Process Paper

This year’s NHD theme, Debate and Diplomacy, brought to my mind the early years of the American republic, a tumultuous time when a select group of American patriots, whom we now call the Founding Fathers, wrestled with weighty questions over the future of the fledgling nation. In the midst of these debates, Alexander Hamilton and Thomas Jefferson emerged as leaders of the opposing political factions and symbols of a conflict of ideas, pursuing contrasting economic and diplomatic policies needed to promote the country’s prosperity and essential to its national security. While Hamilton advocated for a strong executive and an expansive economy, Jefferson envisioned a nation led by a limited government with an agrarian-based economy. I pursued their debate as my topic because of its clear relationship to this year's theme. Furthermore, witnessing the ever-growing political division between the modern-day Democrats and Republicans, I wanted to know more and understand the origin of the American political party system.

A starting point for my research was John Ferling’s book, *Jefferson and Hamilton–The Rivalry That Forged a Nation*, which walked me through their respective upbringings. It helped me understand how their life experiences shaped their viewpoints, yielding opposite ideologies regarding the nation’s economic and political trajectory. To compare and contrast their arguments, I sifted through their writings such as *The Papers of Alexander Hamilton* and *The Papers of Thomas Jefferson* from the Rotunda Library Collection at the University of Virginia and the National Archives. Of primary importance was Hamilton and Jefferson’s correspondence with President George Washington and James Madison, where they passionately argued their points of view. I researched how their debate impacted public opinion and consequently spurred
partisanship in society, in newspaper articles published at the time in the *National Gazette* and the *Gazette of the United States* from the Library of Congress database. To understand young America as a newly independent nation surrounded by European powers, I searched for information in historical works such as the *History of England* written by Oliver Goldsmith, *The History of French Revolution* by Marie Adolphe Thiers, and in primary accounts such as George Washington’s biographies written by David Ramsay and John Marshall. After drafting an outline, I assembled my paper and worked through multiple drafts in an arduous selection process, trying to incorporate pro and con arguments that would support my thesis.

The political confrontation between Alexander Hamilton and Thomas Jefferson was a debate that touched every aspect of the new American republic. As a consequence, it engendered the two-party system that has been the staple of American politics ever since. Instrumental in shaping the American nation, their debates and the resulting resolutions of these conflicts yielded an intrinsic duality within the American system of governance where Jeffersonian democratic idealism intertwined with Hamiltonian economic nationalism to produce a society where both freedom and stability coexist. In a contentious era, teeming with possibilities for failure, they succeeded to build the framework upon which the young nation emerged as a global economic and financial power.
During the formative years of the American republic, Alexander Hamilton and Thomas Jefferson, President George Washington's most influential advisers, debated how best to achieve economic sovereignty, national unity and security while pursuing a strategic diplomatic policy consistent with constitutional principles. On one side of the argument, Hamilton advocated for a vigorous central government marked by a strong executive and a liberal reading of the Constitution. A polar opposite, Jefferson argued for a system that devolved power to the states, favoring a literal constructionist approach to the Constitution. Their contrasting political philosophies on domestic and foreign policy matters were consequential in spawning the two-party system under which the United States operates today, setting the foundations of American political tradition and forging the fundamental ideologies by which the United States emerged as a global power. Their debate still largely defines American political discourse.

Alexander Hamilton and Thomas Jefferson came from vastly different backgrounds. Born in the British West Indies, Hamilton exemplified the self-made man archetype. His journey from impoverished immigrant to George Washington’s cabinet told a gripping personal story. As a 14-year old clerk at a St. Croix trading company, he sought a “Napoleonic kind of adventuredom.”¹ The Revolutionary War found him as aide-de-camp to General Washington, where he witnessed first-hand the results of a weak central government as the starving Continental Army begged the states for assistance.² This experience fostered his advocacy for a strong executive and his disdain for a state-based confederation, an argument which he

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articulated at the Constitutional Convention in 1787. Liberty must be steadied with “authority,” he averred, or the result would be “anarchy.” It was a fatal mistake to vest sovereignty in parochial states rather than in a federal government empowered to oversee the economy and the expansion of a continental empire. As an immigrant to New York, with no allegiance to a particular state, Hamilton urged Americans to “think continentally,” as a people.

Informed by his upbringing as the son of a wealthy slaveholding planter in agrarian Virginia, Jefferson envisaged a republic resting on the yeoman farmers, who would keep “alive that sacred fire” of personal liberty, the key to the success of the American republic. However, his vision for an egalitarian, self-sufficient agrarian society neglected the underlying reality of large slave plantations in the South. “I am not a friend to a very energetic government,” he proclaimed, believing that its results were “always oppressive.” Jefferson extolled states’ rights as a bulwark of liberty to such an extent that when he spoke about his “country,” he was referring to Virginia. Although serving as a diplomat in France during the Constitutional Convention, where he helped Marquis de Lafayette craft the Declaration of the Rights of Man and the Citizen, Jefferson convinced James Madison that it would be a failure to omit adding to the

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Constitution a Bill of Rights. It was “what the people are entitled to against every
government,” argued the artisan of the Declaration of Independence.

“We were daily pitted in the cabinet like two cocks.”

Hamilton and Jefferson’s dispute ignited in 1789 when they took the highest posts in
President Washington's cabinet: Hamilton as the first Treasury Secretary, Jefferson as the first
Secretary of State (Appendix A). A financial genius with eclectic knowledge, Hamilton readied
a set of fiscal policies designed to shore up America’s economy and its creditworthiness. On
January 14, 1790, he presented his Report on Public Credit (Appendix B), urging Congress to
fund the staggering national debt at par, via new bond issues and excise taxes, and to assume the
debts incurred by the states during the Revolutionary War. The nation’s security depended on
its ability to fund unforeseen dangers, he opined, when “there will be a necessity for borrowing
[...] upon good terms,” hence “the credit of a nation should be well established.” Jefferson
strongly disagreed. Funding the domestic debt at face value discriminated against the original
IOU holders, mostly farmers and veterans, who had sold their bonds at low prices to
unscrupulous buyers. It was a funding scheme to enrich the elite, even members of Congress, a
“speculating phalanx,” who could vote in their own self-interest. To Hamilton, any attempt to

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10 Jefferson to Madison, December 20, 1787.
14 Ibid.
discriminate between its original and present holders would be unjust — only by paying the debts in full would the new government assure future creditors of its solvency. While his plan was welcomed in the states burdened by heavy debts, such as Massachusetts, it was unpopular in southern states, notably Virginia, which had already retired what it owed.\footnote{“Assumption of the State Debts, [22 April] 1790,” \textit{Founders Online}, National Archives, https://founders.archives.gov/documents/Madison/01-13-02-0117.} Senator William Maclay of Pennsylvania denounced the funding as a “villainous business.”\footnote{William Maclay, \textit{Maclay’s Journal- Journal of William Maclay, United States Senator from Pennsylvania 1789-1791} (Library of Congress), 178, https://memory.loc.gov/ammem/amlaw/lwmj.html.} James Madison, Hamilton’s erstwhile collaborator in penning the \textit{Federalist Papers} but, like Jefferson, a member of the Virginia plantation world, rejected it.\footnote{James Madison, “Discrimination Between Present and Original Holders of the Public Debt,” February 11, 1790, \textit{Founders Online}, National Archives, https://founders.archives.gov/documents/Madison/01-13-02-0030.} The plan would be unfavorable to the states, he thought, most importantly, to his home state. “Congress has been much divided,”\footnote{Thomas Jefferson to David Howell, June 23, 1790, in \textit{The Papers of Thomas Jefferson Digital Edition}, ed. James P. McClure and J. Jefferson Looney (Charlottesville: University of Virginia Press, Rotunda, 2008–2022), https://rotunda.upress.virginia.edu/founders/TSJN-01-16-02-0323.} Jefferson remarked, as Northern and Southern representatives became embroiled in debate. It foreshadowed the split between North and South in Congress, where political views increasingly dovetailed with geographic interests and two parties were beginning to take shape. In the end, Congress enacted the Assumption bill. Hamilton’s plan had an electrifying effect. The rising prices of government securities were a stunning affirmation of confidence in the new government. America’s credit was restored, ensuring the nation’s economic stability.\footnote{Scylla, Richard, and Douglas Irwin, \textit{Founding Choices: American Economic Policy in the 1790s} (Chicago: The University of Chicago Press, 2011), 71.}

When Hamilton unveiled the next move in his master financial plan, unbridled partisanship developed. On December 13, 1790, Hamilton proposed that Congress charter a National Bank to act as the government’s fiscal agent\footnote{Alexander Hamilton, \textit{Alexander Hamilton Papers: Speeches and Writings File, 1791; Feb. 23, “Report on the Constitutionality of a National Bank,”} 1791, Library of Congress, https://www.loc.gov/item/mss24612179/} and provide a sound and stable national
currency, much needed since the days of “not worth a Continental.” Hamilton’s true lodestar in
currency much needed in public finance was Britain. He modeled the National Bank after the Bank of England, which
Parliament had founded in 1694. Great Britain thus funded its public debts and consequently
ascended as a global commercial empire. To Hamilton, America needed to emulate Britain’s
formulas for success. His plan sparked a jarring debate in Congress. While congressmen north of
the Potomac stood square behind Hamilton, agrarian Jeffersonians regarded banks as a
frightening step toward centralizing national authority, a system designed to undermine the
republican principles, consolidating northern financial hegemony over southern interests.
Furthermore, according to Madison, the Bank “was condemned by the silence of the
Constitution.” Jefferson was aghast, blasting the Bank as unconstitutional, a mighty “engine in
the hands of the Executive.”
Abiding by the Tenth Amendment, he declared that taking a
“single step beyond the boundaries drawn around the powers of Congress, is to take possession
of a boundless field of power.” More so, it was a “convenience,” not “necessary-and-proper.”
In rebuttal, Hamilton invoked the elastic clause of the Constitution, which granted Congress
implied powers. Without them, America would be “a political society without sovereignty, a

27 James Madison, “The Bank Bill Under Consideration.” *Gazette of the United States*, February 23, 1791, https://www.loc.gov/resource/sn83030483/1791-02-23/ed-1/?sp=1&r=0.229,0.196,0.833,0.408,0.
30 U.S. Const., art. 1, § 8, cl.18.
people governed without government.”  

Sure that the President would veto the legislation,  

Jefferson was stunned on February 25, 1791, when Washington signed the bill into law, setting a precedent for an expansive interpretation of the federal government’s authority. The Bank succeeded in fueling economic growth, facilitated trade and, furthermore, helped fund the country’s westward expansion.  

The National Bank’s legal claim to existence was cemented into jurisprudence with the landmark 1819 McCulloch v. Maryland case. The Supreme Court, in an unanimous opinion by Chief Justice John Marshall that echoed Hamilton’s words, ruled that chartering a bank was an implied power of the Constitution. Nonetheless, President Andrew Jackson struck it down in 1832. Throughout the 19th century, the Bank of the United States, championed by economic nationalists such as Henry Clay and Abraham Lincoln, continued to fuel dissent. The National Bank would return with the Federal Reserve Act of 1913 under President Wilson’s administration.

“It is our true policy to steer clear of permanent alliance with the foreign world”

The field of their political discourse shifted from domestic to foreign policy in 1793, when France declared war on Britain, precipitating their last major debate as members of Washington’s cabinet. To Hamilton, there was “no resemblance between the cause of America &

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34 McCulloch v. Maryland, 17 U.S. 316 (1819).

the cause of France.”  

While the French struggle for liberty was a bloody affair, governed by utopian thinking, the American Revolution had been conducted with “a spirit of justice and humanity.”  

Furthermore, he feared that chaos in France would inspire radical change in America. In contrast, the violent events in France had not quelled Jefferson’s enthusiasm for “so beautiful a revolution.”  

Liberty, after all, was worth “a little innocent blood.”

Young America was now in a conundrum: taking one side would be economically ruinous and would consequently sever diplomatic relationships with the other side. Alarmed by the radicalism of the French Revolution and convinced that America’s security and economic growth demanded friendship with Britain, Hamilton favored an immediate declaration of neutrality, questioning the validity of the 1778 Treaty of Amity with France, made with a now-deposed monarch.  

Jefferson wanted to stall the Neutrality Proclamation, perhaps seeing an opportunity to extract concessions from England, which had yet to relinquish its forts in the Northwest Territory or sign a trade agreement as stipulated in the 1783 Treaty of Paris.  

Seizing on the popular enthusiasm for revolutionary France, Jefferson persuaded Washington to preserve the treaty with France and squelched Hamilton’s efforts to declare the Franco-American alliance

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43 Ibid.
null and void. After days of heated rhetoric, the Cabinet agreed on a neutrality policy that construed American obligations under the French alliance as narrowly as possible.

On April 22, 1793, Washington issued the Neutrality Proclamation, declaring that the United States would “pursue a conduct impartial toward the belligerent powers” (Appendix D). It set a vital precedent for a proudly independent America, which shielded itself against European entanglements, yet ignited a firestorm of criticism. It was a “royal prerogative” on the part of the Executive to declare war or make treaties without consulting Congress. Not a silent spectator of the events, Hamilton defended the constitutionality of the Proclamation in seven essays printed under the pseudonym Pacificus in the Gazette of the United States. The Neutrality Proclamation neither declared war nor made a treaty, hence was constitutional, he argued. Moreover, Hamilton’s pragmatism informed his foreign-policy views – it was not in America’s interest to support France against Britain. The Proclamation was, in fact, an act of prudential statecraft, rather than a betrayal of republican principles. As a strict constructionist, Jefferson argued that the full authority over foreign policy should rest with Congress, not the president. He prodded Madison to write the Helvidius rebuttal letters, denouncing the infringement upon the legislature’s power. A full-fledged debate engulfed the country as supporters of France, organized in newly Democratic-Republican societies, assailed the

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“anglicized” Washington administration. With a growing partisan divide, the outlines of the political parties began to take form.

“We are all Federalists, we are all Republicans”

With uncanny foresight, Washington warned in his Farewell Address that the most serious threat to the nation would come from disunity within the country, from “baneful effects of the spirit of the party” kindling animosity, yet the line was drawn. On one side were Hamilton’s pro-British urban Federalists, aristocrats and ‘old tories.’ On the other were Jefferson’s Francophile Republicans comprising “tradesmen, mechanics, and farmers.”

Dropping the judicial language of a diplomat, Jefferson penned a blistering letter to Washington, accusing Hamilton and his “corrupt squadron” of the “incalculable evil” of breaking the union by changing the government into a monarchy. “None but madmen” could envision it, Hamilton responded.

However, the fiscal bills, while successes for Hamilton, marked an ominous division in Congress, where an invisible line hinted at a North-South schism. Fisher Ames, the representative from Massachusetts, astutely observed: “the embryos of faction, which the Constitution did not destroy, [...] made two parties.” Their opposing views were staunchly

debated in the press. Published by John Fenno, the Federalist *Gazette of the United States*, “a paper disseminating the doctrines of monarchy” according to Jefferson, was pitted against Philip Freneau’s *National Gazette*, which hailed Jefferson as an illustrious defender of liberty. Their partisan message succeeded in framing the debate over Hamilton’s economic plans in terms of republicanism versus aristocracy, with Washington’s administration as a force for the latter. Despite their clashing opinions, Hamilton helped install his longtime foe as President in 1801, as “a man of fair character” and a “lover of liberty,” while Jefferson diplomatically recognized that they were able “to form an opinion acceptable to the whole.” Although enticed by the British example, Hamilton was, in fact, “a singular character, disinterested and honorable.” And when the time was right, it was Jefferson who expanded the executive authority by acquiring Louisiana.

“We made the experiment; and the fruit is before us.”

Hamilton and Jefferson’s opposing views on the role of the federal government, its fiscal blueprint, and a diplomatic policy shaped by the principles of the Constitution rather than driven by foreign alliances threaded throughout American history like “twin strands of DNA.” Their contrasting influences ebbed and flowed within one presidential administration after another. During the Civil War, when Jefferson’s reputation as a former slave owner plummeted, the

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60 Jefferson to Jones, March 5, 1810.
federal government emerged as the guarantor of personal liberties, passing the 13th, 14th, and 15th Amendments to limit state powers. The Pacific Railroad and Homestead Acts, signed by Lincoln, used the government’s power to settle the West. At the turn of the century, the Progressives under Theodore Roosevelt extolled Hamiltonian “constructive statesmanship,” yet understood that the government had to remedy the inequities ushered in by industrialization through federal regulation. The ensuing debate over handling trusts between Theodore Roosevelt and Woodrow Wilson, the New Nationalism versus the New Freedom, evoked Hamilton and Jefferson’s partisanship. Furthermore, it flamed during the New Deal, when President Franklin Roosevelt decried Hamiltonians as the moneyed class, exponents of Wall Street dominion, yet expanded the role of the federal government by enacting the Social Security Act and a host of stimulus programs to boost the economy. Jefferson’s spirit helped inspire the reform, but Hamiltonian methods accomplished it. The Civil Rights Era flipped the tables again and Jefferson’s credibility declined. It was further eclipsed by the ascent of Hamilton’s reputation in the late twentieth century, when Hamilton was championed as the financial wizard responsible for America’s status as the greatest industrial power and the global center of finance.

Conclusion

Hamilton and Jefferson’s competing views on the shape of the new American republic—its government, economy, and diplomacy—sparked a bitter debate which hastened the creation of America’s first party system. Each vied to steer the fledgling nation on a path to success by

securing its economy and pursuing a foreign policy which best suited national interest. The strong central government, America’s system of finance, and the expansive economy are Hamilton’s legacy. America’s ideals of democracy and liberty were bequeathed to succeeding generations by Jefferson. They left individual contributions, but their constructive political debate and their willingness to compromise facilitated a synthesis of ideas that laid the framework for America’s growth from a young republic to a world power. Enduringly relevant, the issues that divided the two Founders have persisted from generation to generation and are still debated today.
This sketch shows President George Washington in an interior setting consulting with his two principal cabinet advisors, Thomas Jefferson and Alexander Hamilton (standing).

This image is the title page of Hamilton’s forty thousand word Report on Public Credit, the first accurate reckoning of America’s debt, which totaled $79 million. The federal debt amounted to $52 million, with $11.6 million owed to foreign nations and the rest to IOU holders, mostly soldiers and farmers who supported the Revolution. The states debt amounted to $25 million.

Appendix C

The building that housed The First Bank of the United States was an example of neo-classical architecture emulating Greece and Rome and alluding to the ancient republican ideals that the new nation espoused. The bank opened for business in Philadelphia on December 12, 1791, with a twenty-year charter. When the bank subscriptions went on sale on July 4, 1791, the largest initial public offering (IPO) in the country to date, they sold in a few hours, demonstrating investors’ confidence in the new funding system.

On April 22, 1793, President George Washington promulgated his Proclamation of Neutrality, which was published as a broadside in newspapers. It affirmed the impartiality of the United States in the European-wide war, established a constitutional precedent in the exertion of executive authority in foreign policy matters, and ignited partisan passions that were formative to the creation of political parties.

Annotated Bibliography

Primary Sources

Books

Goldsmith, Oliver. *Pinnock’s Improved Edition of Dr. Goldsmith’s History of England, from the Invasion of Julius Caesar to the Death of George II with a continuation to the present time*. Boston: Chester Stebbins, 1814.

This book provided background information regarding the debates that ensued in 1782 between the British Parliament members voting on the motion to end the war with America, as the French had openly thrown their support behind the American revolutionaries. It was interesting to note that the author regarded the American Revolution as the precipitating factor to the French Revolution, reasoning that the French soldiers imbibed the principles of their allies and diffused them over the country on their return home.


Jefferson collected his private notes in a scrapbook in 1818, published later as *ANAS*, where he referenced Hamilton not only as an avowed monarchist, but backing a monarchy scaffolded on corruption. Greatly disturbed by the heavy speculation in government loan certificates, Jefferson expressed no doubt that the holders of government securities had been cheated by Hamilton’s plan. His notes gave me an insight into his argument that Hamilton’s system lured the citizenry into financial gambling.


Jefferson foresaw America as an agrarian idyll, a promised land of virtuous, republican property-owning farmers (yeomans) with little need of a powerful centralized government. Although a slaveholder, he thought that agriculture was egalitarian. This book showed me his belief that America would succeed as a rural democracy.


I came across this book while researching the meaning of “not worth a Continental.”
Ramsay explained the steady depreciation of the paper dollar, the Continental currency, after the Continental Congress authorized in 1775 printing of millions of dollars, leading to inflation.


A contemporary of President Washington, Ramsay documented Washington’s thoughtful Cabinet selection, nominating Colonel Hamilton as the Secretary of Treasury and Thomas Jefferson as the Secretary of State, as well as Henry Knox as Secretary of War and Edmund Randolph as Attorney General.


William Maclay suspected that congressmen were speculating in government securities and feared the corruption of legislators. His notes gave me an understanding of the arguments raised by Hamilton’s naysayers.


Chief Justice John Marshall traced the genesis of American political parties to the rancorous debate over the Bank of the United States, providing a first account of the dispute. It was important for my research to note his opinion as a contemporary writer.


In one of the earliest histories of the revolutionary period, Mercy Otis Warren, a correspondent and advisor to many political leaders, including Thomas Jefferson, and George Washington wrote about the nation’s founding from a Jeffersonian Republican perspective, pointing out the division between yeomanry, the true torchbearers of the republican principles, and the speculators supporting a fiscal plan to benefit the aristocratic class, with Alexander Hamilton as the prime-mover of such beliefs. She also conveyed the Anti-Federalist general impression that Washington was under the influence of military favorites, namely Hamilton.
Government Documents


Hamilton’s funding plan sparked a rancorous debate in Congress, unveiling latent divisions between North and South. States like Massachusetts struggled with heavy debts and were glad to be relieved by the central government, while Virginia and North Carolina, which had settled most of their debts, saw no reason to help. This document highlighted however Hamilton’s argument that the debt had been generated by the Revolution and all Americans had equally benefited from it therefore they should assume collective responsibility.


From his distant post as a minister to France, Jefferson prodded James Madison to include a bill of rights to the Constitution, which would guarantee “freedom of religion, freedom of the press, protection against standing armies, restriction against monopolies, and trials by jury.”


President Washington summoned his Cabinet members for a meeting on April 18, 1793, asking whether to issue a proclamation declaring American neutrality in view of the outbreak of war between France and Great Britain. While Hamilton favored a clear proclamation of neutrality, Jefferson preferred to reserve neutrality as a bargaining tool when dealing with foreign powers. This document allowed me to see Jefferson’s argument that delaying a formal proclamation of the nation’s neutral status would force Great Britain and France to make significant concessions to the United States.


Inspired by the American Declaration of Independence in 1776 and the spirit of the Enlightenment, the Declaration of the Rights of Man and of the Citizen of 1789 marked the beginning of a new political era in France. In July 1789, Marquis de Lafayette
presented the newly-formed "National Assembly" with the Declaration of the Rights of Man and of the Citizen, a document that he had crafted with the help of his friend, Thomas Jefferson. Ratified on October 5, 1789 by Louis XVI under pressure from the Assembly, it served as a preamble to the first Constitution of the French Revolution in 1791.


Hamilton’s *Report on Public Credit* gave me an understanding of the nation’s financial situation in 1789. Most of the domestic debt was owed to farmers and veterans, who had been paid in IOUs and war bonds, yet some of them had sold their certificates to speculators at reduced rates. Advocating for full federal payment at face value and for reimbursing the current holders of the security at its purchase price, Hamilton argued that governments should honor their debts because contracts formed the basis of public and private morality.


Hamilton submitted his report on December 14, 1790, sparking a debate that Thomas Jefferson, backed by James Madison, sought to resolve through proper constitutional interpretation. It was crucial evidence for my research, detailing Hamilton’s blueprint for an institution which would serve as the federal government’s sole fiscal agent, collecting tax revenues, securing the government’s funds, making loans to the government, and paying the government’s bills.


Hamilton made a powerful case in his Report on Manufacturers for the government promotion of manufacturing and industrialization of the United States. Anticipating opposition from Thomas Jefferson, Hamilton opened the report by attacking the then influential French doctrine that agriculture is the ultimate source of all wealth.


In his first inaugural address, Jefferson delivered a well crafted argument for a wise and frugal government, which would respect individual freedoms. Speaking to a nation embroiled in partisan struggles, he memorably outlined his vision for a nation unified in common conviction, animated not by party ambitions, but by republican principles. I used an excerpt from his speech in my paper.
Hamilton’s funding plan brought state loyalties to the surface. To Hamilton’s surprise, his former collaborator, Virginian James Madison, made common cause with Jefferson and rejected the funding plan in a speech on February 11, 1790. This document showed me Madison’s argument that the assumption punished Virginia and other states that had duly settled their debts.

Treaty of Alliance with France; 2/6/1778; Perfected Treaties, 1778 - 1945; General Records of the United States Government, Record Group 11; National Archives Building, Washington, DC.

This document detailed the stipulations of the treaty with France. As part of the alliance neither party could conclude a peace with Great Britain without the formal consent of the other. According to this first military treaty of the new nation, the United States agreed to provide a defensive alliance to aid France should England attack.


Signed on September 3, 1783, the Treaty officially ended the American Revolution and recognized the United States as an independent nation. This document explained the key provisions of the Treaty, which defined the boundaries of the United States and called for the British surrender of all posts within U.S. territory. However, in defiance of the peace treaty, Britain retained the chain of northern frontier posts on the United States soil.

U.S. Const., art. 1, § 8, cl.18.
https://www.archives.gov/founding-docs/constitution-transcript#toc-section-8-.

The Necessary and Proper Clause concluded Article I's list of Congress's enumerated powers with a general statement that Congress's powers include not only those expressly listed, but also the authority to use all means necessary and proper for executing those express powers. It helped me understand Hamilton’s argument that the Congress's authority to charter a bank was implied by this elastic clause of the Constitution, which gave Congress the right to carry out its delegated powers.

U.S. Const., amend. X. https://constitution.congress.gov/browse/amendment-10/.

Thomas Jefferson opposed Hamilton's proposal for establishment of a national bank on Tenth Amendment grounds, which stated that “all powers not delegated to the United States, by the Constitution, nor prohibited by it to the States, are reserved to the States or

President George Washington asked Madison and Hamilton to draft a farewell address, and opted for Hamilton’s version. Published in Claypool’s American Daily Advertiser, a Philadelphia newspaper, on September 19, 1796, it was a prescient warning against partisan spirit and foreign entanglements. A powerful appeal for unity, President Washington’s message stressed the importance of the Union and advocated for American neutrality in foreign affairs.

Images


I used this painting as Appendix A.


This photograph depicts the First Bank of the United States. With a main office in Philadelphia and eight branches nationwide, it was the largest financial institution, which would stimulate the economy and enhance the shaky credit of the government. I used this image as Appendix C.


This is the title page of Hamilton’s Report Relative to a Provision for the Support of Public Credit, a detailed blueprint of the government’s fiscal predicament wrapped in a broad political and economic vision. Hamilton argued that security of liberty and economic growth went hand in hand – each was needed for the other to succeed. I used this image as Appendix B.


This image captured the announcement of the Neutrality Proclamation by President George Washington in response to the spreading war in Europe. Washington’s method of
announcing it unilaterally, without consulting Congress, ignited a significant constitutional debate on the executive power in foreign affairs. I used the image as Appendix D.

Letters


Fisher Ames applauded Hamilton’s bank proposal, fully convinced that it was essential to the pecuniary operations of the government and would build investors’ confidence, thus invigorating the economy. This letter offered me a view from the Federalist perspective.

http://rotunda.upress.virginia.edu/founders/default.xqy?keys=RNCN-print-02-25-02&mode=TOC.

Fisher Ames, the Representative in the United States Congress from the 1\textsuperscript{st} Congressional District of Massachusetts and an important leader of the Federalist Party in the House, pointed out in this letter the emerging division within Congress along geographical lines. His opinion showed me how Hamilton and Jefferson’s competing visions polarized the country between North and South.

https://www.loc.gov/item/mss246120001/.

On November 11, 1769, 14-year-old Hamilton wrote this poignant letter to his friend, Edward Stevens. He yearned to escape his predicament, ideally by a war. His words were a window into his ambition and his drive to assert himself through military glory.


In January 1778, Hamilton was with General Washington at Valley Forge, where disease and lack of provisions plagued the Continental Army as the states and the Continental Congress failed to provide the adequate supplies. Hamilton’s conviction for the need of a strong central government stemmed from this disillusionment with the parochial states which neglected the national cause. This letter, written to the Quartermaster General of Forage, helped me understand his argument for a vigorous executive.

Hamilton believed that the central weakness of the continental cause during the Revolutionary War was political in nature, as members of Congress were partial to the states to which they belonged rather than to the common national cause, thus jeopardizing the Revolutionary effort. Writing to George Clinton, the first Governor of New York, he questioned the ability of a feeble government to successfully negotiate with the European nations. This letter helped me further understand how Hamilton’s wartime experiences shaped his political thinking.


Hamilton’s unswerving support for the army was evident in this letter to Washington, where he endorsed a group of like-minded nationalists led by the Superintendent of Finance of the United States, Robert Morris, extolling them as true American visionaries, fighting for the nation as a whole. They proposed an amendment to the Articles of Confederation that would allow Congress to raise revenue through taxes to support the army and also pay the nation’s foreign loans.

https://founders.archives.gov/documents/Hamilton/01-08-02-0059.

Hamilton compiled a magisterial defense of the constitutionality of the bank arguing that the Constitution’s implied powers authorized the bank’s creation. This letter clarified Hamilton’s argument for an "implied power" that Congress exercises despite not being expressly granted it by Article I, Section 8 of the U.S. Constitution.


In this letter to President Washington, Hamilton outlined a sharp rebuttal to Jefferson’s accusation of monarchism, flatly dismissing it as a fantasy, and detailed the successes of his economic policies. His rhetoric gave me an understanding of the deepening divide between Hamilton and Jefferson, which foreshadowed the political division in the nation.

As news of the September Massacres reached American shores, Hamilton denounced the violence of the French Revolution. In France he saw none of the bedrock of reason and moderation that governed the American Revolution and its aftermath. This document showed me his opinion that the utopian revolutionaries in France had emphasized liberty at the expense of order and morality.


Although Hamilton fought under General Lafayette in the Battle of Yorktown and served as Washington’s liaison with the French who had rallied to the Continental Army, he revealed in this letter his skepticism regarding the French Revolution.


In this letter to Harrison Gray Ottis, a leading Boston Federalist, Hamilton urged the Federalists in the House of Representatives to support Jefferson as president. It showed me that Hamilton recognized Jefferson’s commitment to the nation, no matter how deeply they disagreed.


Hamilton was greatly influenced by 18th century Scottish economist David Hume, who analyzed the consequences of a merger between Scotland, an agrarian country, and Britain, where a credit-based economy was in place. Having plumbed David Hume’s *Political Discourses*, which admitted that public debt could vitalize business activity, Hamilton explained in this letter the rationale of his fiscal plan. The document showed me how Hamilton wanted to use British methods to defeat Britain economically and promote American prosperity.


Hamilton refused to condone the bloodshed and the grisly violence of the French Revolution. He did not separate means from ends and did not think that a revolution should repudiate law and order. This letter underscored his belief that the French Revolution was not a worthy sequel of the American Revolution.

Patrick Henry, governor of Virginia and an outspoken Anti-Federalist, denounced Hamilton’s economic program as a subservience of southern to northern interests. This letter furthered my understanding of the split between North and South in Congress, where Hamilton’s followers were associated with powerful banking and merchant interests in New England, while Jefferson’s backers were rich southern planters and farmers.


Jefferson penned this letter to his son-in-law on July 4, 1790, expressing his concern regarding the state of the Union. It helped me grasp the magnitude of the partisan contention.


This letter to David Howell, the Rhode Island delegate to the Confederation Congress, showed me Jefferson’s concern regarding the dissension spurred by Hamilton’s *Report on Public Credit* in Congress which could have led to the calamitous possibility of southern secession to protest Federalist dominance. He was convinced that members of Congress had a vested interest in the Hamiltonian financial system and that Hamilton had built a faction within the House.


Jefferson vehemently opposed the new bank and thought that, after all, Hamilton had revealed his monarchist colors. His notes showed me his concern that a National Bank would strengthen the central government, menacing republicanism and undermining his agrarian view of life.


In this letter to Lewis, a landowner and manager of Jefferson’s Monticello farm, Thomas Jefferson expressed his confidence that President George Washington, a fellow Virginian, would agree on the unconstitutionality of the bank and would veto the bank bill. It gave me an insight into Jefferson’s absolute belief that Washington would favor his argument.

In this letter to Thomas Mann Randolph Jr., congressman from Virginia and his son-in-law, Jefferson railed against the *Gazette of the United States*, the leading Federalist paper at the time, and charged it with advocating monarchy and aristocracy. The *Gazette* prompted Jefferson to help launch the *National Gazette*, a pro-Democratic-Republican opposition newspaper. It helped me understand how their intense partisan debate continued in the press, ultimately influencing the public opinion.


In response to the Bank Bill, Jefferson sent to Washington a concise statement arguing for a strict interpretation of the Constitution and for a limited government. This document substantiated his argument that Congress was explicitly empowered to tax, borrow, and regulate commerce, but not charter a bank.


Jefferson wrote this memo warning President Washington that Hamilton was coddling speculators, distorting the Constitution, ultimately scheming to bring monarchy to America and break the union. This letter showed me the increasing schism in President Washington’s cabinet.


A savvy politician, Jefferson recognized and grudgingly appreciated Hamilton’s political craft. In this letter to Washington, Jefferson denounced Hamilton’s policies as skillful machinations against liberty. The letter gave me additional insight into Jefferson’s belief that Hamilton was a threat to Republicanism.


Upholding the sanctity of treaties, Jefferson persuaded President Washington to preserve the treaty with France. This letter showed me Jefferson’s argument that it was a moral obligation to continue the 1778 treaties of alliance and commerce with France, which were made between two nations not between rulers.

This document showed me that Jefferson was not merely an observer of the French Revolution. His direct involvement in drafting a French bill of rights, which served as the basis for the Declaration of the Rights of Man and of the Citizen, was evident in this letter, sent to Lafayette and to Jean-Paul Rabaut Saint-Étienne, a leader of the French protestants. It contained the Draft of a Charter of Rights as sketched by Jefferson.


In this letter to Sir John Sinclair, the creator of the Board of Agriculture in England, Jefferson regarded the French Revolution as an inspirational fight for freedom. The document conveyed his belief that reform would inevitably be accompanied by radical revolutionary upheaval. To Jefferson, such an universal goal as liberty excused the bloodthirsty means.


After Jefferson returned to America in 1789, William Short replaced him as the 3rd U.S Minister to France. In this letter, Jefferson asserted that the liberty of the whole earth was depending on the issue of the contest, namely the French Revolution, showing his unwavering commitment to the cause of liberty in the world.


Jefferson’s views about dissent and revolutionary change were evident in this letter, penned to William Stephens Smith, the Secretary of the American Legation in London in the aftermath of the Shays’ Rebellion in Massachusetts. The “tree of liberty” required the blood of patriots and tyrants. He was interested in a tolerant government and considered conflict crucial to effective governance, in opposition to Hamilton, who favored order above upheavals.


Jefferson followed the debates of the Constitutional Convention from Paris, where he was serving as America’s diplomat. Writing to James Madison, he decried the lack of a declaration (bill) of rights in the Constitution and specifically spelled out his disapproval for a strong executive. This document gave me a clear understanding of his convictions.
from the outset.


In this letter to James Madison, Jefferson expressed his dismay towards the conspirators against liberty, namely Hamilton, and clearly delineated the divisions that ensued between the two emerging political factions: the Federalists and the Democratic-Republicans. The document showed that by 1793 the differences between the two parties were sharply etched.


Although Jefferson acquiesced to a neutrality proclamation, upon reading Hamilton’s “Pacificus” letters, he wrote a few letters to Madison urging him to refute Hamilton’s argument on the expansive executive powers embodied in the Neutrality Proclamation. It further informed me of Jefferson’s strict interpretation of the Constitution’s limits on the executive power.


Jefferson complimented his archrival, Alexander Hamilton, recognizing his all-or-nothing audacity and calling him the colossus of the Anti-Republican party.


Reminiscing about his rivalry with Hamilton, Jefferson penned this letter to Walter Jones, who represented Virginia in the U.S. Congress. However, Jefferson acknowledged that their debate was a process of mutual concessions. It showed me that despite their conflicting views, nation’s success was the ultimate goal and he valued political compromise to that end.


During the winter encampment at Valley Forge, General Washington warned Henry Laurens, the President of the Continental Congress, that unless something was done quickly, the lack of supplies would lead to the Army's dissolution and threaten the struggle for independence. The letter highlighted the dire situation which left an indelible mark on Hamilton.
I found in this source President Washington’s request for advice from his Cabinet on whether the United States can remain neutral under the terms of their existing treaty with France.

**Manuscripts**


Hamilton emerged as a spokesman for a new American nationalism in 1781, when he delivered his first public critique of the political structure and of the *Articles of Confederation* in a quartet of essays published in *The New-York Packet*. A strong union demanded a vigorous government with powers to regulate trade and levy taxes, he argued. This document helped me understand his belief that unless the central government was strengthened, the states would amass more power and weaken the nation.


Hamilton’s hard experience in the Revolutionary War led him to believe that liberty could never exist unless the nation was strong and secure. He gave a six-hour speech at the Constitutional Convention in Philadelphia on June 18, 1787, arguing that the nation’s strength required the consolidation of supreme power at the national level. This document substantiated his fierce conviction for a strong executive.


This document helped me understand Hamilton’s vision for an energetic executive, essential to national security, administration of laws, and the protection of property rights. In addition, Hamilton argued, a strong executive would best protect “liberty” from the consequences of anarchy.

Jefferson abhorred the financial speculation that would result from the Hamiltonian vision of commerce and feared that congressmen would dabble in government Securities for pecuniary gain. His notes showed me his concern that the end-game of Hamilton’s plan would be the corruption of Congress.


When President Washington’s Cabinet debated whether the United States should preserve the Treaty of Alliance and Commerce with France, Jefferson argued that America should abide by the treaty’s stipulations and allow French privateers to utilize American harbors as a refuge, without extending their right to equip or trade in American ports.


Jefferson spoke generously of his foe in later years, recognizing Hamilton’s political craft. His notes showed me that although they strongly disagreed on policies, Jefferson never underestimated Hamilton’s talents and appreciated his willingness to compromise and to devise statesmanlike solutions.

**Periodical References**


The *National Gazette*, founded at the urging of Democratic-Republican leaders James Madison and Thomas Jefferson in order to counter the influence of the rival Federalist newspaper, the *Gazette of the United States*, was particularly useful to understand the ever growing partisan chasm between the Federalists and the Democratic-Republicans. Its political content was often written pseudonymously. In this article, Brutus, a New York Anti-Federalist, generally assumed to have been Robert Yates, a New York delegate to the Constitutional Convention, warned against the Federalist economic machinery, rife with corruption.


Persuaded by Jefferson, James Madison published five essays under the name *Helvidius*,...
in which he flayed the presidential proclamation of neutrality as a monarchist act, arguing that the Constitution vested the power to declare war in Congress, not in the President. This essay showed me Jefferson and Madison’s strict constructionist interpretation of the Constitution regarding the neutrality issue.


Speaking on the House floor, James Madison declared the bank unconstitutional and called for Washington to cast the first veto in American history. It showed how Madison sided with Jefferson, opposing the Bank Bill on constitutional grounds.


In the *Pacificus* letters, Hamilton methodically defended the president’s authority to proclaim neutrality, broadening the authority of the executive branch in diplomacy, especially during emergencies. He disputed that the Neutrality proclamation violated the defensive alliance with France because the treaty did not apply to offensive wars. This source was relevant to my research because it showed Hamilton’s opinion that American foreign policy should be based on self-interest, not emotional attachment.


This article showed me the increasing criticism directed toward the Washington administration. Pro-French Republicans believed that the Neutrality Proclamation marked a dishonorable betrayal of the alliance made with France during the American Revolution.

**Secondary Sources**

**Books**


I found in this book a letter written on May 15, 1876 by the historian Henry Adams, great grandson of Hamilton’s Federalist rival John Adams, to Henry Cabot Lodge. While contrasting Hamilton and Jefferson's personalities, Adams underlined Hamilton’s military ambition and likened Hamilton's personality to that of the American people’s great foreign enemy in the early 1800s, Napoleon.

Claude Bowers, a Democratic Party politician during President Franklin Roosevelt administration, likened the debate between Hamilton and Jefferson with a Plutarchian struggle that surpassed any other waged in America and would continue to divide society far into the future. President Roosevelt reviewed his book, the only book review he ever wrote. This source showed me how Hamilton and Jefferson’s policy battles impacted generation after generation and remained at the forefront of American political debates.


This comprehensive biography of Alexander Hamilton was one of the most useful sources to my research because it helped me to analyze not only how his background and life experiences influenced his visionary policies but also how the encounters with Jefferson sharpened his arguments.


This collection of juxtaposed letters helped me organize my outline and analyze Hamilton and Jefferson’s conflicting opinions.


Ferling’s in-depth account of the political duel between Jefferson and Hamilton deepened my understanding of their bold visions for the young nation. The alternating narratives helped me analyze their contrasting points and the impact that their debates had in American history. It also guided me to other primary sources.


John Fiske affirmed in his *Essays* that it was during Washington’s first administration that the seeds of all party differences were sown and nurtured, tracing their principles back to the two statesmen, Hamilton and Jefferson. Furthermore, he asserted that their political philosophies resonated not only in American politics but also found applications in the history of all countries.

Goodrich, Charles A. *Great Events in the History of North and South America from the Alleged*
Goodrich emphasized the spirited, even virulent character of the debates that ensued in Congress upon receiving Hamilton’s proposal for assumption of the states debts, which shook the very foundations of the government.


The author detailed the press reaction to Washington's Proclamation of Neutrality, made without legislative sanction. It was denounced by the opposing party as a royal verdict, an assumption of power on the part of the President and a proof of his monarchical disposition.


Guizot extolled the United States of America as a model of a republic and a democracy. It clarified for me the distinction between the French Revolution, defined by the struggle between classes, pitting the Ancien Regime against the sans-culotte, and the American Revolution, which led to the foundation of the republic as a joint effort of all, with the cooperation of every class of its citizens.


This book gave me an understanding of the Treaty of Amity and Commerce with France, signed on February 6, 1778 and approved by Louis XVI, King of France. Guizot documented it as a diplomatic triumph achieved with Benjamin Franklin’s efforts. Louis XVI was guillotined for plotting against the French Revolution on January 21, 1793.


This book helped me analyze Hamilton’s and Jefferson’s legacies and their enduring influence on the nation’s political debates. It was interesting to learn that Theodore Roosevelt engaged in a similar debate with Woodrow Wilson. While Roosevelt ran on the New Nationalism platform, a progressive reform that required trusts regulation and involvement by the national government in many areas of American life, Wilson, a southerner and admirer of Jefferson, stood for New Freedom, calling for an end to monopolies and restoration of individual freedoms.

President Theodore Roosevelt was the first occupant of the White House to openly extol Hamilton as the exponent of a strong executive and broad federal power which made possible the explosive growth of the American economy. His remarks at a reception given by the Hamilton Club in Chicago showed me not only his opinion regarding Hamilton but also regarding Jefferson, whom he praised for his trust and belief in people.


Lord Macaulay detailed the establishment of England’s National Bank in 1694 which bolstered government credit and raised funds to build a naval fleet which established Britain as the global power in the 18th and 19th centuries. Hamilton modeled his plan after the British blueprint. It was interesting to learn that the England bank bill sparked a similar debate in Britain’s Parliament between Tories, who predicted it would ruin the monarchy, and Whigs, who saw it as an instrument of tyranny infringing on civil liberties.


This book provided me with details regarding the tenuous fiscal situation of the federal government in 1790 and the financial revolution spurred by Hamilton’s plan, which increased federal revenue and stimulated economic growth. By 1795, the finances and debt management of the new federal government would be firmly established and the U.S. economy would have an articulated financial system jump-starting and sustaining its growth.


This book gave me an understanding of the legacy of Hamilton’s principles of political economy, which were revived in the late twentieth century and early 21st century. Hamilton broke free of the Jeffersonian-inspired progressive interpretation of the founding and was increasingly seen as the founder of an American system of economics which provided the basis for building the United States into an industrial powerhouse.


Marie Adolphe Thiers, the second elected President of France described in this book the strained relations between France and America after 1793 as a direct consequence of the neutrality position adopted by the United States. It offered me the perspective of a French politician on this action, deemed advantageous to Britain and unjust to France,
which lent her services to the American cause during the Revolutionary War.


This source gave me an in-depth look into the political pressures the National Bank had faced throughout its history. It explained the nation’s long tradition of debate regarding the Federal Reserve’s purpose and its response to economic change.

**Publications**


This article provided President Franklin Delano Roosevelt’s review of Charles Bowers’s book, *Jefferson and Hamilton – The Struggle for Democracy in America*. Roosevelt embraced the legacy of Jefferson and saw the battle waged by the New Dealers against America’s economic elite as similar to Jefferson’s struggle against Hamiltonianism.


Exemplifying the first organized popular political dissent in the new republic, the Democratic-Republican societies were local political organizations formed in the United States in 1793-94 to promote republicanism and democracy and to fight aristocratic tendencies. This article helped me understand how their movement was galvanized by alarm at the growing reach and power of the national government, particularly by the monarchical overtones of Washington’s presidency.

**Websites**


When Senator Henry Clay, President Andrew Jackson’s opponent in the Presidential election of 1832, proposed rechartering the Bank, Jackson deemed the bank unconstitutional. I found on this website information regarding Jackson’s veto of the bill.


I used the website for background information regarding the establishment of the First National Bank, which operated from 1797 until 1811.

This website provided me with details regarding the initial monetary policy of the National Bank and its impact on the economy. The bank’s notes, backed by substantial gold reserves, gave the country a stable national currency. The Bank helped stabilize the economy and acted as the federal government’s fiscal agent, collecting tax revenues and securing the government’s funds. It facilitated international trade, helping the Treasury to fund the government’s operations through sales of U.S. government securities to foreigners.


I found on this website President Abraham Lincoln’s speech concerning the State Bank of Illinois. On January 11, 1837, Lincoln expressed his core conviction that strong banks and a reliable, flexible currency, preferably under Federal organization and supervision, were essential to economic opportunity.


This is a speech given by President Abraham Lincoln in 1858. I used a quote in my paper.


When the state of Maryland had placed a tax on the Second Bank of the United States branch in that state, Daniel Webster, one of the lawyers, refuted Maryland’s claims that the bank was unconstitutional, quoting Hamilton’s 1791 memo to Washington on the necessary-and-proper clause. Chief Justice John Marshall made the same arguments in the unanimous decision that reinforced federal power.