

The roots of American Economic Growth



United States in the 1790s



- **FIRST NATIONAL CENSUS; EVERY 10 YEARS**
 - **RESULTS OF FIRST CENSUS; MOSTLY AGRARIAN**
 - **ABOUT 4 MILLION PEOPLE**
 - **ONLY 2 CITIES OF OVER 25,000 PEOPLE**
 - **HALF UNDER THE AGE OF 16**
 - **1/5 OF AFRICAN**
 - **3/5 OF BRITISH/EUROPEAN ORIGIN**
 - **MOST LIVE ON ATLANTIC COAST**
 - **ONLY 100 NEWSPAPERS, 3 BANKS, 3 INSURANCE COMPANIES**

The rise of the economy



- 1790S – 1800S:
 - EXPORTS: \$29 MILLION TO \$107 MILLION
 - COTTON: 3000 BALES TO 73,000
 - 11 MECHANIZED MILLS
- 17 COLLEGES AND ACADEMIES FOR WOMEN
- WHY DOES THE ECONOMY OF THE UNITED STATES EXPAND DURING THIS TIME
 - 1. EUROPEAN WARS OF THE COALITIONS
 - 2. AMERICAN FINANCIAL PROGRAM

The rise of the economy



- **1789 - 1791: FRENCH REVOLUTION OVERTHROWS ABSOLUTE MONARCHY**
- **1792: FRENCH REVOLUTION BECOMES MORE DEMOCRATIC AND RADICALIZED**
- **1792 - 1815: WAR OF THE COALITIONS LED BY GREAT BRITAIN AGAINST FRENCH REVOLUTION**
- **COMMERCIAL TRADE WITH FRANCE EXPANDS**

Implementing the Constitution



- **CREATE MACHINERY OF GOVERNMENT**
 - **CONGRESS CREATES:**
- **EXECUTIVE BRANCH OF GOVERNMENT**
- **DEPARTMENTS OF STATE, TREASURY & WAR**
 - **JUDICIARY ACT OF 1789**
- **BILL OF RIGHTS AS AMENDMENTS TO CONSTITUTION**
 - **10TH AMENDMENT**

Establishing the National Executive



- WASHINGTON SETS TONE FOR PRESIDENCY
- CABINET FASHIONED ALONG LINES OF A GENERAL'S STAFF, NOT BRITISH CABINET MODEL WHERE CONSTITUTIONAL MONARCH DELEGATES RESPONSIBILITY
- PRESIDENT CAN DISMISS PRESIDENTIAL APPOINTEES WITHOUT SENATE APPROVAL
- PRESIDENT NEGOTIATES TREATIES FIRST AND THEN SENDS THEM TO SENATE FOR APPROVAL
- JEFFERSON AS SECRETARY OF STATE AND ALEXANDER HAMILTON AS SECRETARY OF TREASURY

Hamilton's financial program



- **HAMILTON HAS OPPORTUNITY TO CREATE A STRONG FINANCIAL SYSTEM**
- **STABILITY DEPENDS ON ALLIANCE BETWEEN GOVERNMENT & CITIZENS OF WEALTH AND INFLUENCE**
- **1. GOVERNMENT WILL ASSUME ENTIRE DEBT OF GOVERNMENT AND STATES, BOTH PRINCIPAL AND INTEREST**
- **COMPROMISE: FOR SOUTHERN SUPPORT OF THIS PLAN THE FUTURE NATIONAL CAPITAL WILL BE BUILT ON THE BANKS OF THE POTOMAC RIVER, THE BORDER BETWEEN THE SOUTHERN STATES OF VIRGINIA AND MARYLAND**

Hamilton's financial program



- AMERICAN WILLINGNESS TO HONOR DEBT LEADS TO EUROPEAN INVESTMENT IN THE NATION
- BANK OF THE UNITED STATES OF AMERICA
- “STRICT CONSTRUCTION” OF CONSTITUTION- THOMAS JEFFERSON
 - “IMPLIED POWERS” OF CONSTITUTION- ALEXANDER HAMILTON
 - BANK OF UNITED STATES A SUCCESS; REGULATES CURRENCY, RESERVE OF CAPITAL ON WHICH GOVERNMENT AND PRIVATE INVESTORS CAN DRAW

Hamilton's financial program



- **THIRD PLANK OF FINANCIAL PROGRAM:
PROVIDE ASSISTANCE TO NATION'S INDUSTRIES**
 - **HIGH TARIFFS**
 - **GOVERNMENT BOUNTIES AND SUBSIDIES**
 - **INTERNAL TRANSPORTATION**

- **PROPOSALS ARE SEVERELY RESTRICTED**

Disengagement & retrenchment



BEFORE 1790 BOTH NORTHERN AND SOUTHERN
COLONIES WERE DEEPLY IMPLICATED IN THE
INSTITUTION OF SLAVERY

NORTHERN STATES WERE BEGINNING TO DISENGAGE
FROM DIRECT PARTICIPATION; NORTHERN FINANCIAL
CENTERS REMAIN INVOLVED

SOUTHERN STATES CONTINUE TO DEPEND ON
ENSLAVED LABOR TO PRODUCE TOBACCO, RICE,
INDIGO AND COTTON

Disengagement & retrenchment



JEFFERSON' ARGUMENT FOR A 'NATION OF FARMERS'
IS INTENDED TO DEFEND INSTITUTION OF SLAVERY

INCREASINGLY, SUPPORTERS OF HAMILTON AND
JEFFERSON BEGIN TO DISAGREE ABOUT
INTERPRETATIONS OF THE CONSTITUTION AND THE
ECONOMIC FUTURE OF THE COUNTRY