

## THE NEW GOVERNMENT BEGINS (1789 - 1800) – LESSON 5

**Objective:** To examine the formation of the national bank, the tariff proposal, and the Whiskey Rebellion.

**Do Now:** Why were most Southerners against Alexander Hamilton's economic plan?

- 1) Most Southern states had already paid their debts.
- 2) When bondholders were paid back, it benefited Northern speculators at the expense of Southerners.

### Strengthening the Economy

- At the request of Alexander Hamilton, Congress passed a bill in 1791 setting up a national banking system.
- The Bank of the U.S. was able to:
  - print paper money
  - use paper money to pay its bills
  - make loans to farmers and businesses

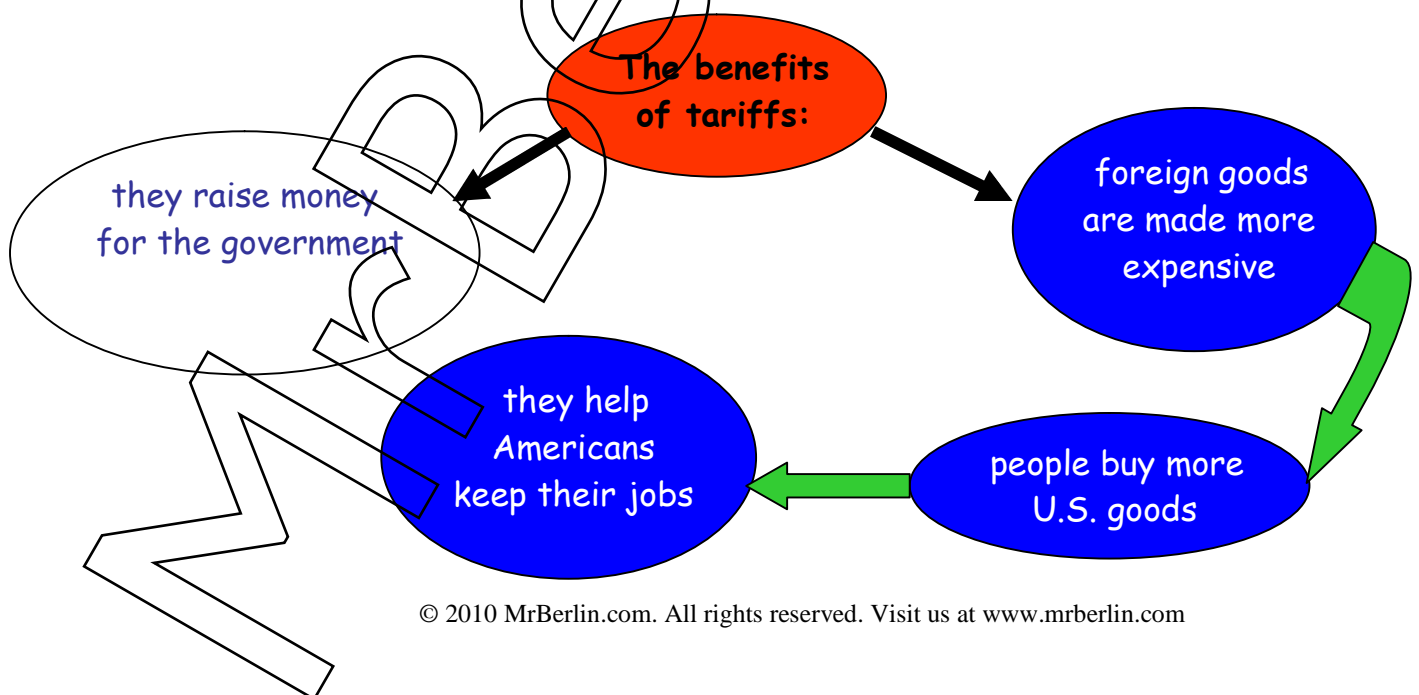


*First Bank of the United States,  
Philadelphia, PA*

### Tariff Proposal

- Hamilton proposed that Congress pass a tariff on all imported goods.

**Tariff** – tax on imported goods



## Whiskey Rebellion

- In 1791, Congress taxed all liquor made and sold in the U.S.
- Thousands of farmers rebelled against the tax.
- Pres. Washington sent about 13,000 members of state militias to restore order.



*A tax collector is tarred and feathered by a group of anti-tax frontiersmen during the Whiskey Rebellion.*



\* The Whiskey Rebellion proved to Americans that the new government would act firmly in times of crisis.

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*"...if the laws are to be so trampled upon with impunity, and a minority...is to dictate to the majority, there is an end put at one stroke to republican government...for some other man or society may dislike another law and oppose it with equal propriety until all laws are prostrate, and everyone will carve for himself."*

[- George Washington's observation about the Whiskey Rebellion](#)