

Hamilton and National Finances

The Big Idea

Treasury secretary Alexander Hamilton developed a financial plan for the national government.

Main Ideas

- Hamilton tackled the problem of settling national and state debt.
- Thomas Jefferson opposed Hamilton's views on government and the economy.
- Hamilton created a national bank to strengthen the U.S. economy.

Main Idea 1: Hamilton tackled the problem of settling national and state debt.

- Treasury secretary _____ biggest challenge was paying off the **national** debt—money owed by the United States.
- The United States owed _____ million to foreign countries and _____ million to U.S. citizens who had purchased **bonds** from the government to help finance the war.
- Hamilton planned to pay foreign debt first, and all debt at full value.
- Some politicians, including _____, opposed the plan, but Hamilton went ahead with it.

States' Debts

- States owed \$25 million for _____ expenses.
- Hamilton wanted the _____ government to pay part of the states' debts to help the national economy.
- The _____ did not want the federal government to pay states' debts.
- Hamilton won the South's support by getting northern approval to move the national capital from Philadelphia to _____.

Main Idea 2: Thomas Jefferson opposed Hamilton's views on government and the economy.

Hamilton's Views

- Believed in a _____ central government
- Wanted a balance of power between the "mass of people" and wealthier citizens
- Wanted to promote _____, business, and industrialization.
- Wanted _____ on foreign goods to protect American manufacturers

Jefferson's Views

- Wanted to protect the _____ power
- Believed in the right of "the people" to rule the country
- Supported _____ and farmers
- Wanted _____ to keep costs low for goods farmers bought

Main Idea 3: Hamilton created a national bank to strengthen the U.S. economy.

- _____ wanted a national bank in which the government could safely deposit its money.

- The bank would also make loans to the government and businesses to promote industrialization.
- Hamilton knew that states' rights supporters would oppose his idea.
- He suggested limiting the bank to a twenty-year charter.

Bank's Opponents and Supporters

Opponents

- Jefferson and Madison said Hamilton's economic plans gave too much power to the _____ government and that the Constitution did not give Congress the power to create the bank.
- They favored a _____ view of the Constitution— the government should do only what the Constitution says it can do.

Supporters

- Hamilton believed in a _____ of the Constitution—the government can take actions the Constitution does not forbid.
- President _____ and Congress agreed with Hamilton that it would provide stability for the U.S. economy.
- _____ — the country's first national bank—was chartered in 1791.