

# In Class Notes (CH 8)

Monday, October 01, 2007  
12:00 PM

- 1st Treasurer
- Needs to raise money
- Would American economic policy...
  1. Favor Britain or France
    - Britain is global power
    - France has treaty with US (Treaty of Amity and Commerce / Treaty of Alliance)
      - Old gov. is no more
  2. Penalize farmers in the interest of northern manufacturers
    - Farmers' exports on their goods will have tariffs in other countries
    - January 1790 to December 1791
    - First Report on the Public Credit
  1. Funding Bill - pay off the federal debt at face value bonds (Pay off war bonds at face value)
    - Wanted backing of financial community
  2. Assumption Bill - assume state debts
    - Gives Gov. reason to tax
    - Win over financial community, if the financial community backs the government, it will be a successful nation
  3. Excise tax on distilled spirits - Whiskey Rebellion 1794
    - i. 25% tax to create rebellion, Federal gov gets to crush it and show power
  4. National Bank to put taxes into (is it constitutional?)
    - i. Hamilton says it is, Implied power, create laws necessary & proper
  5. Reports on Manufactures
    - i. A manufacturing nation
    - ii. Protective tariff, greater use of machinery, work outside home
  6. George Washington's 2nd term (1792-1796)
    - i. 1st term - domestic issues
    - ii. 2nd term - foreign issues
    - iii. French revolution - war with Britain
    - iv. Americans wanted out but treaty of 1778 means US to help
    - v. US wanted was trade with both Hamilton - declare alliance invalid
    - vi. Washington remained neutral
  7. Jay's Treaty with Britain 1794
    - i. A trade treaty with Britain
    - ii. Creates political parties
    - iii. Jefferson's instructions for Jay
      - 1) Get payment for impressment
      - 2) Get British West Indies open for Trade
      - 3) Negotiate commercial treaty incorporating guarantees neutral rights
      - 4) Fix principle--free ships make free goods
      - 5) Compensation for slaves carried away in 17813
      - 6) Get British out of western ports
      - 7) Threaten Britain that US would join Armed Neutrality League
    - iv. Hamilton undercuts Jay and Jefferson: tells Brits to not listen to Jay
    - v. Terms accepted
      - 1) British surrender in NW posts by 1796 (2 years)
      - 2) US had to put British on most favored nation list
      - 3) Opened British West Indies to only 70,000 tons or less
      - 4) Enemy goods might be taken by neutral ships

- 5) Food is also a war good
  - 6) British did not have to pay for slaves
  - 7) Payment for seizure of American ships
  - 8) Impressment not discussed
  - vi. Washington accepts it & he becomes a Federalist
  - vii. Democratic-Republican party has
8. Treaty with Spain 1794
- i. Thomas Pinckney opens Mississippi
  - ii. Right to deposit (unload goods) at New Orleans