

# Hamilton vs. Jefferson

A conflict took shape in the 1790s between America's first political parties. Indeed, the Federalists, led by Alexander Hamilton, and the Republicans (also called Democratic-Republicans), led by Thomas Jefferson, were the first political parties in the Western world. Unlike loose political groupings in the British House of Commons or in the American colonies before the Revolution, both had reasonably consistent and principled platforms, relatively stable popular followings, and continuing organizations.

The Federalists in the main represented the interests of trade and manufacturing, which they saw as forces of progress in the world. They believed these could be advanced only by a strong central government capable of establishing sound public credit and a stable currency. Openly distrustful of the latent radicalism of the masses, they could nonetheless credibly appeal to workers and artisans. Their political stronghold was in the New England states. Seeing England as in many respects an example the United States should try to emulate, they favored good relations with their former mother country.

Although Alexander Hamilton was never able to muster the popular appeal to stand successfully for elective office, he was far and away the Federalists' main generator of ideology and public policy. He brought to public life a love of efficiency, order, and organization. In response to the call of the House of Representatives for a plan for the "adequate support of public credit," he laid down and supported principles not only of the public economy, but of effective government. Hamilton pointed out that the United States must have credit for industrial

development, commercial activity, and the operations of government, and that its obligations must have the complete faith and support of the people.

There were many who wished to repudiate the Confederation's national debt or pay only part of it. Hamilton insisted upon full payment and also upon a plan by which the federal government took over the unpaid debts of the states incurred during the Revolution. He also secured congressional legislation for a Bank of the United States. Modeled after the Bank of England, it acted as the nation's central financial institution and operated branches in different parts of the country. Hamilton sponsored a national mint, and argued in favor of tariffs, saying that temporary protection of new firms could help foster the development of competitive national industries. These measures – placing the credit of the federal government on a firm foundation and giving it all the revenues it needed – encouraged commerce and industry, and created a solid phalanx of interests firmly behind the national government.

The Republicans, led by Thomas Jefferson, spoke primarily for agricultural interests and values. They distrusted bankers, cared little for commerce and manufacturing, and believed that freedom and democracy flourished best in a rural society composed of self-sufficient farmers. They felt little need for a strong central government; in fact, they tended to see it as a potential source of oppression. Thus they favored states' rights. They were strongest in the South.

Hamilton's great aim was more efficient organization, whereas Jefferson once said, "I am not a friend to a very energetic

government." Hamilton feared anarchy and thought in terms of order; Jefferson feared tyranny and thought in terms of freedom. Where Hamilton saw England as an example, Jefferson, who had been minister to France in the early stages of the French Revolution, looked to the overthrow of the French monarchy as vindication of the liberal ideals of the Enlightenment. Against Hamilton's instinctive conservatism, he projected an eloquent democratic radicalism.

An early clash between them, which occurred shortly after Jefferson took office as secretary of state, led to a new and profoundly important interpretation of the Constitution. When Hamilton introduced his bill to establish a national bank, Jefferson, speaking for those who believed in states' rights, argued that the Constitution expressly enumerated all the powers belonging to the federal government and reserved all other powers to the states. Nowhere was the federal government empowered to set up a bank.

Hamilton responded that because of the mass of necessary detail, a vast body of powers had to be implied by general clauses, and one of these authorized Congress to "make all laws which shall be necessary and proper" for carrying out other powers specifically granted. The Constitution authorized the national government to levy and collect taxes, pay debts, and borrow money. A national bank would materially help in performing these functions efficiently. Congress, therefore, was entitled, under its implied powers, to create such a bank. Washington and the Congress accepted Hamilton's view – and set an important precedent for an expansive interpretation of the federal government's authority.

1. Who led the Federalists?

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2. Who led the Republicans, also called the Democratic-Republicans?

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3. The Federalists believed that the interests of trade and manufacturing could be advanced only by a strong central government capable of establishing sound public credit and a stable currency.

- a. True
- b. False

4. Who insisted upon full payment of the Confederation's national debt, and also upon a plan by which the federal government took over the unpaid debts of the states incurred during the Revolution?

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5. Alexander Hamilton secured congressional legislation for a Bank of the United States.

- a. True
- b. False

6. Who argued that the Constitution expressly enumerated all the powers belonging to the federal government, and reserved all other powers to the states, and that nowhere was the federal government empowered to set up a bank?

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7. Alexander Hamilton argued that the Congress was entitled to create a national bank under its \_\_\_\_\_.

- a. eminent domain
- b. enumerated powers
- c. implied powers
- d. Securities and Exchange Commission