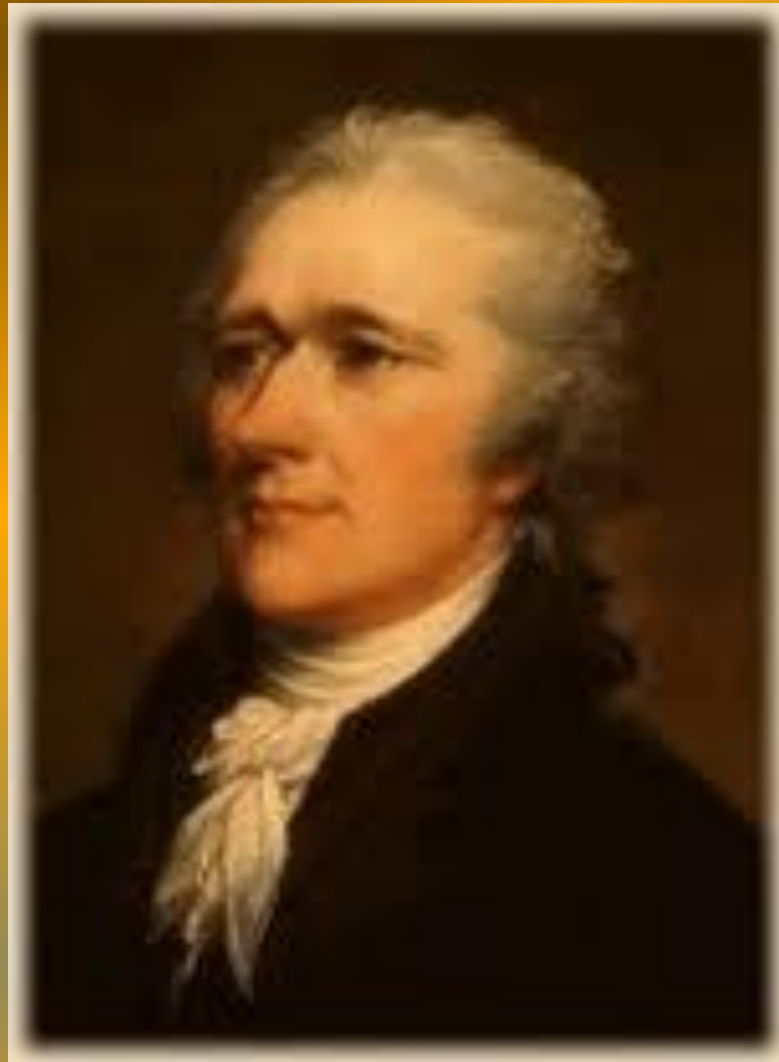


Alexander Hamilton

Secretary of State's Financial Plan

Hamilton



Financial Crisis In U.S.

- U.S. was in debt about \$54 million after Rev. War
- Debt was mainly in the form of bonds owed to private citizens
- Controversy due to most original owners selling them to speculators to get cash during war
- Most saw this as State responsibility

Hamilton's Plan

- Federal Government would pay all federal and **state** debt
- U.S. government would create a national bank to deposit government funds
- Government would place a high tax on imported goods

The Debt

- Most Southern States had already paid their debt and felt the other States should do the same
- In exchange for Southern support Hamilton agrees to build the new National capital in the South (Washington D.C.)
- Both sides agree, capital built along the Potomac river between MD & VA

The Tariff

- Hamilton wanted the tariff to:
 - Raise money
 - Help protect American industries from foreign competition
- In 1791 Congress passes a tax on Whiskey
- Farmers made extra money by turning excess corn into Whiskey
- Leads to Whiskey Rebellion in 1794
- Western PA farmers riot and burn down tax collectors house
- Washington responds by sending 13,000 troops rebellion is put down

National Bank

- Hamilton vs. Jefferson
- Read page 195
- What is Jefferson's opinion on a National bank and what does he use as the backing of his opinion?
- What is Hamilton's rebuttal? What does he use as his backing?
- Which views win out?