The New Nation Takes Shape

Issue #1: Evolving Constitution

- Bill of Rights added (Madison) approved by Congress 1791
- Judiciary Act of 1789: creates federal court system (Jay= 1st Chief Justice), est. Attorney General

Issue #2: Economic policies

- Hamilton: Est. a national bank, run by the federal government (constitutional?), have feds pay off state debts to chain them more tightly to nat'l gov.

- Nat'l bank would print a national currency

- Increase tariffs (taxes on imported goods) to pay off the $75 million debt

- Whiskey Rebellion (1794): halts collection of taxes on whiskey; challenges gov. authority; militia called out but not needed

Issue #3: Political Divides

- Federalists (Hamilton) v. Democratic-Republicans (Jefferson)

- Born in 1792 as Jefferson creates an opposition group to challenge Hamilton's bank plan

Issue #4: Foreign Relations

- French Revolution: freaks out Federalists, esp. after reign of terror; Jeffersonians support the concept
  - Washington's Neutrality Proclamation (1793): gov. AND citizens should not take sides.
- Fighting with Britain continues (refuse to leave frontier posts), leads to Native American skirmishes, and eventually the War of 1812
  - Jay's Treaty (1794): Attempts to negotiate w/ Brits, epic fail; France freaks out, sees it as Brit/American alliance
  - XYZ Affair: For revenge, France demands a bribe for doing diplomatic business with them; begins war preparations against France (1797-1798)

Issue #5: State v. Federal Power

- Alien and Sedition Laws: Passed to target Jeffersonians
  - Alien Laws: Increased residency requirements for potential citizens; allowed Prez to deport or imprison "dangerous foreigners" (in both war and peace)
  - Sedition Act: Fines and imprisonment for anyone who falsely defamed government officials or impeded government work.
- Virginia and Kentucky Resolutions: Passed in response to A & S laws; state legislatures claimed Federal gov. overstepped its power with these acts, therefore states did not have to accept them ("nullification")