

# HAMILTON'S FINANCIAL PLAN FOCUSED ON 3 THINGS:

## 1.) Tariffs

Additional "tax"  
placed on  
Imported  
goods

Makes foreign  
goods more  
expensive,  
homemade  
goods cheaper

## 2.) Excise Tax

Additional "tax"  
placed on  
domestic  
goods, most  
notably  
whiskey

Same concept as  
a tariff but applies  
to only domestic  
goods.

## 3.) Establish national bank

Gives government a  
place to store money.  
Allows government to  
print money. Can  
issue loans make  
money on interest.  
Can raise money by  
selling bonds.

**But, not all people were supportive  
of the national banking system?**

**Why?**

Is it clearly stated in the Constitution that the United States government can create a national bank?

# There are **TWO** ways to read the Constitution!

## The Elastic Clause:

“Congress can make **all laws necessary** for the success of the country.”

### Strict Interpretation

- Government can only do what is clearly outlined in the Constitution
- Government powers are defined and limited
  - Thomas Jefferson

### Loose Interpretation

- Constitution has many “implied” powers
- There are powers that exist that aren’t mentioned
- Uses the Elastic Clause (Article 1, Sect 8) to justify ideas
  - Alexander Hamilton

# **Besides the constitutionality of the national bank, the plan still drew criticism...**

The plan proposed consolidating all state debt from the Revolutionary War into one national debt.

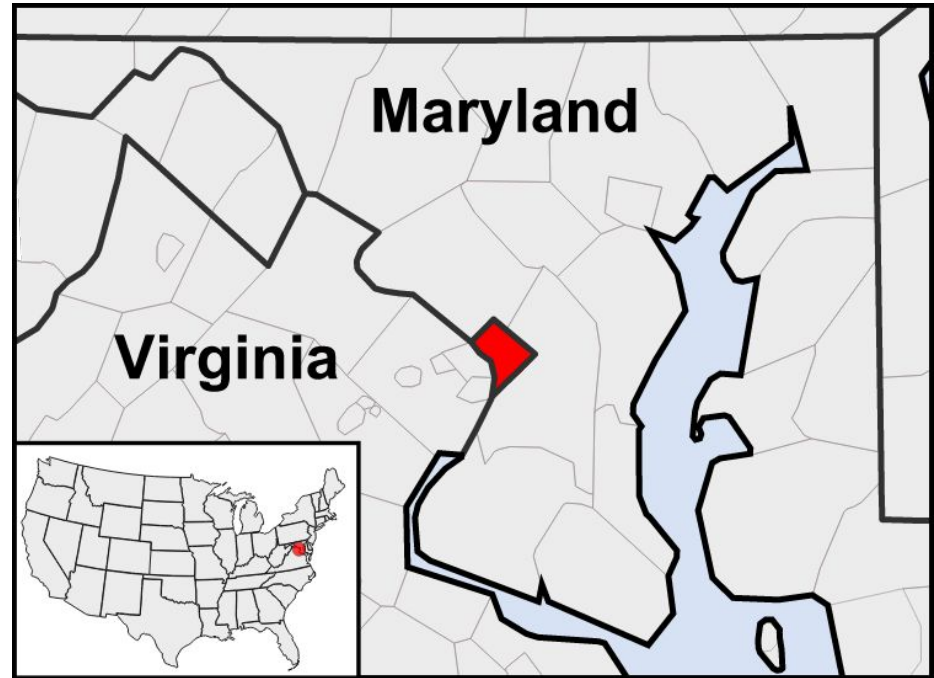
Southern states had already paid back their debts – they scoffed at the idea of giving northern states a free ride.

**It sounds like it's  
time for a  
compromise!**

# Hamilton's Financial Plan is accepted

in exchange for...

The nation's  
capital being  
moved to the  
south to  
Washington, D.C.  
(It does not  
belong to any  
state!)



# The first major crisis of Washington's Presidency is known as the Whiskey Rebellion.

This is also the first major test of the new Constitution.



Will the new government have enough power?

# The Whiskey Rebellion

**Farmer's in Pennsylvania are having trouble getting their corn to market in time before it spoils.**



**They turn corn into whiskey so it will not spoil, plus it brings more profit!**



# The Whiskey Rebellion

**Farmers rise up in protest**

**This whiskey is now  
subjected to tax  
under Hamilton's  
Financial Plan.**

**“Unfair taxation of a  
demographic.”**

**They turn violent –  
tarring and feathering  
and burning of tax  
collectors homes were  
common!**



# The Whiskey Rebellion

**Washington sends  
13,000 troops to stop  
the riots**

**He even personally leads  
the army!**

**Arrests 20 men, but all are  
pardoned**

**Shows the power of the new  
government and constitution**