The Federalist Era

Lesson 1 The First President

ESSENTIAL QUESTION
What are the characteristics of a leader?

Terms to Know
precedent  something done or said that becomes an example for others to follow
cabinet  a group of advisers to a president
bond  certificate that promises to repay borrowed money in the future—plus an additional amount of money, called interest
accumulate  to build up or collect
compromise  a settlement of a disagreement reached by each side giving up some of what it wants in order to reach an agreement
protective tariff  a tax on imported items designed to protect a country’s industries from foreign competition

Where in the world?

When did it happen?

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1780</td>
<td>George Washington becomes first president, Judiciary Act passes</td>
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<tr>
<td>1785</td>
<td>Bill of Rights added to Constitution</td>
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<td>1790</td>
<td>Nation’s first chief justice, John Jay, retires from Supreme Court</td>
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<tr>
<td>1795</td>
<td>Congress meets in Capitol for first time</td>
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<td>1798</td>
<td>Alien and Sedition Acts pass, XYZ affair</td>
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Washington Takes Office

Guiding Question What decisions did Washington and the new Congress have to make about the new government?

George Washington was the first president of the United States. He knew that the precedents, or traditions, he started would be important. They would shape the future of the country and the government. With Congress, Washington set up departments within the executive branch. Washington and Congress also set up the court system. Congress added the Bill of Rights to the Constitution.

The executive branch began with three departments and two offices. These advisors were called the cabinet:

<table>
<thead>
<tr>
<th>Department or Office</th>
<th>Head</th>
<th>Function</th>
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</thead>
<tbody>
<tr>
<td>State Department</td>
<td>Thomas Jefferson</td>
<td>Relations with other nations</td>
</tr>
<tr>
<td>Department of the Treasury</td>
<td>Alexander Hamilton</td>
<td>Handled financial matters</td>
</tr>
<tr>
<td>Department of War</td>
<td>Henry Knox</td>
<td>Provided for the nation’s defense</td>
</tr>
<tr>
<td>Attorney General</td>
<td>Edmund Randolph</td>
<td>Handled legal affairs</td>
</tr>
<tr>
<td>Postmaster General</td>
<td>Benjamin Franklin</td>
<td>Managed postal system</td>
</tr>
</tbody>
</table>

The Judiciary Act of 1789 created a federal court system. It had district courts at the lowest level. Courts of appeal were at the middle level. The Supreme Court was at the top of the court system. It would make the final decision on many issues. State courts and laws stayed the same. However, the federal courts had the power to change state decisions.

The first ten amendments, or changes, to the Constitution are known as the Bill of Rights. They were passed during the first meeting of Congress. The amendments limit the powers of government and protect people’s rights.

1. Why do you think it was important to set up a federal court system?

2. Underline the sentence that describes Washington’s first cabinet. Which branch of the government is the cabinet in?

3. What were three important actions taken by Washington and the first Congress?
Lesson 1 The First President, Continued

The New Economy
Guiding Question How did the economy develop under the guidance of Alexander Hamilton?

The new United States faced serious financial problems. The national debt—the amount of money owed by the nation’s government—was very large. Alexander Hamilton was secretary of the treasury. He worked to solve the nation’s financial problems.

During the Revolutionary War, the government had borrowed a large amount of money. It had issued bonds. These are certificates promising to pay back money in a certain length of time. Hamilton argued that the United States should pay back money borrowed from other countries and from American citizens.

Hamilton believed that the national government should also pay the war debts of the states. He thought that to be able to borrow in the future, the government had to prove that it could pay back the money it already owed. He argued that paying off the states’ debts as a nation would build the country’s credit. It would also give the states more reason to want the national government to succeed.

Some people did not like Hamilton’s plan. Many people who bought bonds were worried that they would never be paid back. To get some money for their bonds, many people sold their bonds to speculators for less than the bonds were worth. Speculators hoped to make money later if the government finally paid back the bonds. The original bondholders saw that speculators would get rich and the bondholders would get nothing. Southern states also complained about the plan to pay state war debts. They had accumulated, or built up, much less debt than the Northern states. They argued that the plan would make them pay more than their share.

Hamilton and Southern leaders worked out a compromise, a deal in which both sides give up something to reach an agreement. If Southern leaders voted for his plan, Hamilton would support putting the new capital in the South. A new district called Washington, D.C., would be created between Virginia and Maryland.

To help build a strong national economy, Hamilton asked Congress to start a national bank. It would issue a single type of money for use in all states. Some people were against the idea, but Washington agreed with Hamilton. A national bank called the Bank of the United States was started.
Hamilton also proposed a tariff that would help protect American products. A **protective tariff** is a tax on goods bought from foreign countries. It makes products from other nations more expensive than those made at home. This tariff would help American companies compete against foreign companies.

**Hamilton’s Actions**
- Paid back bonds
- Created Bank of the United States
- Introduced a protective tariff to help U.S. companies
- Supported putting the nation’s capital in the South

**Reading Progress Check**

8. Why did Hamilton believe that paying off the states’ wartime debts was important for the future of the nation?

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**Writing**

**Check for Understanding**

1. **Expository** What three departments were part of Washington’s executive branch?

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   __________________________________________________
   __________________________________________________

2. **Descriptive** Describe four important actions taken by Alexander Hamilton.

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