

## Jefferson Opposes Hamilton

Hamilton and Jefferson did not cooperate for long. Instead, they began to disagree about how to define the authority of the central government. Hamilton believed in a strong federal government. Jefferson wanted to protect the powers of the states. Their conflict reflected basic differences in their opinions about democracy. Hamilton had little faith in the average individual. He once said that "the people . . . seldom judge or determine [decide] right."

### Differing Views

Hamilton wanted a strong central government that balanced power between the "mass of the people" and wealthier citizens. He believed that his approach would protect everyone's liberties while keeping the people from having too much power.

Jefferson disagreed strongly with Hamilton's views of the average citizen's ability to make decisions for the country. He admitted that "the people can not be all, and always, well informed." However, Jefferson believed that it was the right of the people to rule the country.

### Economic Differences

Hamilton and Jefferson also fought over how the country's economy should grow. Hamilton wanted new forms of economic growth. He wanted to promote manufacturing, business, and the future industrialization of the nation. Hamilton even suggested that

the government award a prize to companies that made excellent products.

In addition, Hamilton wanted to pass higher tariffs. Known as protective tariffs, these taxes would raise the prices of foreign products. Hamilton hoped this would cause Americans to buy U.S. goods. As a result, American manufacturing would be protected from foreign competition.

Jefferson worried about depending too much on business and manufacturing. He believed that farmers were the most independent voters. They did not depend on other people's work to make a living.

Jefferson wrote, "Our governments will remain virtuous [pure] for many centuries; as long as they are chiefly agricultural." Jefferson wanted to help farmers by keeping the costs of the goods they bought low. Lower tariffs would help keep prices low.

**READING CHECK** Summarizing What were the main differences between Hamilton and Jefferson concerning the power of the nation's government?

## National Debate

Hamilton's and Jefferson's differences became more and more public in early 1791. The two men had very different opinions about how the government should approach its economic problems.

### Hamilton's Plan for a National Bank

Hamilton wanted to start a national bank where the government could safely deposit its money. The bank would also make loans to the government and businesses to promote industrialization. Hamilton also thought that the United States should build a national mint, a place to make coins. Then the country could begin issuing its own money.

Hamilton knew that people who wanted to protect states' rights might have a strong reaction to the idea of a national bank, so he suggested limiting it to a 20-year charter. After that time Congress could decide whether to extend the charter. Hamilton also asked each state to start its own bank so the national bank would not have a monopoly.

U.S. Capitol in Washington, D.C.



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Primary Source

POINTS OF VIEW

Role of a Citizen

Alexander Hamilton thought that the average citizen had no interest in public affairs.

"We must take man as we find him, and if we expect him to serve the public, [we] must interest his passions in doing so. A reliance on pure patriotism has been the source of many of our errors."

-Alexander Hamilton

quoted in *Odd Destiny: The Life of Alexander Hamilton* by Marie B. Hecht

Thomas Jefferson believed that each citizen could work to better society.

"It is my principle that the will of the Majority should always prevail [win]. Above all things I hope the education of the common people will be attended to; [I am] convinced that on their good sense we may rely with the most security for the preservation of a due degree of liberty."

-Thomas Jefferson

from *Thomas Jefferson: A Biography in His Own Words*

ANALYSIS SKILL

ANALYZING POINTS OF VIEW

How did the views of Hamilton and Jefferson differ?

Jefferson Opposes the Bank

Both Jefferson and Madison believed that Hamilton's plans for the economy gave too much power to the federal government. They also thought the U.S. Constitution did not give Congress the power to create a bank. But Hamilton quoted the elastic clause, which states that Congress can "make all laws which shall be necessary and proper" to govern the nation.

Hamilton declared that the clause allowed the government to create a national bank. Hamilton believed in loose construction of the Constitution. **Loose construction** means that the federal government can take reasonable actions that the Constitution does not specifically forbid.

Jefferson thought that the elastic clause should be used only in special cases. He wrote to President Washington, "The Constitution allows only the means which are 'necessary,' not those which are merely 'convenient.'"

Jefferson believed in strict construction of the Constitution. People who favor **strict construction** think that the federal government should do only what the Constitution specifically says it can do.

President Washington and Congress agreed with Hamilton. They hoped a bank would offer stability for the U.S. economy. In February 1791 Congress enacted the charter for the **Bank of the United States**—the country's first national bank. The bank played an important role in making the U.S. economy more stable.

READING CHECK Drawing Conclusions

Why did Congress and the president agree to create a national bank?

**SUMMARY AND PREVIEW** Washington and Hamilton developed plans for paying the national debt. In the next section you will read about the U.S. neutrality policy.

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