Alexander Hamilton - as the founding father of the United States

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HIST1101

10/09/2019

Background

Hamilton was not the president, and therefore noticeably inferior in popularity to George Washington or Thomas Jefferson. Nevertheless, he is among the ten most influential in the history of this country. Alexander Hamilton was among the few statesmen whose portrait is immortal in the national currency of the United States. Hamilton is a symbol of America's financial strength (on the ten-dollar bill) and as an instrument of its formation as a single state.

Hamilton's views are hardly liberal. One of the founders and leader of the federalist party, he defended the benefits of a centralized federal state with reliable president power. As a result, Hamilton was one of the primary opponents of the expansion of state rights and many principles of democracy, characteristic of the early period of the history of the independent American republic.

John Ward Densmore "Betty Ross and the First Star-Striped Flag"

However, Alexander Hamilton managed not only to lay the foundations of the most powerful economy but also to determine the economic landmarks. His strategy provides a path along which the country was able to move over the next two and a half centuries successfully. It was related to such fundamental foundations of American statehood as the constitution, the institution of the presidency, the army, and the federal structure. However, his work as the first Minister of Finance in the country's history deserves special attention.

Hamilton was appointed to this position by US President George Washington in 1789 and immediately began to promote his financial program actively. In 1790, he prepared the famous State Credit Report, in which he formulated a series of bold and radical proposals. The volume of debts amounted to a substantial sum of $ 75 million for the not-so-rich state then. (Grosvenor, 2017).

The aim of "State Credit Report" was to solve major economic and political, and not just financial problems. Hamilton sought to create and strengthen strong central institutions as a necessary political and economic infrastructure of a single state, which caused severe opposition from supporters of broader state autonomy. Calling for the payment of state debts, he hoped to link the interests of the federal government with those of powerful and wealthy people who held most of their debt obligations. Against such an obvious step towards strengthening the power of the federal government concerning state governments, the then US Secretary of State Thomas Jefferson, who advocated less centralization, initially spoke out. (Grosvenor, 2017).

John Trumbull Adopting the Declaration of Independence

Besides, one of Hamilton's main goals was to restore confidence in the state as a reliable borrower, since in the future it would inevitably have to resort to issuing bonds. The State Credit Report states: "Debt is the price of freedom ... America's trust was the key to freedom, and this circumstance gives particular strength to our obligations." Where others saw only the problem, Hamilton found opportunities. He argued that consolidating national debt would make it possible to turn debt into liquid capital, making it one of the factors of economic growth. "If the national debt is not too big, it can become a national blessing," the minister said. (Chu, 2011).

A serious problem for the young state was a disordered banking system and, as a result, currency chaos reigned in the country. After the end of the War of Independence, banking began to develop rapidly, and by 1790 a network of private banks had appeared in the country, the activities of which, however, had several features. Firstly, a bank that received a license to work in one state did not have the right to conduct operations in the territory of another. Secondly, most private banks issued their banknotes.

Each time private bank-issued banknotes, it thereby increased the country's money supply. Such a system should have been regulated. Hamilton believed that the regulator should be some particular bank, endowed with the functions of a state institution. His opponents believed that the financial market itself is a regulator since banks will not print unsecured money so as not to burn out.

Alexander Hamilton depicted on a 10-dollar bill.

In 1791, Hamilton obtained a license from the US Congress for the first central bank of America, the so-called First Bank of the United States, with an initial capital of $ 10 million. The dollar received the status of national currency. Initially, the initiative of the Minister of Finance provoked intense debate at the highest level. After all, it was a joint-stock bank created based on a Philadelphia state bank. Bank's shareholders include the government and private individuals, even foreigners (incidentally, the charge of foreign presence prevented the renewal of the bank's license, which expired in 1811). (Berkin, Miller, Chern & Gormly, 2011).

However, Hamilton wanted to create not just a joint-stock bank, but a powerful and efficient financial instrument of the state. The bank was supposed to take taxes and lend money to the government. Bank also pay interest on government bonds, and most importantly to regulate the issuance of banknotes by private banks, presenting them for payment in gold. The prospect of a big bank with branches in all states, offering money at low-interest rates and overseeing the money emissions of other banks, scared all the supporters of decentralization. Hamilton's opponents pointed out that in this case, the states lose their constitutional right to prohibit and create banks. All the southern states (where congress members were close to the shareholders of local banks or were opposed. However, the northern states and especially Philadelphia, Hamilton's proposal was supported.

US First Central Bank

One way or another, the First Bank of the United States was created and for 20 years served as a financial base for a rapidly developing economy. Its main task was to provide conditions for building up production capital in the country. Hamilton wrote: "Gold and silver, used only as an instrument of exchange and alienation, are dead assets subject to denomination. When deposited with banks, they become the basis for the circulation of paper money, and in this case, they receive life, or, in other words, active and productive quality"(Cornog, 2017). The liquidation of the central bank in 1811 led to banks being dependent on state governments and a "lack of reliability" of the banking system. Therefore, a few years later, in 1816, the central bank was revived under the name of the Second Bank of the United States.

Alexander Hamilton was convinced that the central government, formally endowed with extensive powers, could not be strong without a solid financial basis for its activities: "Money rightly considers the backbone of political structures to ensure their existence and activity, the fulfilment of the most important functions. Sovereignty regarding regular and to receive them properly, as far as the country's resources allow, can be considered as an integral part of all constitutions. "Lack of funds proceeds to the system, "robbery of the people instead of acceptable methods of satisfying social needs, or the complete atrophy of a government that dies in the shortest possible time." Therefore, the Minister of Finance paid particular attention to the creation of an effective tax system, (Cornog, 2017).

However, this position had severe opponents in the face of anti-federalists, supporters of broad state autonomy with which Hamilton had to wage an ideological and political struggle even before the adoption of the US Constitution in 1789. Hamilton believed that the government should have "all power to solve the tasks entrusted to it." (Chu, 2011). He cares and performing the functions entrusted to him to the end, for which it is responsible, "and should be completely free from any other control," other than public good. "However, he acknowledged that states should have independent tax collection rights to meet their own needs.

"The Minister of Finance noted, that, "as long as the duties of supervising national defense and ensuring public peace against external or internal atrocities. It includes appropriations in connection with losses and dangers of the size of which cannot be determined in advance. The rights to these appropriations should not know any other boundaries than urgent the needs of the nation and the size of the country's resources."( Douglas, 2014) Income is the main engine by which funds are provided to meet national needs. The right to receive the necessary funds in full shall be the authority of the appropriation for these needs. " (Douglas , 2014)

Hamilton considered the most important for the state to encourage the development of industry and trade. People believe that the United States would not be able to compete with industrially robust Europe if it remained a nation of farmers. The lack of capital investment in the industrial sector was a serious problem, and Hamilton intended to eliminate this shortcoming. Using various management tools, he sought to create a holistic system of stimulation of industrial production. As a result, several forms of state support for entrepreneurship have emerged in the United States, such as protectionist import tariffs and government subsidies. The Minister of Finance believed in the spirit of free enterprise and its function as a catalyst for the economy, but believed that the state could and should intervene in the economy, in particular,

Such an economic policy had many opponents. A clear focus on the development of commerce and industry, including the quick profit that the program promised business people of the more industrialized North, soon led to the formation of powerful opposition from among the agricultural states of the South. Thomas Jefferson was Hamilton's opponent who advocated that " the protecting the common man from political and economic tyranny". Moreover, Jefferson proposed to develop a more decentralized agrarian democracy, since "small farmers are the real representatives of the great American people." (Grosvenor, 2017).

Conclusion

Hamilton contributed to the creation of not only the class of industrialists necessary for the development of the capitalist method of management but also the capital with which they could work. In the famous Manufacturer's Report submitted to Congress, he argued that America had a solid foundation for the capital inflows required for industrial development, citing the growth of banks, attracting foreign investment and using consolidated debt as a form of capital." (Styrt, 2018). The three mentioned sources of obtaining capital came mainly from the actions of Hamilton himself. The implementation of the new program contributed to the formation of a financial system adequate to the realities of the united American state, and to strengthening the position of the federal government. The importance of the activities of Alexander Hamilton for the further development of the United States is difficult to overestimate. With a slight stretch, we can say that the course that the United States took at the end of the XVIII century.

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