**US History Lecture Notes**

*The First Two Party System*

The first two party system in the United States began around 1791 during George Washington's presidency and lasted until the 1816 presidential election following the War of 1812.

**Jefferson vs. Hamilton**

George Washington's cabinet (which included only four men) was dominated by Alexander Hamilton, the Secretary of the Treasury, and Thomas Jefferson, the Secretary of State. The differences between Jefferson and Hamilton regarding the powers of the central government, the proper interpretation of the Constitution, the economy, and foreign policy quickly degenerated into partisanship as other political leaders rallied around Jefferson and Hamilton. Hamilton favored a strong, active, and energetic central government, while Jefferson advocated for a limited federal government that would respect the rights of the states.  
  
John Adams sided with the Federalists in spite of some personal and political disagreements with Hamilton, while Jefferson was joined by his close friend, James Madison. Madison's alignment with Jefferson is significant because it represented an end to the political alliance between Madison and Hamilton that produced [*The Federalist*](https://en.wikipedia.org/wiki/The_Federalist_Papers)Papers. It's important to note here that the first two party system wasn't a simple continuation of the debate over the ratification of the Constitution between the Federalists and the Antifederalists, although there certainly were some correlations.  While nearly everyone who had opposed the ratification of the Constitution would have been gravitated toward Jefferson's party, there were those who, like Madison (the "Father of the Constitution), had advocated strongly for ratification, yet saw Hamilton's plans to strengthen the central government as exceeding the powers delegated by the Constitution.

**Federalists vs. [Jeffersonian] Republicans**

​Hamilton's party, which became known as the Federalist Party, retained the branding that Hamilton had used in his campaign to ratify the Constitution. The Jeffersonians began to refer to themselves as Republicans - a lowkey snub at the Hamiltonian Federalists. In calling themselves Republicans, members of Jefferson's faction claimed that theirs was the only party that favored a republican form of government. Jeffersonians frequently referred to their opponents as "monarchists" and "monocrats" who sought to overthrow the republican society that sprang from the American Revolution.  To Jefferson, Hamilton was a counter-revolutionary who sought to mold the young United States in the image of Europe.

It's important to distinguish Jefferson's Republican Party from the Republican Party that exists in the United States today. The present-day Republican Party was founded in the 1850s after the breakup of the [Second Party System](https://simple.wikipedia.org/wiki/Second_Party_System). In order to avoid confusion, historians have traditionally referred to Jefferson's party as the Jeffersonian Republican Party, although the "Democratic-Republican" terminology used by political scientists has lately become more common (in spite of its historical inaccuracy).

**Strong Central Government vs. States’ Rights**

The difference between the Federalists and the Republicans concerned the role of the central government. Although the Constitution was drafted and ratified in order to create a stronger central government than had existed under the Articles of Confederation, the Constitution still retained many features of federalism, which limited the power of the central government. In The Federalist Papers, Madison specifically reassured states' rights advocates that the Constitution would not destroy the power of state governments.

*The powers delegated by the proposed Constitution to the federal government are few and defined. Those which are to remain in the State governments are numerous and indefinite.*

*-- Federalist No. 45 (Madison)*

In order to get the Constitution ratified, Federalists had agreed to adopt a Bill of Rights that would protect the rights of the people and the states - the rights of the latter being specifically protected by the [Tenth Amendment](https://en.wikipedia.org/wiki/Tenth_Amendment_to_the_United_States_Constitution). Although Madison did not initially believe that a Bill of Rights was necessary, he guided the passage of these amendments through Congress. The Bill of Rights was a compromise with the Antifederalists that placed additional restrictions on the central government created by the Constitution.

While Madison appears to have been acting in good faith with every intention of respecting the spirit of the Bill of Rights, Alexander Hamilton - who presented a [plan](https://en.wikipedia.org/wiki/Constitutional_Convention_(United_States)#Hamilton.27s_plan) at the Constitutional Convention to completely do away with state sovereignty and argued in [Federalist No. 84](http://avalon.law.yale.edu/18th_century/fed84.asp) that a Bill of Rights was unnecessary - was determined to make sure that the central government had as much power as possible. This difference in approach was the source of the split between Hamilton and Madison in the 1790s.

**Strong Central Government vs. States’ Rights**

As is always apparent in politics, fear is a powerful motivator. The political positions of the Federalists and the Republicans largely started with their fears. The Federalists feared **anarchy**- complete chaos in the absence of organized central government.  Shays' Rebellion alarmed many elites, who saw in it the future of the United States without a strong central government.  This is reflected in the Constitution's empowerment of the federal government to "suppress insurrections" - a power not delegated to Congress under the Articles of Confederation.  For Federalists, a strong central government was the best guarantee against **mob rule**.

While Federalists feared anarchy, Jefferson and Madison were much more fearful of **tyranny**. During Shays' Rebellion, Jefferson wrote to Madison, "a little rebellion now and then is a good thing." Rationally, Jefferson did not see how one rebellion in a single state threatened the existence of the United States, but he feared that a strong central government could place the states at risk of having their rights stripped away as they had been at the outset of the American Revolution. "I am not a friend to a very energetic government," Jefferson wrote, "It is always oppressive." This view of government was behind all of Jefferson's efforts to keep the power of the central government as limited as possible, fearing oppression (which he had experienced) more than anarchy (which he had not experienced).

**Strict vs. Loose Construction of the Constitution**

In order to limit the power of the central government, Jefferson interpreted the Constitution as a **strict constructionist**. To Jefferson, the government only had the powers that were enumerated (specifically listed or numbered) in the Constitution. Hamilton, a **loose constructionist**, advocated for the doctrine of **implied powers**, claiming that by granting some powers to the central government in the Constitution, the Framers had implied a grant of other powers that will assist the government in executing the enumerated powers.

Hamilton's doctrine of implied powers was based on the **Elastic**("Necessary and Proper") **Clause**of the Constitution, which states that, "The Congress shall have Power... to make all Laws which shall be necessary and proper for carrying into Execution... all other Powers vested by this Constitution in the Government of the United States." Jefferson and Hamilton disagreed on the extent to which the Elastic Clause conferred powers to the central government beyond the enumerated powers.

**Constituents: The Support Bases of the Two Parties**

Every political movement in a society with representative government depends highly upon the constituencies being represented by each political faction. Hamilton and the Federalists drew their support largely from Northeastern coastal areas that were highly dependent on commerce. These were the same people who had advocated most strongly for a stronger central government that would have the power to control trade. The Northeast was also cultivating a manufacturing sector, which Hamilton sought to use the power of the central government to promote.

The Jeffersonians, on the other hand, represented traditional agricultural interests in the South and the West. These interests were doing just fine during the 1790s and only needed the government to stay out of the way in order to thrive. "Those who labour in the earth are the chosen people of God," Jefferson wrote in his [*Notes on the State of Virginia*](http://weebly-file/3/2/1/0/32100773/jefferson_on_manufactures_-_notes_on_the_state_of_virginia.pdf). Jefferson envisioned the United States as an agrarian republic inhabited by virtuous farmers who were spared the many vices of the unwashed masses in the cities of Europe. He believed that an agricultural economy was essential​ to the maintenance of a republican form of government.

**Economic Development vs. Laissez-Faire**

Alexander Hamilton believed that the future of the United States as a powerful nation depended on the development of a manufacturing sector on par with that of Britain. He believed that government would be an essential support for building a manufacturing sector that would make the United States an economic and military power. Jefferson, who saw no need for domestic manufacturing when the United States could trade for European manufactured goods, resisted Hamilton's plans to develop a manufacturing sector.

Jefferson advocated for a laissez-faire(let it be) approach by government toward economic involvement. His ideas were influenced not only by his devotion to agriculture, but also by the influence of Adam Smith's recently published book, [*Wealth of Nations*](https://en.wikipedia.org/wiki/The_Wealth_of_Nations), which advocated laissez-faire and free trade as the best paths to economic growth. Jefferson's "hands off" approach contrasted with Hamilton's "hands on" approach to government's role in the economy.

**The National Bank**

By far, the most famous disagreement between Jefferson and Hamilton was on the issue of the national bank. Hamilton believed that the establishment of a national bank was "necessary and proper" for helping the government to execute its enumerated powers in the financial sector, such as collecting taxes, borrowing money, and coining money.

Jefferson saw Hamilton's plan for a national bank as an unconstitutional seizure of power by the federal government. At no point does the Constitution ever explicitly authorize Congress to charter a bank. Jefferson also opposed the bank on economic grounds, as he believed that it would increase the central government's role in the economy and work for the benefit of commercial and manufacturing interests. He advised President George Washington to veto the bill that created the First Bank of the United States, but Washington ultimately went with Hamilton's advice on the matter.

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| **Hamilton** | **Jefferson** |
| “This general principle is inherent in the very definition of Government and essential to every step of the progress to be made... that Every power vested in a Government is in its nature sovereign, and includes by force of the term, a right to employ all the means requisite, and fairly applicable to the attainment of the ends of such power; and which are not precluded by restrictions and exceptions specified in the constitution, or not immoral, or not contrary to the essential ends of political society.” | It has been much urged that a bank will give great facility, or convenience in the collection of taxes. Suppose this were true: yet the constitution allows only the means which are "necessary" not those which are merely "convenient" for effecting the enumerated powers. If such a latitude of construction be allowed to this phrase as to give any non-enumerated power, it will go to every one, for [there] is no one which ingenuity may not torture into a convenience, in some way or other, to some one of so long a list of enumerated powers. |

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**Protective Tariff vs. Free Trade**

​In order to help with the establishment of a domestic manufacturing industry, Hamilton advocated for a tariff that was higher than what was necessary to fund the government, known as a **protective tariff**. A protective tariff would artificially increase the price of foreign manufactured goods in order to encourage Americans to buy more expensive products manufactured domestically, which would help with the growth of domestic manufacturing.

Jefferson opposed protective tariffs for both constitutional and economic reasons. Southern farmers who depended on foreign trade would find themselves paying more for the manufactured goods that they bought from Europe, so Jefferson's laissez-faire approach benefited them them most. In addition, the Constitution empowers the government to levy taxes in order to "pay the Debts and provide for the common Defense and general Welfare of the United States." Since the objective of a protective tariff meets none of these criteria, Jeffersonians believed that such a tariff was unconstitutional and that only **revenue tariffs** should be imposed by the central government. The constitutionality of protective tariffs would continue to be a divisive issue in the United States for decades, culminating in the [Nullification Crisis](https://en.wikipedia.org/wiki/Nullification_Crisis) following the Tariff of 1828.

**Federal Assumption of State War Debts**

One of Alexander Hamilton's goals was to build **public credit**. At the time the Constitution was ratified, the United States government had a massive debt that it was making little progress in repaying. Some states, such as Massachusetts, had similar debt problems as a result of the Revolutionary War. In order to effectively build public credit, Hamilton proposed that the federal government assume the war debts of the states.

Jefferson opposed Hamilton's plan to assume state debts because it would bind the states more closely together and strengthen the central government. Also, as a Virginian, he came from a state that had paid its war debts in full and would have to pay the war debts of other states under Hamilton's plan.

In what is known as the "Dinner Table Compromise" (or the [Compromise of 1790](https://en.wikipedia.org/wiki/Compromise_of_1790)), Hamilton got Jefferson and Madison to go along with his plan for the federal government to assume state war debts in return for a promise that the federal capital would be moved from New York (the financial center of the United States) to a site on the Potomac River that separated Virginia from Maryland. Jefferson and Madison believed that this would remove the government from the influence of the financial sector and that this would outweigh the impact of Hamilton's debt assumption plan, but today, the federal government can hardly be considered outside of the influence of New York's powerful financial sector.

**Foreign Policy: France vs. Britain**

Disagreements between Jefferson and Hamilton were not limited to domestic policy. When the French Revolution plunged Europe into a series of continental wars, Jefferson advocated that the United States should support the French Republic as a sister republican government. Jefferson believed that the very existence of the United States depended on European nations adopting republican governments. While Jefferson may not have condoned the excesses of the French Revolution, he found a violent revolution preferable to a continued state of absolute monarchy in France.

Hamilton and the Federalists did not share Jefferson's enthusiasm for the French Revolution, believing it to be a threat to the stability of Europe. Hamilton was an admirer of the British system of government and saw the French Republic as going far beyond that form of balanced government into something that could degenerate into mob rule.

Jefferson was disappointed when Washington issued his [Neutrality Proclamation](https://en.wikipedia.org/wiki/Proclamation_of_Neutrality) in response to the war between France and Britain. In spite of this disappointment, Jefferson would later come to appreciate what would become one of George Washington's most enduring presidential legacies and the centerpiece of his famous Farewell Address.

**The End of the First Two Party System**

The first two party system in the United States lasted through the War of 1812, after which Federalist leaders were branded in the popular mind as un-American due to their role in the ill-fated Hartford Convention. James Monroe's election as president ushered in a brief period of non-partisanship known as the "Era of Good Feelings."

*These lecture notes are also available on my website in a format that includes images:*

<http://www.tomrichey.net/blog/the-first-two-party-system-jefferson-vs-hamilton-apush-notes>