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George Washington and his administration established many customs and processes that are still in place today.

Washington Takes Office

SS.8.A.3.12, LA.8.1.6.1, LA.8.1.6.2, LA.8.1.6.3, LA.8.6.2.2

What decisions did Washington and the new Congress have to make about the new government?

Under the Articles of Confederation, the United States had several presidents. Their job was to lead Congress, and they were not strong chief executives. The government under the Articles was weak and ineffective. When delegates met to reform the government, they wrote a new Constitution that included a strong executive branch headed by a single president.

On April 30, 1789, George Washington took the oath of office as the first president of the United States under that new Constitution. John Adams became vice president.

Washington knew that his actions and decisions would set **precedents** (PREH • suh • duhnts), or traditions, that would help shape the nation's future. "No slip will pass unnoticed," he said. Washington worked closely with Congress to create an effective government. In those first years, the president and Congress created departments within the executive branch and set up the court system. Congress added the Bill of Rights to the Constitution. Washington set the standard for how long a president should serve and for how the nation should relate to other nations.

The Cabinet

The executive branch of government took shape during the summer of 1789. Congress set up three departments and two offices within the executive branch. Washington chose leading political figures to head them. He picked Thomas Jefferson to head the State Department, which handles relations with other nations. He named Alexander Hamilton to manage the nation's money at the Department of the Treasury. Henry Knox was the choice to look after the nation's defense as the secretary of the Department of War. To address the government's legal affairs, Washington chose Edmund Randolph to be attorney general. Congress also created the office of postmaster general.

The three department heads and the attorney general had many important duties. Among them was giving advice to the president. Together, this group of top executive advisers formed what is called a **cabinet**.

Congress was unsure how much power the president ought to have over the cabinet. In a vote on this question, senators were evenly divided. Vice President John Adams broke the tie. He voted to allow the president the power to dismiss cabinet officers without Senate approval. This established presidential power over the whole executive branch.

Establishing the Court System

The first Congress also faced the job of forming the nation's court system. Some favored a **uniform** legal system for the entire nation. Others favored keeping the existing state systems. The two sides reached an agreement in the Judiciary Act of 1789. This act established a federal court system. The states kept their own laws and courts, but the federal courts had the power to reverse state decisions. The act marked a first step in creating a strong and independent national judicial system.

The Constitution established the Supreme Court as the final authority on many issues. President Washington chose John Jay to lead the Supreme Court as chief justice. The Senate approved Jay's nomination.

The Bill of Rights

Americans had fought a revolution to gain independence from British control. They did not want to replace one unjust government with another one. As protection from the powers of a strong national government, many Americans wanted the Constitution to include a bill of rights. It would guarantee civil liberties. In fact, some states had agreed to ratify the Constitution only with the promise that a bill of rights be added.

To fulfill this promise, James Madison introduced a set of amendments during the first session of Congress. Congress passed 12 amendments, and the states ratified 10 of them. In December 1791, these 10 amendments, together called the Bill of Rights, became part of the Constitution.

The Bill of Rights limits the power of government. It protects individual liberty, including freedom of speech and the rights of people accused of crimes. The Tenth Amendment says that any power not listed in the Constitution belongs to the states or the people. Madison hoped this amendment would help protect Americans against a national government that

was too powerful.

Listing What were three important actions taken by Washington and the first Congress?

Thinking Like a HISTORIAN

Making Comparisons

In 1791 Congress created a federal court system with three levels. Those three levels today include the district courts at the lower level, the appeals courts in the middle, and the Supreme Court at the top. Use the Internet to research this system, and create a chart or diagram that compares the powers of each level. For more information about making comparisons, read *Thinking Like a Historian*.

The New Economy

SS.8.A.3.12, MA.8.A.1.6

How did the economy develop under the guidance of Alexander Hamilton?

As president, Washington focused on foreign affairs and military matters. He rarely suggested new laws and almost always approved the bills that Congress passed. For the government's economic policies, the president depended on Alexander Hamilton, secretary of the treasury. Hamilton was in his early thirties when he took office, but he had bold plans and clear policies in mind.

Hamilton faced a difficult task. The federal and state governments had borrowed money to pay for the American Revolution. They now owed millions of dollars to other countries and to American citizens. As a result, the nation faced serious financial trouble. Hamilton tried to improve the government's finances and strengthen the nation at the same time.

Hamilton's Plan

The House of Representatives asked Hamilton to make a plan for the "adequate support of the public credit." This meant that the United States needed a way to borrow money for its government and economy. To be able to borrow in the future, the government had to prove it could pay back the money it already owed.

Hamilton proposed that the federal government take over and pay off the states' wartime debts. He argued that paying off the debt as a nation would build national credit and make it easier for the nation to borrow money. Hamilton also believed that federal payment of state debts would give the states a strong interest in the success of the national government.

The Plan Faces Opposition

Congress agreed to part of Hamilton's plan—to pay the money owed to other nations. However, Hamilton's plan to pay off the debt owed to American citizens caused protest.

When borrowing money from citizens during the American Revolution, the government issued **bonds**. These are notes that promise repayment of borrowed money in the future.

While waiting for repayment, many bond owners—shopkeepers, farmers, and soldiers—sold their bonds. They accepted less money than the bonds' stated value. Often, the buyers of these bonds were speculators, people who risk money in hopes of making a large profit in the future.

Now, Hamilton was proposing to pay off the old bonds at full value. This would make the speculators rich. The original bondholders would get nothing. Many people were upset by this idea. One newspaper said Hamilton's plan was "established at the expense of national justice, gratitude, and humanity."

Even stronger opposition came from the Southern states. These states had **accumulated**, or built up, much less debt than the Northern states. Several had already repaid their debts. Yet Hamilton wanted the entire nation to pay all the debt together. Southern states complained about having to help pay other states' debts.

Compromise and a Capital

To win support for his plan, Hamilton worked out a compromise with Southern leaders. If they voted for his plan to pay off the state debts, he would support locating the nation's capital in the South.

Congress ordered a special district to be laid out between Virginia and Maryland along the banks of the Potomac River. There, George Washington chose the site for the new capital city, later named Washington, D.C., in his honor. While workers prepared the new city, the nation's capital shifted from New York to Philadelphia.

The Fight for a National Bank

Hamilton also asked Congress to create a national bank—the Bank of the United States. The proposed bank would hold government funds and make debt payments. It would also issue a single form of money for use throughout the nation. At that time, different states and banks issued their own currencies. Having a national currency would make trade and all other financial actions much easier.

Madison and Jefferson opposed a national bank, believing it would help the wealthy. They argued that the Constitution did not give Congress the power to create a bank. Hamilton believed the Constitution indirectly gave Congress power to create a bank when it gave Congress power to collect taxes and borrow money. Washington agreed, and Congress created the national bank.

Tariffs and Taxes

Hamilton believed that the United States needed more manufacturing. He proposed high tariffs—taxes on imports. The tariffs would raise money for the government and protect American industries from foreign competition. The South had little industry and opposed such tariffs. Congress passed only low tariffs. Hamilton also called for national taxes to help the government pay the national debt. Congress approved several taxes, including a tax on whiskey made in the United States.

Hamilton's ideas created conflict. Jefferson and Madison worried that Hamilton was building a dangerously powerful government run by the wealthy. They began to organize opposition to Hamilton and the policies he favored.

Explaining Why did some people oppose Hamilton's plan to pay off government bonds?

LESSON 1 REVIEW

Review Vocabulary

1. Use the following two words in a sentence about the first Washington presidency. **a.** precedent **b.** cabinet

LA.8.1.6.1

a. precedent **b.** cabinet

2. Explain the significance of the word *bond* to this era of United States history.

LA.8.1.6.1

Answer the Guiding Questions

3. **Recalling** What decisions did Washington and the first Congress have to make about the new government?

SS.8.A.3.12

4. **Summarizing** How did the economy develop under the guidance of Alexander Hamilton?

SS.8.A.3.12

5. EXPOSITORY WRITING Why do you think George Washington's presidency was so important in the development of the young nation? Write a paragraph to explain.

SS.8.A.3.12