man's mind is not capable of improvement, the moral, educated elite does not exist. Indeed, Jefferson advocated that the most educated men serve in public office, because these are the men whose minds have been improved. He believed that the majority of the people, adequately informed and educated, would choose such men to represent them.[10]

This understanding of the nature common man led Jefferson's party to limited government. Republicans rejected the idea that the government should guide the people toward economic pursuits deemed best for society. Contrary to the Federalist approach, Republicans believed that the people should be free to engage in desired enterprises, and the role of government should be to support their efforts or stay out of the way. Jefferson

---

[8] Peter S. Onuf, "A Scholars' Jefferson," *The William and Mary Quarterly* 50 (1993): 674-681; Miller, 70-71.

[9] Thomas Jefferson, Inauguration Address, March 4, 1801, in *The Life and Selected Writings of Thomas Jefferson*, eds. Addrienne Koch and William Peden (New York: The Modern Library, 1944), 323.

[10] Miller, 70-71.

addressed this issue as well in his Inauguration Address asserting that "…a wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor the bread it has earned. This is the sum of good government…."[11] Jefferson believed that the role of government was to ensure that men were not able to harm one another in a system that engendered economic fluidity and freedom of choice. Because of such policies, Jefferson established himself as the champion of minimalistic government and unrestrained liberty in the minds of men of his time and today.[12]

The English philosopher and political theorist, John Locke, influenced the Republicans in one important way. At least one of Locke's ideas concerning the nature of man coincides with that of the Republicans. Locke emphasized education, addressing it in several of his works on human nature and devoting an entire work to the subject in 1693. While Locke believed in the existence of God, he diverged from the Judeo-Christian concept in that God did not impart his own nature into the nature of man, or that man's nature was corrupted after the Fall. Rather, he gave man the ability to discover truth and improve his mind. Therefore, education was the key to the improvement of mankind. Locke's writings influenced the Jeffersonian view of man and led the Party (Jefferson in particular) to invest in education and freedom of the press.[13]

Jefferson did diverge from Locke's position concerning the importance of private property. This is most evident in the language of the Declaration of Independence. Jefferson replaced Locke's "life, liberty, and property," with "life, liberty, and the pursuit

---

[11] Thomas Jefferson, Inauguration Address, March 4, 1801, in Koch and Peden, 323
[12] Miller, 70-75; Onuf, 674-681.
[13] Russel Kirk, *The Roots of American Order* (Wilmington, Delaware: ISI Books, 2003), 291.

of happiness." Jefferson made this distinction because he did not believe the right to property was in fact inalienable. He and other contemporaries divided the rights of man between social and natural rights. Thomas Paine described this distinction: "…the first kind of rights [natural rights]…can be exercised by the individual without the aid of exterior assistance. Of the second there are those in which the individual power is less than the natural.... These are civil rights or rights of compact, and are distinguishable from natural rights."[14] This distinction is the most fundamental deviation from Locke's ideas in the mind of Jefferson. Government may or may not protect property as a right of contract, rather than a natural right given by God.

This is significant because it deemphasized the preservation of private property as a necessary role of government. Rather, a Republican government could trust the people to respect the right to property without intervention. The distinction puts the focus on the happiness of the individual rather than the importance of preserving property. The Republicans generally saw government as the employee of its citizens. This particular government had the responsibility to act on the desire of the majority. This view frightened the Federalists, who saw Jefferson as "greatly too democratic for us at present."[15] The Republicans trusted in the people and would act according to their wishes, resulting in small government and more unrestrained liberty. These philosophies would greatly influence the parties' positions on key issues of that time.[16]

Constitutional Interpretation

[14] Thomas Paine, quoted in David M. Post "Jeffersonian Revisions of Locke: Education, Property Rights, Liberty," *Journal of the History of Ideas* 47 (1986): 152

[15] Federalist quoted in Miller, 71.

[16] Post, 147-153; Miller 70-72; Kirk, 291-293.

The Federalists needed a larger, more energetic government than that which was strictly laid out in the Constitution in order to fulfill what they saw as the purpose of government. Only a powerful government was capable of guiding the passions of men toward the type of society that they saw as most advantageous. As a result, the Federalist Party adopted a loose construction of the Constitution. Many policies Washington administration displayed this tendency. The Constitution did not specifically give Congress the power to set up the court system, but the Judiciary Act of 1789 established an array of courts in the states and on the federal level. In addition to establishing the structure of the American courts, Congress gave to the Federal courts highest authority in the appeals process for jurisdiction shared by state and Federal government. In this way, Congress established the beginnings of judicial review of state legislation, even though this allocation of power was never attributed to the legislative branch in the Constitution.[17]

The strengthening of the judicial branch has its roots in Hamilton's arguments in *Federalists* No. 78. In discussing limitations on the power of all branches of government, Hamilton argued, "Limitations of this kind can be preserved in practice no other way than through the medium of the courts of justice; whose duty it must be to declare all acts contrary to the manifest tenor of the Constitution void."[18] This is but one example of the *Federalist Papers* acting as a justification for a loose interpretation of the Constitution. Not only was this paper a justification for judicial review over state legislation, but later for Federal legislation as well.

---

[17] Miller, 29-30.

[18] Alexander Hamilton, Federalist, No. 78, "A view of the constitution of the judicial department in relation to the tenure of good behavior," in *The Federalists*, ed. George Stade (New York: Barnes & Nobile Classics, 2006), 431.

Many Federalist congressmen not only sought to extend the power of the judicial branch, but the executive branch as well. In June 1789, Congress passed a bill that gave the Executive the power to remove cabinet members without the consent of Congress. The Constitution gives the Executive the power to "nominate, and *by and with the advice and consent of the Senate*, shall appoint…Officers of the United States."[19] The drafters did not Finding nothing stated explicitly concerning the removal of government officers, Madison and others argued that this power was implied in the first section of Article II. Although the power of removal is never explicitly stated in the Constitution, the bill passed, stating that the Executive had this right by Constitutional mandate.[20]

It is possible that the first Congress was influenced by Hamilton's words in *Federalist,* No. 76. Hamilton argued that it is more efficient and effective to allow a single man the power of appointment rather than to invest this power to a committee of several members. He conclusively stated, "I proceed to lay it down as a rule, that one man of discernment is better fitted to analyze and estimate the peculiar qualities adapted to particular offices, than a body of men of equal, or perhaps even of superior discernment."[21] Here, Hamilton suggested that the Executive receive more power than explicitly outlined in the Constitution, because such an arrangement would be more effective and convenient. He used this argument in other issues including the establishment of the National Bank. Whether or not Hamilton's words influenced the first Congress, their decision was based on similar logic.

---

[19] Constitution of the United States, Article II, Section 2, in Stade, 498, emphasis mine.
[20] Miller, 30-31.
[21] Alexander Hamilton, Federalist, No. 76, "The same view continued, in relation to the appointment of the officers of the government," in Stade, 418-19.

Both these examples of a loose construction of the Constitution strengthen the power of the Executive and Judicial branches at the expense of Congress and the states, and the average men they represented. In the case of the power of judicial review, the judicial branch gained the authority to limit the independence of the states and eventually the legislative power of Congress. In the case of the bill concerning the removal of cabinet members, Congress willingly surrendered power to the Executive for the sake of convenience. Both these examples demonstrate the Federalists' distrust of democracy and lack of faith in common men, because they took power away from representatives of the people (State and Federal legislatures) and put it into the hands of fewer, elite individuals (Supreme Court judges and the President).

There is no better example of the two parties' positions on Constitutional interpretation than the vigorous debate concerning the constitutionality of the Bank of the United States. In order to establish a single currency, foreign credit, and "the facilitating of the payment of taxes," Hamilton proposed the creation of a National Bank.[22] The formation of a national bank was a large endeavor that was nowhere laid out in the Constitution. Many Federalists even had qualms with the constitutionality of such legislation. Hamilton had to go to great lengths to convince President Washington himself, and Madison observed that many Federalists in Congress gave an "acquiescing rather than an affirmative vote," in order to avoid "the poisonous tendencies of precedents of usurpation."[23]

---

[22] Alexander Hamilton, "Report on a National Bank, December 14, 1790," in *Jefferson vs. Hamilton: Confrontations that Shaped a Nation*, ed. Noble E. Jr. Cunningham (New York: Bedford/St. Martin's, 2000), 48.

[23] Madison in Miller, 57; Ibid., 57-59.

The essence of the debate reduces to the meaning of the elastic clause. Section 8, Article I of the Constitution gives a list of all enumerated powers given to Congress. The last clause in that section allowed Congress "To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers" or in any other powers given to other branches of the government.[24] Hamilton and Jefferson argued bitterly about the definition of "necessary and proper" and whether this clause could justify the creation of a National Bank in order to facilitate the completion of the foregoing powers.[25]

Hamilton argued for an expanded definition of the word "necessary" which he believed the framers intended:

> The *degree* in which a measure is necessary, can never be a test of the *legal* right to adopt it. …The *relation* between the *measure* and the *end*, between the *nature of the mean* employed towards the execution of a power and the object of that power, must be the criterion of constitutionality not the more or less of *necessity* or *utility*.[26]

Hamilton did not attempt to argue that the National Bank was absolutely necessary for the collection of taxes, but he held that the institution would better facilitate tax collection, trade with foreign powers, and to ensure national defense. While it was not absolutely necessary to achieve these ends, this fact was not legally relevant to the question of Constitutionality. In his mind, the intent of the legislation is what should be under scrutiny – whether the Bank of the United States would efficiently accomplish the

[24] *Constitution*, Article II, Section 8, in Stade, 494.
[25] Miller, 56-59.
[26] Alexander Hamilton, "Opinion on the Constitutionality of Establishing a National Bank," in Cunningham, 58.

enumerated powers of Congress. He, therefore, believed under the elastic clause he was perfectly within the bounds of the Constitution.[27]

Jefferson, however, taking the words in a more literal sense, disagreed: "It has been much urged that a bank will give great facility, or convenience in the collection of taxes. Suppose this were true: yet the constitution allows only the means which are 'necessary' not those which are merely 'convenient' for effecting enumerated powers."[28] In Jefferson's mind the bank may be convenient to carry out the powers of the government, but it was in no way necessary, and this made it unconstitutional. Jefferson and other Republicans at this time refused to act outside the specific wording of the Constitution, taking each phrase literally, foregoing any meaningful connotation as a matter of principle. Madison also weighed in on the debate. He argued that the framers understood the meaning of the elastic clause strictly, saying in his speech in Congress, "The clause is in fact merely declaratory of what would have resulted by unavoidable implication … and … technical means of executing those powers. In this sense it had been explained by the friends of the constitution, and ratified by the state conventions."[29] Hamilton in a frustrated tone responded, "The cases must be palpable & extreme in which it could be pronounced with certainty, that a measure was absolutely necessary…. There are few measures of any government, which would stand so severe a test."[30] In the end, Congress passed the legislation establishing the National Bank setting a precedent

[27] Miller, 56-59.

[28] Thomas Jefferson, "Opinion on the Constitutionality of Establishing a National Bank," in Cunningham, 53.

[29] James Madison, "Speech in Congress Opposing the National Bank," February 2, 1791, http://www.constitution.org/jm/jm.htm (accessed March 5, 2011).

[30] Alexander Hamilton, "Opinion on a National Bank," in Cunningham, 58.

for the loose interpretation of the Constitution and forever increasing the power of the Federal government.[31]

Jefferson's qualms with the National Bank were ideological in nature, but he may have also had personal fears concerning the Bank. Having heavy investments in land, Jefferson had much to fear from the dangers of inflation. The majority of Jefferson's wealth was tied up in land holdings. An increase in the volume of currency could lead to dangerous inflation, devaluing Jefferson's property. In a letter to Adams many years later Jefferson confessed his personal prejudice against banks: "I have ever been the enemy of banks; not of those discounting for cash; but of those foisting their own paper into circulation and thus banishing our cash."[32] Could Jefferson's predisposition against banks have influenced his interpretation of this particular situation? It seems likely that Jefferson was quite sincere in his protestations, but perhaps his hatred toward public banks caused him to argue with such force against Hamilton's proposal.

In Jefferson's mind, his fears concerning the Bank were confirmed in the panic of 1819, writing to Adams, "The paper bubble is then burst."[33] He blamed the panic on "the banks who have the regulation of the safety valves of our fortunes and who condense or explode them at their will."[34] In Jefferson's mind, the Bank of the United States was another example of placing power in the hands of a few individuals, at the expense of the common man. Other Jeffersonian Republicans agreed. Southern Senator John Taylor of Caroline insisted that the Bank of the United States gave economic power "into a few hands, a monopoly of the bulk of the circulating medium…can any monopoly be more

---

[31] Miller, 29-30, 56-59; White, *The Federalists,* 509.
[32] Thomas Jefferson to John Adams, Monticello, January 24, 1814, in Cappon, 424.
[33] Thomas Jefferson to John Adams, Monticello, November 7, 1819, in Cappon, 546.
[34] Ibid., 547.

diffusive in its operation, than that of the great bulk of the circulating medium?"[35] Republicans despised banks, because they saw them as an encroachment on the freedom of the people to value currency based on the free market. In the creation of the Bank of the United States, Hamilton and the Federalists hoped to place the power to regulate currency in the hands of the Federal government, on one hand for the sake of convenience, but on the other to remove power over American currency from the untrustworthy hands of the states and their people.

State and Federal Jurisdiction

The debate between America's first political parties stretched beyond the relationship between branches of the federal government and fiscal policy. Another important issue involved the relation of the federal government to the states. This time period marked an important transition from a loose confederation to a very new, and united federal republic. During this time, government officials struggled to limit or expand the jurisdiction of the Federal government. The Federalists took great strides to assert federal authority over state governments, while the Jeffersonians sought to strictly confine federal influence behind the limits of state jurisdiction.

Many Federalists sought to expand Federal power, because they feared that the states and the people could overly influence the Federal government. They hoped to protect the new authority safeguarding its legitimacy and power. Many Federalist policies were designed to assert Federal authority over the states. The Judiciary Act of 1789

[35] John Taylor, *An Enquiry into the Principles and Tendency of Certain Public Measures* (Philadelphia: Thomas Dobson, 1794), 11; There is an extensive discussion on John Taylor's opinion concerning the National Bank in Robert E. Shalhope, *John Taylor of Caroline*: *Pastoral Republicanism* (Columbia, SC: University of South Carolina Press, 1980.

would lead to judicial review over state legislation. The National Bank controlled state bank and imposed taxes on the states. Hamilton's program to fund the national debt by allocating the state debts contributed to a nationalistic policy.[36]

The struggle for a more nationalistic United States also spilled into the political arena. Some Federal politicians sought to assert dominance over state office-holders. One anecdote acts as a microcosm of the struggle. When President Washington visited Massachusetts, Governor Hancock insulted Washington by refusing to call on him first in an attempt to claim power over the federal statesman. The two stayed stubbornly in their drawing rooms, refusing to attend mutual social activities on a matter of principle. At long last Hancock gave in, calling on Washington claiming (probably feigning) illness. It was a victory for the authority of the Federal government.[37]

While Washington and others were willing to go to such lengths to guard Federal authority, Hamilton was the most extreme of the Federalists in extending the jurisdiction of the Federal government. In fact, he did not originally advocate a federal system at all. During the Constitutional Convention, Hamilton suggested stripping states of all their sovereignty and establishing them as administrative districts. Madison described Hamilton's sentiments writing that Hamilton believed that "no amendment of the Confederation, leaving the States in possession of their Sovereignty could possibly answer the purpose."[38] Clearly, Hamilton envisioned a much more nationalistic[39] United States, deemphasizing the distinction and authority of the states.[40]

---

[36] Miller, 12.

[37] Miller, 12, 29-30.

[38] James Madison, "Summary of Hamilton's Response to the New Jersey and Virginia Plans," in Cunningham, 17-18.

[39] Many Americans during this time identified their citizenship more with their states and their economic section of the country than the country as a whole. By "nationalistic" I mean a more coherent

One of Hamilton's most extreme reforms was founded on this nationalistic vision for America. Hamilton's policy for the funding of the national debt involved the assumption of all state debts. When Hamilton first brought this reform before Congress in April 1790, it was summarily rejected. Hamilton was much distressed, for assumption of state debts would provide the basis for the rest of his financial system. According to Jefferson, Hamilton admitted that if he "did not have credit enough to carry such a measure…he could be of no use" and was considering resignation. [41] The Secretary of State, by his own admission, did not fully understand the weight of the situation, having just returned to America after a long absence in Europe. As Hamilton explained, there was a threat of disunion in Congress over the issue. "It was a real fact that the Eastern and Southern members had got into the most extreme ill humor with one another," Jefferson wrote, "and tho' they met every day, little or nothing could be done from mutual distrust and antipathy.[42] Jefferson agreed to help the situation by having Hamilton, Madison, and others to his home to discuss the matter. They agreed to reintroduce the reform in Congress in exchange for the promise of legislation that would move the capital to the South. Congress approved of the measure in July 1790. Jefferson clearly regretted his actions. His mood changed significantly in the end of his account complaining that "[The reform] enabled Hamilton so to strengthen himself by corrupt services to many, that he could afterwards carry his bank scheme, and every measure he proposed in defiance of all opposition…"[43]

---

union where the states had less identity and power and the economic sections worked more as a coherent whole rather than independently.

[40] Miller, 33; White, *The Federalists*, 508-510.

[41] Thomas Jefferson, "Account of a Compromise on Assumption and Residence Bills, 1792," in Cunningham 36.

[42] Ibid., 37.

[43] Ibid., 38.

Hamilton's plan for the assumption of state debts is perhaps the best example of Hamiltonian assertion of Federal power over the states. Assumption, Hamilton hoped, also served as a means of unifying the country, but in fact may have helped to increase sectionalism and rivalry. Hamilton saw the assumption of the debt as a way to equally distribute the financial burden from the War for Independence. Four-fifths of the debt was concentrated in states north of Maryland. Naturally, this policy brought the attention of the Federal government to the North, thus granting these states more power. One historian states it most succinctly, "…if the Federal government took upon itself the payment of all the debts, it must perforce have all the revenue – and by possessing the whole revenue it came into possession of the whole power of the Union."[44] A northern Congressman reflected on the policy stating that the Secretary of the Treasury had proven to "Virginia lordlings a mortifying and alarming truth – namely, that the North was the dominant section of the Union."[45] The complex array of economic policies largely backfired, counteracting Federalist goals rather than achieving their purpose. Although Hamilton did not fulfill all his goals in his assumption plan, the policy is an excellent example of the Federal government using money to assert authority over the states. The Federal government could control the states not by legislation, but by more subtle economic techniques.[46]

While Federalists worked to expand the boundaries of centralized influence, Republicans, on the other hand, sought to restrict Federal power and keep it beyond the boundaries of state jurisdiction. During the debate for the ratification of the Constitution, most states suggested amendments to be consolidated in what would be the Bill of

---

[44]Miller, 40-41.
[45] Congressman, quoted in Miller, 51.
[46]Ibid., 33-35, 40-41, 39-48, 61-65, 76-77

Rights. Contrary to popular belief, most suggested amendments had little to do with civil rights. Instead most states sought to provide amendments to restrict federal taxation and ensure state authority on powers not allocated to federal jurisdiction. On internal improvements, Jefferson and other Republicans consistently opposed bills for projects that were decidedly not based in interstate commerce. Federalists had a much more nationalistic vision for America, whereas Republicans continued to identify with decentralized government remaining distrustful of the new federal system.[47]

Relationship Between Federal Branches

During the time of the first two executive administrations, the relationships between the three branches of government were defined. The Federalist tendency to favor the executive office as the most powerful branch greatly distressed Jefferson. He constantly assumed that Hamilton and the Federalists had devised a plot to overturn the new government and establish a monarchy. The Republican fear of a monarchist plot was one of the first disagreements that made the two parties distinct.

While Jefferson may have overextended his suspicions of a monarchist plot, his thoughts were not entirely unfounded. One of the first great debates in the Senate involved the proper title for the President. Vice President John Adams suggested such blatantly monarchist titles as *His Highness the President of the United States and Protector of the Rights of the Same*. Jefferson believed that Hamilton, the leader of the "monarchist in principle" Federalist party, sought to form the necessary aristocracy to

[47]White, Leonard D. *The Jeffersonians: A Study in Administrative History* (New York: The Macmillan Company, 1951), 479-481; Miller, 20-25.

back up the coming king.[48] He believed stockholders of the National Bank, particularly those who also held office in the senate, would form the foundation of this aristocracy.[49]

The Federalists saw the executive as the power of all final decision-making and took great strides to ensure it was not taken over by Congress. Hamilton often praised monarchist governments, even that of Great Britain: "It is admitted, that you cannot have a good executive upon a democratic plan. See the Excellency of the British executive. He is placed above temptation. He can have no distinct interest of the public welfare…an executive is less dangerous to the liberties of the people when in office during life…"[50] Such language and actions struck fear in the heart of the Republican Party. Many believed that Hamilton and other Federalists were deliberately developing a monarchist plot. The Hamiltonians believed Congress was much more likely to be influenced by the lower classes of society. The Federalist favor of the Executive branch is a direct example of their distrust of the people. Rather than a representative body of the licentious masses, Federalists hoped to empower elite individuals.[51]

The Jeffersonians found justification for their fears not only in the empowerment of the Executive, but in the creation of an aristocracy. John Taylor argued that the National Bank was creating an aristocracy in America. He accused the bank of placing the wealth of American citizens into the hand of a few elite individuals, while ensuring the poverty of the rest of American society: "[The bank] acts as a double force," he asserts, "in continually reducing the poor, whilst it is exalting the rich."[52] He condemns

---

[48]Thomas Jefferson, *The Anas*, Koch and Peden, 125.

[49] Miller, 7-10; 77-78.

[50] Robert Yates, "Summary of Hamilton's Response to the New Jersey and Virginia Plans," in Cunningham, 21.

[51]Miller, 6-14, 81; White, *The Federalists*, 36-37, 510; White, *The Jeffersonians*, 147.

[52] John Taylor, *An Enquiry*, 29.

the national bank for creating an aristocracy in America based on the British model, which he believed "is not only an ingredient, but a harbinger of monarchy."[53] Jeffersonian Republicans, already seeing the signs of a plot to undermine the principles of the American Republic in the creation of a National Bank, became more alarmed at Federalist attempts to increase the power of the Executive at the expense of Congress.[54]

In a letter to Adams many years later in 1813, Jefferson explained some of his deeper reflections on the matter. Jefferson fought against any semblance of the creation of an American aristocracy, because he recognized that the system would not work in America. In his mind, the distribution of property in America and the character of its citizens distinguished them from Europeans. He asserted that before the American experiment most men lived in a situation marked by limitation of information and economic mobility. He asserted that in such a situation, an aristocracy was natural and even permissible. But in America, he insisted:

> …every one may have land to labor for himself if he chuses; or, preferring the exercise of any other industry…a comfortable subsistence, but wherewith to provide for a cessation from labor in old age. Every one, by his property…is interested in the support of law and order. And such men may safely and advantageously reserve to themselves a wholesome controul over their public affairs, and a degree of freedom…[55]

He asserted though that to manufacture an aristocracy (and worse, a monarchy) in the United States would be disastrous to its people and government. His stand on this issue was based on his belief in the trustworthiness of the American common man. Because of the distribution of property and the morality and education of the American people, they could be trusted with greater freedom in a Republican form of government. He feared the

---

[53] Ibid., 28.
[54] Shalhope, 73-75.
[55] Thomas Jefferson to John Adams, Monticello, October 28, 1813, in Cappon, 391.

Federalists had set precedents that would eventually lead to the corruption and destruction of American government.[56]

When the Republicans took power in 1801, Jefferson sought to repair what he believed were Federal abuses against the legislature. His administration sought to establish a much less domineering relationship with the senate. One policy they employed to accomplish this was the creation of standing committees congruent with the cabinet offices to continue communication between the branches. One such example is the Committee on Ways and Means, which was established by Jefferson's Secretary of the Treasury Albert Gallatin. These committees served to take some power from the Executive branch and place it in the hands of the legislature.[57]

Economic Policy

One of the most important differences between the two parties was their approach to economic policy. Again these policies are influenced by the two parties' basic philosophies. The Federalists believed government should decide what is best for society and guide the passions of men toward that goal. The Jeffersonians took the opposite approach, keeping out of economic intervention and allowing the people to define the society. There is no better evidence of this truth than the debate concerning economic policy.

Hamilton envisioned a closed American economic system. He hoped for increased domestic trade between the North and the South, with the North manufacturing the raw materials retrieved from the agricultural South. Hamilton believed this would

---

[56] Ibid., 391-392.

[57] White, *The Jeffersonians*, 45-47; Note that the Virginia Plan in the Constitutional Convention advocated a strong legislature. These are the roots of the Republican sentiment that the Legislative Branch should hold the most power in the Federal government.

alleviate sectionalism and unify America under his nationalistic vision, while still allowing it to compete with foreign powers. Thus the Hamiltonians sought to encourage northern manufacturing.

Nevertheless, Federalist policy largely failed at this time to stir northern manufacturers, and really only helped to anger southern planters and frustrate northern businessmen. The people at this time were much more comfortable investing in land, government securities, and bank capital. This was largely the result of Hamilton's economic policies backfiring. His national bank and large government created more opportunities to borrow money to be used in land speculation that turned the heads of stockholders from manufacturing.[58]

One economic policy that Federalists put in place as a result of their economic mindset was the Tariff of 1789. The main source of revenue for the new nation was the tariff. This also served as a means to protect northern merchandise. Most understood that the new Federal government would rely on tariffs and tonnage duties to gain the bulk of their revenue. Excise taxes would not provide nearly enough revenue for the Federal government, and adding Federal property taxes would destroy any credibility or good faith in the new government and cause violent resistance. Most of the citizens who called for a tariff envisioned one for revenue purposes only. During the debate in Congress over the matter, northern legislators argued for higher tariffs on certain items to encourage American manufacturing. The southern states, of course, opposed any protective purpose

[58] Harvey Flaumenhaft, *The Effective Republic: Administration and Constitution in the Thought of Alexander Hamilton* (Durham: Duke University Press, 1992), 24; Miller, 64-67, 73; White, *The Federalists*, 508-512. Nelson, 973-975; The Bank of the United States controlled currency. It was able to influence the flow of money and the interest rate for borrowing money. Hamilton hoped that this would lead to increased capital in manufacturing, but Flaumenhaft argues that speculators preferred to invest this money in land rather than the industrial sector of the economy.

for the tariff because it would harm consumers and decrease the exportation of their crops to foreign markets. Indeed, in proposing a tariff at all, even for revenue purposes, the South had to bear a larger burden for the revenue of the country. In the end, the Tariff Act of 1789 passed on July 4 as a compromise between the two parties. Congress only implemented higher duties on luxury items that only made it into the market for wealthy citizens. In the same month, Congress passed tonnage rates that imposed a duty of 6 cent per ton on ships made or completely American owned, 30 cents per ton on ships built in America but partly owned by foreigners, and 50 cents per ton on any other ships.[59]

The government sought to avoid taxes by collecting heavy tariffs. But even Madison admitted that because of the "tonnage duties, the protective features of the tariff, and the discrimination against British commerce" the southerners would pay for this policy and the northern merchants reaped the benefits.[60] This policy set a precedent for later legislation that developed sectional tensions in the future.[61]

While Hamiltonian policies favored northern manufacturing, Jefferson and his party hoped to encourage southern agriculture. He believed that the American people were situated to thrive in agricultural endeavors. In his, *Notes on the State of Virginia*, Jefferson argued that most of the American people were inclined to be farmers because of the presence of a huge amount of fertile, unsettled land. He also believed that this occupation would produce moral and loyal citizens: "Those who labor on the earth are the chosen people of God…It is the mark set on those, who, not looking up to heaven, to

---

[59] Robert E. Wright, *One Nation Under Debt: Hamilton, Jefferson, and the History of What We Owe* (New York: McGraw-Hill Companies Inc, 2008), 127, 128; Miller, 15, 18; Max M. Edling and Mark D. Kaplanoff, "Alexander Hamilton's Fiscal Reform: Transforming the Structure of Taxation in the Early Repulbic," *The William and Mary Quarterly* 61 (2004): 734.

[60] James Madison in Miller, 17.

[61] Miller, 14-19.

their own soil and industry, as does the husbandman, for heir subsistence, depend for it on casualties and caprice of customers."[62] He went on to argue that a manufacturing society creates dependent individuals who are often gripped by the vices of ambition. Not only did Jefferson believe that the people of America were voluntarily inclined toward husbandry, but he argued that the government should encourage agriculture in order to maintain the moral character of its citizens.[63]

John Taylor of Caroline agreed. He believed that putting too much emphasis on manufacturing would lead to the corruption of government. He advocated that Congress avoid legislation that favored manufacturing, warning that "Laws for creating exclusive privileges and monopolies corrupt governments, interests, and individuals; and substitute patronage, adulation, and favour, for industry, as the road to wealth."[64] Along with Jefferson, Taylor warned against steering American away from agriculture, because it would lead to a corrupt citizenry.

Foreign Relations

Jeffersonians also believed that the new government's stand on foreign relations was directly related to the moral character of its citizens and their devotion to the rhetoric of the American Revolution. Much debate surrounded the formation of American policy toward France and Great Britain. The main question was whether to support their former enemies Great Britain, or their former ally, France. Many statesmen naturally developed a tendency to oppose Great Britain. Madison, for example, suggested a tariff that discriminated against British merchants. This tariff was to serve as a way of endearing

---

[62] Thomas Jefferson, *Notes on the State of Virginia* in Koch, 280.
[63] Ibid., 280.
[64] John Taylor, *Tyranny Unmasked*, ed. F. Thornton Miller (Indianapolis: Liberty Fund, 1992). Chapter 2: *Manufactures are Injurious to Morals, and Produce Pauperism*, http://oll.libertyfund.org/title/691/120285 (accessed April 6, 2011).

the hearts of the people to the government by essentially waging economic warfare legitimized by the people's bitterness toward Great Britain. Madison's plan backfired because northern businessmen relied on British commerce and discrimination against them would be suicide for their business.[65]

At the outset of the French Revolution, the debate arose whether to support France's convulsions. Jefferson hailed the Revolution as one and the same with the previous American Revolution: "Celebrated writers of France and England had already stretched good principles on the subject of government; yet the American Revolution seems first to have awakened the thinking part of the French nation in general, from the sleep of despotism in which they were sunk."[66] As the revolution turned violent Hamilton took it as proof of his philosophical beliefs. Man cannot be trusted with unrestrained liberty. If there is no vigorous, central authority, the people descend into anarchy and madness. However, Jefferson still held strong in support of France saying that the violence was necessary to the Universal cause of freedom and that "The liberty of the whole earth was depending on the issue of the contest…but rather than it should have failed, I would have seen half the earth desolated."[67] The French Revolution brought out the basic philosophies of the two parties, displaying the resilience of the two leaders' convictions.[68]

Conclusion

The debates of the Federalist Era define the political controversies of the American experience. This time period defined many of the policies and government

---

[65] Miller, 16-18.
[66] Thomas Jefferson, *Autobiography*, in Koch 541.
[67] Thomas Jefferson to William Short, Philadelphia, January 3, 1793, in Cunningham, 109.
[68] Rossiter, 181-182; Floumenhaft, 79-80; Miller, 16-18, 85-86.

structure still in use today. The shouting matches in Washington's cabinet continue to haunt American legislation and pubic disputes. At the heart of the issue are the parties' beliefs about the nature of common people. Much has changed over the past two and a half centuries, but the debate of the nature of man continues in the elections and political controversies of today. Special interest groups, the political right and left, and modern day Federalists and Republicans still must answer the same question: Can common men be trusted to make beneficial decisions in a democratic republic?

Bibliography

Primary Sources

Adams, John. John Adams to Thomas Jefferson, Quincy, July 16, 1814. In *The Adams-Jefferson Letters: The Complete Correspondence Between Thomas Jefferson and Abigail and John Adams*, edited by Lester J. Cappon. Chapel Hill: University of North Carolina Press, 1959.

Constitution of the United States. In *The Federalists*, edited by George Stade. New York: Barnes & Noble Classics, 2003.

Hamilton, Alexander. *Federalist* No. 76, "The same view continued, in relation to the appointment of the officers of the government." In *The Federalists*, edited by George Stade. New York: Barnes & Noble Classics, 2003.

_____. *Federalist* No. 78, "A view of the constitution of the judicial department in relation to the tenure of good behavior." In *The Federalists*, edited by George Stade. New York: Barnes & Noble Classics, 2003.

_____. "Opinion on the Constitutionality of Establishing a National Bank." In *Jefferson Vs. Hamilton: Confrontations that Shaped a Nation*, edited by Noble E. Cunningham Jr. New York: Bedford/St. Martins, 2000.

_____. "Report on a National Bank, December 14, 1790." In *Jefferson Vs. Hamilton: Confrontations that Shaped a Nation*, edited by Noble E. Cunningham Jr. New York: Bedford/St. Martins, 2000.

Jefferson, Thomas. *Autobiography*. In *The Life and Writings of Thomas Jefferson*, edited by Adrienne Koch and William Peden. New York: The Modern Library, 1944.

_____. "Account of a Compromise on Assumption and Residence Bills, [1792]." In *Jefferson Vs. Hamilton: Confrontations that Shaped a Nation*, edited by Noble E. Cunningham Jr. New York: Bedford/St. Martins, 2000.

_____. Inauguration Address, March 4, 1801. In *The Life and Writings of Thomas Jefferson*, edited by Adrienne Koch and William Peden. New York: The Modern Library, 1944.

_____. *Notes on the State of Virginia*. In *The Life and Writings of Thomas Jefferson*, edited by Adrienne Koch and William Peden. New York: The Modern Library, 1944.

_____. "Opinion on the Constitutionality of Establishing a National Bank." In *Jefferson Vs. Hamilton: Confrontations that Shaped a Nation*, edited by Noble E. Cunningham Jr. New York: Bedford/St. Martins, 2000.

_____. *The Anas*. In *The Life and Writings of Thomas Jefferson*, edited by Adrienne Koch and William Peden. New York: The Modern Library, 1944.

_____. Thomas Jefferson to John Adams, Monticello, October 28, 1813. In *The Adams-Jefferson Letters: The Complete Correspondence Between Thomas Jefferson and Abigail and John Adams*, edited by Lester J. Cappon. Chapel Hill: University of North Carolina Press, 1959.

_____. Thomas Jefferson to John Adams, Monticello, January 24, 1814. In *The Adams-Jefferson Letters: The Complete Correspondence Between Thomas Jefferson and Abigail and John Adams*, edited by Lester J. Cappon. Chapel Hill: University of North Carolina Press, 1959.

_____. Thomas Jefferson to John Adams, Monticello, November 7, 1819. In *The Adams-Jefferson Letters: The Complete Correspondence Between Thomas Jefferson and Abigail and John Adams*, edited by Lester J. Cappon. Chapel Hill: University of North Carolina Press, 1959.

_____. Thomas Jefferson to William Short, Philadelphia, January 3, 1793. In *Jefferson Vs. Hamilton: Confrontations that Shaped a Nation*, edited by Noble E. Cunningham Jr. New York: Bedford/St. Martins, 2000.

Madison, James. "Speech in Congress Opposing the National Bank, February 2, 1791." http://www.constitution.org/jm/jm.htm (accessed March 5, 2011).

Madison, James. "Summary of Hamilton's Response to the New Jersey and Virginia Plans." In *Jefferson Vs. Hamilton: Confrontations that Shaped a Nation*, edited by Noble E. Cunningham Jr. New York: Bedford/St. Martins, 2000.

Taylor, John. *An Enquiry into the Principles and Tendency of Certain Public Measures*. Philadelphia: Thomas Dobson, 1794.

_____. *Tyranny Unmasked*. Edited by F. Thornton Miller. Indianapolis: Liberty Fund, 1992. http://oll.libertyfund.org/title/691/120285 (accessed April 7, 2011).

Yates, Robert. "Summary of Hamilton's Response to the New Jersey and Virginia Plans." In *Jefferson Vs. Hamilton: Confrontations that Shaped a Nation*, edited by Noble E. Cunningham Jr. New York: Bedford/St. Martins, 2000.

Secondary Sources

Edling, Max M. and Mark D. Kaplanoff. "Alexander Hamilton's Fiscal Reform: Transforming the Structure of Taxation in the Early Republic." *The William and Mary Quarterly* 61 (2004): 713-744.

Flaumenhaft, Harvey. *The Effective Republic: Administration and Constitution in the Thought of Alexander Hamilton*. Durham: Duke University Press, 1992.

Kirk, Russel. *The Roots of American Order*. Wilmington, Delaware: ISI Books, 2003.

Miller, John C. *The Federalist Era*. New York: Harper and Row Publishers, 1960.

Nelson, John R. Jr. "Alexander Hamilton and American Manufacturing: A Reexamination." *The Journal of American History* 65 (1979): 971-995.

Onuf, Peter S. "The Scholars' Jefferson." *The William and Mary Quarterly* 50 (1993): 672-699.

Post, David M. "Jeffersonian Revisions of Locke: Education, Property Rights, Liberty." *Journal of the History of Ideas* 47 (1986): 147-157.

Rossiter, Clinton. *Alexander Hamilton and the Constitution*. New York: Harcourt, Brace, and World, Inc., 1964.

Shalhope, Robert E. *John Taylor of Caroline: Pastoral Republicanism*. Columbia, SC: University of South Carolina Press, 1980.

White, Leonard D. *The Federalists: A Study in Administrative History*. New York: The Free Press, 1948.

_____. *The Jeffersonians: A Study in Administrative History*. New York: The Macmillan Company, 1951.

Wright, Robert E. *One Nation Under Debt: Hamilton, Jefferson, and the History of What We Owe.* New York: McGraw-Hill Companies Inc., 2008.