



Washington's Inauguration at Philadelphia in 1793 (w/c on paper), Ferris, Jean Leon Jerome (1863-1930) / Private Collection / The Bridgeman Art Library International

CHAPTER

8

Establishment of the New Government

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George Washington, 1795, by Gilbert Charles Stuart

Just before noon on April 30, 1789, a solemn George Washington stepped out on the balcony of Federal Hall on the corner of Wall and Broad Streets in New York City, the federal capital. Washington's **inauguration**, the formal ceremony starting his term, began right at noon. He placed his left hand on a Bible and raised his right hand to take the oath of office. He then repeated the thirty-five words required by the Constitution:

I do solemnly swear that I will faithfully execute the office of President of the United States, and will to the best of my ability preserve, protect, and defend the Constitution of the United States.

At the end of the oath, Washington added a phrase of his own: "so help me God." He realized that he could not do his job without God's help. The oath of office taken, he entered the Senate chamber to give his inaugural address to both houses of Congress.

Washington had good reason to be solemn. At that time the United States had only four million people, seven hundred thousand of whom were slaves. Other nations were unfriendly to the United States and its new form of government. The nation had no money in its treasury and lacked a strong army and navy. The Constitution had outlined a framework for the new government but lacked many of the exact details.

I. Challenges for the New Government

The government that Washington would lead was completely new. No other country had a working republic to serve as an example for Washington and the other leaders. They had to find out on their own how to make this new government work. Washington began to build an administration that could help him meet the problems to come. His first challenge was to set up a **cabinet**, a group of advisors, to help him with his responsibilities.

Establishing a Cabinet

Although the Constitution provides for executive departments to give advice, it says nothing about how to select leaders or how to organize them. Washington benefited from the counsel of James Madison, his unofficial administrative assistant. Washington established four departments and placed men he trusted at their heads. The department of state was headed by Thomas Jefferson, the treasury by Alexander Hamilton, the war department by Henry Knox, and what has come to be called the Justice Department by Attorney General Edmund Randolph. Washington also placed Samuel Osgood at the head of the post office. These leaders became Washington's cabinet, advising him on policies and problems.

Different Visions

When Washington became president, there were no political parties as we know them today. But among the men of his cabinet, divisions began to appear. Some of these differences arose during the debate over the Constitution, between the Federalists and Anti-Federalists.

In particular, two men, Hamilton and Jefferson, had greatly diverse visions for America. Hamilton, who was a Federalist, believed

Mr. President?

It was surprisingly difficult for the members of the first Congress to decide on a title for the President of the United States. The Constitution forbade the government from giving titles of nobility. The American people, who had recently won their independence, wanted to stay far away from royal titles as well. Men like John Adams felt that the simple title of "President" was too plain. For such a high office, they recommended "His Excellency" or "His Highness." Adams himself called for the title "His Majesty." But there was no popular support for these titles. In the end, Congress decided on the simple title "President of the United States." Today, when speaking to the President, we address him as "Mr. President."

that the central government should be quite strong. He wanted America to be an urban, industrial country with a diverse economy. Jefferson could not have been more different. He was an Anti-Federalist and wanted more power at the state level. His vision for America was rural and agricultural. These two different visions for America shaped the decisions that Hamilton and Jefferson made on many of the issues facing the new government.

National Finances

One of the biggest problems facing the new administration was the lack of funds. The cost of operating the government in 1789 may seem low to us today. Washington's annual salary was to be \$25,000, but he agreed to take pay only for his expenses. Members of the House and Senate received \$6.00 per day. The Speaker of the House received \$12.00 per day. Cabinet members made \$3,500 annually. At first the government had trouble paying these salaries. The war debts owed to individuals and states could not be repaid either. The government's inability to meet its obligations caused Americans to lose respect for it.

Hamilton's Plan

Secretary of the Treasury Hamilton designed a financial program to help the new nation pay its debts and meet its obligations. First, the government would have to levy (impose and collect) taxes to obtain the needed revenue. Foreign imports would carry a tariff of eight percent. Whiskey would have an **excise tax** (a tax paid for the manufacture or sale of certain goods and services within a country) of six to nine cents per gallon.

Second, the government would repay the money borrowed during the Revolution. To settle this debt, it had to repay Americans who had purchased bonds to finance the war. The Continental Congress had not been able to pay this debt, and most of the bond owners doubted that they would ever be repaid. However, news of possible repayment by the new government leaked to speculators, who began to purchase all the bonds they could. Because some of the owners thought the bonds to be worthless, they sold them to the speculators for a fraction of their value. When the Funding Bill of 1790 passed, it arranged for repaying the bonds at their printed value plus interest. Those who had sold bonds for small sums were angry. Nonetheless, the act helped the government stand by its promises.

Third, Hamilton wanted the government to take over responsibility of repaying the debts of the states. By paying the debts for them, he hoped to increase state loyalty to the national government. This idea resulted in the Assumption Act of 1790.

Fourth, Hamilton wanted to establish a **national bank**. The bank could hold the tax revenue in one place, and the nation's financial dealings could be handled through the bank. The major share of the bank would be owned by private citizens while the federal government would retain only a 20-percent interest. Thus, the bank would be largely a private business. Congress set up the Bank of the United States in 1791.



Wall Street and City Hall are visible in this painting of New York City from 1797.



Alexander Hamilton



The first national bank was located in Philadelphia by 1799.



Before the national capital moved to its present location along the Potomac River, the area was mostly uninhabited.

Differing Views

Several of Hamilton's ideas brought widespread disagreement. In particular, there was opposition to the taking up of state debts and federal involvement in banking. A group opposed to both emerged under Thomas Jefferson's leadership. He and many southerners opposed the assumption of state debts because the southern states had already paid most of their debts. They did not wish to help pay those of the northern states. They also opposed the national bank because it would help northern industries but not southern agriculture.

Hamilton's plan was put in place, but only after a compromise. In return for Jefferson's and the South's support of the debt assumption, the federal capital would move to the South. Maryland and Virginia gave

land along the Potomac River for a federal district to be named after Columbus and George Washington. Washington, District of Columbia (D.C.), was built on the land from Maryland. Despite the criticisms, Hamilton's plan worked, and the nation's credit and name improved.

Washington had hoped that there would be no political parties. But the groups that formed around Hamilton and Jefferson eventually became the basis of America's two-party political system. Hamilton's party was called the **Federalist Party**; Jefferson's party received the name **Democratic-Republican Party**. Its members were called "Republicans."

The Whiskey Rebellion

The excise tax on whiskey led to a problem that tested Washington and his government. On the western frontier, in addition to being used as food for people and animals, corn was turned into whiskey. Because of the shortage of money and the desire for whiskey, some people used whiskey in place of money. Westerners resented the excise tax that affected many of their purchases. If a man paid for a pig with a gallon of whiskey, he still had to pay the tax on the whiskey. If he refused to pay the tax and was arrested, he had to go to a federal court for trial. The federal courts were sometimes miles away in cities close to the coast.

In western Pennsylvania during the summer of 1794, angry farmers attacked a federal marshal who tried to arrest a whiskey distiller for not paying the tax. The mob also burned the home of a tax inspector and tarred and feathered other officials. Soldiers arrived to stop the violent outbursts. But they gave up when they met armed resistance. President Washington wanted Pennsylvania to handle the problem, but the state's governor refused. Washington offered the rebels a group pardon (amnesty) if they would agree to abide by law, but they refused his offer. The president then called about thirteen thousand militiamen out as a federal force. He commanded the rebels to disperse by September 1, or the militia would move in.

Precedents

Washington knew that “many things which appear of little importance in themselves and at the beginning, may have great consequences.” He wrote James Madison: “At the first everything . . . will serve to establish a precedent. It is devoutly wished on my part, that these precedents may be fixed on true principles.”

That first government faced many problems. Washington’s solutions to them set precedents—models for doing things—that were so wise they have been followed ever since.

Even the way in which Washington took office became a precedent

for other presidents to follow. Presidents since Washington have continued to put their hand on the Bible and say “so help me God” at the end of their oaths of office, even though this is not included as a constitutional requirement. Washington realized the importance of being a good example even in little things.

Washington established a cabinet, a group of executive advisors, to help him with his responsibilities. Other presidents have since used and expanded the cabinet and their executive departments. Washington also traveled through the country as

president and gave many Americans the opportunity to see him.

Washington served the United States as president for two four-year terms. No president served more than two terms until Franklin Roosevelt broke that tradition almost 150 years later. Belatedly, seeing the wisdom of Washington’s precedent, Congress passed the Twenty-second Amendment to the Constitution. When it was ratified in 1951, it made the two-term tradition law.

Washington moved forcefully. A larger group of volunteers than he had ever had at his command rode with the president at the end of September. He told the troops to “combat and subdue all who may be found in arms in opposition to the national will and authority.” To increase the image of strong federal power and his willingness to deal decisively with the rebellion, Washington himself led the troops for some miles. When the rest of the troops arrived at the scene, they arrested a few of the rebels. The troops condemned two of them to death, but Washington later pardoned them.

Through their response to this **Whiskey Rebellion**, Washington and the new nation proved their commitment to the rule of law. The leaders realized that they could not allow their newfound freedoms to turn into lawlessness. Many nations, such as France, experienced a period of lawlessness after revolutions meant to secure liberty. America’s future was still uncertain, but, by God’s grace, the nation did not descend into violence.



This painting shows Washington commanding his troops during the Whiskey Rebellion.

Establishing the Federal Court System

Under the Judiciary Act of 1789, Congress created a working court system. The Supreme Court would have five associate justices and one chief justice. Washington appointed John Jay as the first chief justice.

Although the Constitution had established only one court, the Supreme Court, it did give Congress the power to set up lesser courts. There would also be thirteen federal district courts, one per state. Most cases involving violation of federal laws could be tried in



Anthony Wayne



Battle of the Miami (Battle of Fallen Timbers), 1794.
 Print, ca. 1851, 9 x 10 cm. (3 1/2 x 4 in.). Mid-
 Manhattan Picture Collection. The New York Public
 Library, New York, NY, U.S.A. / Art Resource, NY

these courts. The system set up three circuit courts to hear cases sent up and appealed from the district courts and state supreme courts. Today's federal court system follows a similar pattern but has been expanded in scope to meet the needs of a growing population.

Ratification of the Bill of Rights

During the Philadelphia Convention, the delegates had discussed a bill of rights. They rejected it because they believed that the rights listed in it already belonged to the people and that the federal government really had no power over such matters. But others were uneasy and believed that the rights might be lost if they were not guaranteed. As a result, the Bill of Rights became an issue in the struggle to ratify the Constitution. Four states had agreed to ratify only if the Bill of Rights would be a priority for the new government.

When the first Congress convened, debate erupted over the Bill of Rights. The House called for a bill with sixteen amendments. Congress agreed on twelve, and in 1789, they released them to the states. The states ratified ten of the amendments by the end of 1791.

Fighting Indians on the Frontier

Americans, feeling the need to expand, wanted to move into the lands of the Northwest. Much of this land still belonged to the Indians. The United States had made treaties with many of the tribes concerning the protection of this land. Sadly, the Americans felt little or no guilt about breaking these treaties in order to take over the valuable land. As you will learn in later chapters, the United States soon began forcibly removing the Indians from their homes. But at this time, many tribes wanted to fight for their lands. The British in the Northwest Territory urged the Indians to attack Americans. Some-

times the British openly promised to help the Indians if they would halt the spread of American settlements.

The government made several vain attempts to stop the Indian attacks. Finally in 1794, war hero **Anthony Wayne** and a well-trained force entered what is now northwestern Ohio. They defeated a band of Indians and their allies at **Fallen Timbers**, near modern-day Toledo. Following the defeat the Indians came to a peace conference at Fort Greenville in 1795. They gave up their claim to about one-half of Ohio in return for gifts and annual payments. Sadly, the Indians continued to suffer at the hands of some pioneers and officials charged with clearing the land for settlement.

Despite harsh conditions and the continuing threat of attack, more pioneers went west. During the 1790s three new states joined the Union: Vermont (1791), Kentucky (1792), and Tennessee

(1796). Also, Ohio and the western sections of New York, Pennsylvania, and Georgia made population gains during this decade.

Section Quiz

1. Give three reasons Washington had for being solemn on his inauguration day.
2. What were the four departments of government that Washington established, and who was head of each?
3. Describe the two ways in which Hamilton and Jefferson viewed America's future.
4. List the four parts of Hamilton's financial program.
5. What brought about the first political parties in the United States?
6. What precedent did Washington set with his handling of the Whiskey Rebellion? Why was the precedent important?
7. Where did Anthony Wayne's forces defeat a band of Indians? Give two reasons why the Indians had attacked the white settlers.



II. Foreign Threats to the New Government

Although the United States had established its independence with its victory in the Revolution, other world nations were unsure of its strength. European powers doubted that the United States could protect its rights. The young country had yet to prove that it could not be bullied.

America and the French Revolution

By late summer 1789, the Americans learned that the French had rebelled against King Louis XVI. Americans cheered, celebrating the French phrase "Liberty, Equality, and Fraternity." They supported the French because France had aided America during the War for Independence. At first they approved of the French patriots. Lafayette, who temporarily served as a French leader, even sent George Washington the key to the Bastille, a French prison. The fall of the prison symbolized the start of the French Revolution. But by 1793 Americans were horrified. Lafayette was in prison, and France was bathed in blood. The French government, although a republic in name, was highly unstable, and citizens lived in terror. The French leaders campaigned against religion, and removed all traces of it from public life. During that same time, France and Britain became involved in a war.



The Taking of the Bastille, 14 July 1789 (oil on canvas) by French School (18th century) Chateau de Versailles, France/ Giraudon/ The Bridgeman Art Library

America's Position of Neutrality

In 1778 the Americans had joined the French in a "perpetual" Treaty of Alliance and trade pact. The Federalists, led by Alexander Hamilton, now urged Washington to reject both. Hamilton begged Americans to value "justice and humanity" over liberty. The Republicans, however, agreed with Thomas Jefferson, who supported the Revolution. He said that he was willing to see "half of the earth devastated" to insure "the liberty of the whole." But Washington tended to agree with the Federalists' position. On April 22, 1793,