



Alexander Hamilton

Economic Problems,
Financial Plan,
& Interpreting the Constitution

Economic Problems

- Nation's finances a wreck

- War Debts

- Private citizens loaned money to the government

- State governments had their own wartime debts

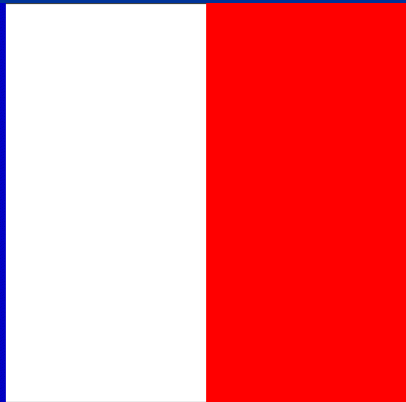
- US debt in 1789 = \$52 million

- Current US debt



Economic Problems

- Must repay debts to win the respect of both foreign nations and its own citizens
- Demonstrate responsibility with money
- Could hamper lending relations in the future



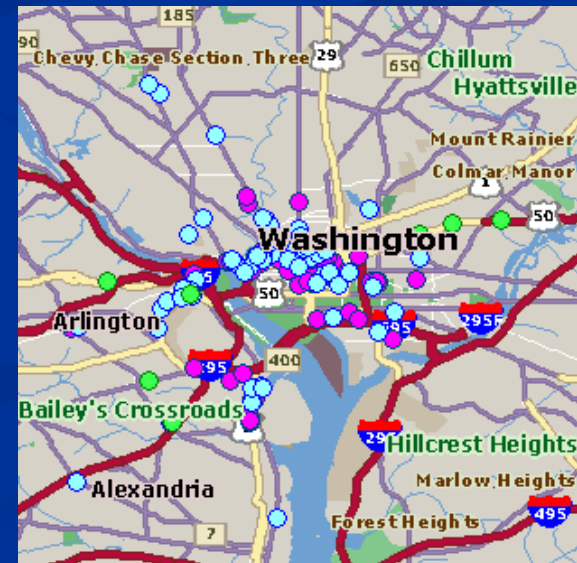
Hamilton's Financial Plan

- Believed in a strong central government
- National government > State governments
- Government should encourage business and industry
- Strived to get wealthy merchants and manufacturers on his side



Hamilton's Financial Plan

- 3 Steps
 - Pay off all war debts
 - Raise government revenues
 - Create a national bank
- Wanted National government to pay off the war debts of the states
 - Most southern states had paid theirs off and did not want to help northern states to pay off theirs
 - Compromise – the nations capital would be located in the South



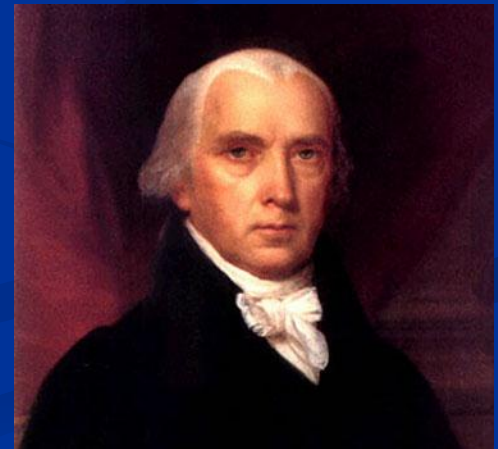
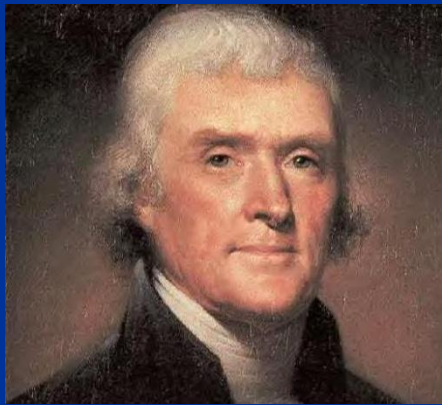
Hamilton's Financial Plan

- Favored tariffs
 - Tax on imported goods, such as shoes and textiles
- Benefits of tariffs
 - Raises money for the government
 - Encourages growth of American industry
- Create a national bank
 - Safe place to keep money
 - Issue loans
 - Issue bank notes – paper money that could be used as currency



Interpreting the Constitution

- Not all people were in agreement with Hamilton
- Jefferson and Madison believed the Constitution discouraged a strong central government
- The meaning of the Constitution was debated



Interpreting the Constitution

- Jefferson's and Madison's argument
 - Strong interpreters of the Constitution
 - Strict construction – narrow or strict interpretation
 - Hamilton – loose construction – broad or flexible interpretation
 - Government did not have the power to set up a national bank
- Hamilton wins in Washington, and the National bank is created

Political Cartoon

- Imagine you oppose or support Hamilton's plan for the nation's finances. Draw a political cartoon, in color, expressing your opinion.
- Ideas
 - National bank
 - Debt
 - Tariffs
 - Interpretations of the Constitution