

Hamilton's Economic Plan

Problem: *How to pay back the war debt after the American Revolution?*

Domestic Debt:	\$40.4 million
State Debt:	\$25 million
Foreign Debt:	\$11.7 million

Total:	\$77.1 million

Hamilton's proposal contained THREE (3) basic parts:

1. Get rid of the debt
 - a. Raise money to pay back the debt by replacing older war bonds sold during the American Revolution with the sale of high interest government bonds.
 - b. The National Government would take responsibility for the \$25 million state debts

2. Establish protective tariffs
 - a. This would encourage Americans to purchase American-made goods, increase American manufacturing, & keep foreign goods more expensive

3. Establish a National Bank & a National Mint (place to coin/print money)

Jefferson	Hamilton
Pay the full value of Bonds	
<p>Disagreed with paying full value because many of the original bond owners sold their bonds early to get needed cash</p>	<p>Hamilton wanted to pay FULL VALUE of bonds REGARDLESS OF OWNERSHIP</p>
Pass Higher Tariffs	
<ul style="list-style-type: none"> - Worried too much about dependence on business and manufacturing. - Believed economic focus should be on small, independent farmers "<i>Agrarian Utopia</i>" 	<ul style="list-style-type: none"> - Supported higher tariffs - Raise prices of foreign goods - Encourage people to buy American products, which would increase American manufacturing - Source of Revenue (on foreign imports)
National Bank	
<ul style="list-style-type: none"> - Opposed to the National Bank - Believed it was UNCONSTITUTIONAL 	<ul style="list-style-type: none"> - Wanted to create a National Bank - Safe place for the gov't to keep its money - Could make loans to gov't & businesses - Also wanted a National Mint (make currency)
Strong Central Government	
<ul style="list-style-type: none"> - Favored the idea of STRICT CONSTRUCTIONISM, the idea that the gov't could only do was specifically written in the Constitution - Supported giving more power to the states as opposed to the federal government 	<ul style="list-style-type: none"> - Supported the idea of LOOSE CONSTRUCTIONISM – the idea that the Constitution was "open to interpretation" - Believed that a strong central government was important to the success of the new nation - "<i>Elastic</i>" clause
Future of the U.S. Economy	
<ul style="list-style-type: none"> - Promoted ideas that favored small, independent farmers 	<ul style="list-style-type: none"> - Promoted policies that favored business & manufacturing