

ALEXANDER HAMILTON'S ECONOMIC PLAN:  
THE ORIGIN OF THE TWO-PARTY SYSTEM

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The development of the two-party system was a crucial element in the evolution of the American system of government. This paper will examine the origins of the two principal political parties of the early republic, which led to the two-party system that we have had throughout American history. A political party is a body of people united in a cause or opinion in opposition to others who maintain a different one, and is a group organized on a national basis.<sup>1</sup> A party is an established political group organized to promote and support its principles and candidates for public office.<sup>2</sup> The origins which will be discussed did not bring about the immediate establishment of the Jeffersonian Republicans and the Hamiltonian Federalists but they did provide the ideological basis and theoretical framework for these two parties. Although several other factors contributed to the rise of the two-party system, the most important impetus was Alexander Hamilton's economic plan, formulated in 1790-1791.

The Founding Fathers did not believe that a two-party system would or should evolve. They viewed factions as synonymous with parties, as defined in *An Universal Etymological English*

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*Dictionary*, published in 1800.<sup>3</sup> They considered factions to be seditious and to have the potential to undermine government. In fact, in the *Oxford English Dictionary*, a reference from 1535 is given in which the term “party” is described as “inclined to form parties or to act for party purposes; seditious.”<sup>4</sup> In addition, the colonies did not have an example to emulate, as England, the colonists’ mother country, did not yet have a fully developed two-party system.<sup>5</sup> In his book, *The Idea of a Party System*, the historian Richard Hofstadter asserts that “it is the need to legislate frequently that imposes a constant discipline within a parliamentary body, as it is the need to carry issues to an electorate of considerable size that requires permanent organizations within the constituencies.”<sup>6</sup> Thus, Hofstadter demonstrates that it is the presence of a large electorate that encourages the development of “permanent organizations,” such as parties. Throughout the colonial period, the parliamentary system in England was not fully representative of the people; many of the parliamentary constituencies consisted of “rotten boroughs” and only men owning substantial amounts of property were able to vote. In fact, England did not develop a two-party system until the 19<sup>th</sup> century when the Reform Acts of 1832 and 1867 extended the electorate. Hofstadter concludes that “it is easy to see why 18<sup>th</sup>-century Americans found in the state of English politics little that was edifying and less to imitate.”<sup>7</sup>

The Framers of the Constitution intended to have a single political party. One of the most important influences on their thinking was the work of the great Scottish philosopher, David Hume. In his *History of England*, Hume wrote, “Factions subvert government, render laws impotent, and beget the fiercest animosities among men of the same nation, who ought to give mutual assistance to each other.” He then concluded, “Founders of factions should be detested and hated.”<sup>8</sup> Expressing the sentiments of many of his contemporaries, James Madison asserted, “the latent causes of faction are thus sown in the nature of man,” and he believed that an essential function of government was to restrain this natural impulse.<sup>9</sup> Explaining his concept of the role of government in *Federalist* No. 10, Madison stated, “Yet the parties

are, and must be, themselves the judges; and the most numerous party, or in other words, the most powerful faction must be expected to prevail. To secure the public good and provide rights against the danger of such a faction...is then the great object to which our inquires are directed."<sup>10</sup> Hamilton agreed with Madison on the function of parties in *Federalist* No. 1, asserting that parties were typical "of that intolerant spirit which has at all times characterized political parties."<sup>11</sup> In *Federalist* No. 9, Hamilton argued that one of the central purposes of government was to prevent the creation of factions: "A firm Union will be of the utmost moment to the peace and liberty of the States as a barrier against domestic faction and insurrection. It is impossible to read the history of the petty republics of Greece and Italy without feeling sensations of horror and disgust at the...rapid successions of revolutions by which they were kept in a perpetual vibration between the extremes of tyranny and anarchy."<sup>12</sup>

A strong distaste for factions and parties was voiced by many other leaders of the new nation. For example, in his essay, "Dissertations on First Principles of Government," Thomas Paine stated that "it is the nature and intention of a constitution to prevent governing by party."<sup>13</sup> Fisher Ames, a member of Congress during the Washington Administration, asserted that "faction is an adherence to interests foreign to the interests of the state; there is such a faction among us devoted to France...they will be corrupted, and so deeply, that, in every approach towards civil war and revolution, the dupes, who sincerely believe the whole creed of their party, will be found to go the farthest."<sup>14</sup> The year before the Constitutional Convention, John Jay, one of the principal authors of the *Federalist Papers* and later the first Chief Justice of the United States, expressed his concern about the potential evils of factions: "If faction should long bear down law and government, tyranny may raise its head, or the more sober part of the people may even think of a king."<sup>15</sup> Ironically, Jay's role as the president's representative to Great Britain in the negotiations of what came to be called Jay's Treaty and the concomitant blurring of the separation of powers caused widespread popular outrage, thus acceler-

ating the development of the two-party system. In 1799, Patrick Henry, one of the advocates of the Revolution and later an opponent of the ratification of the Constitution, expressed his dismay at the two-party system that had become established by that time in saying, "United we stand, divided we fall...Let us not split into factions which must destroy that union upon which our existence hangs."<sup>16</sup>

The view that parties should not be formed is also evident in the decision made by the Founding Fathers and expressed in the Constitution that the president and vice president would be elected not as running mates but independently on the basis of the number of electoral votes received. They never imagined that there would be only two opposing parties running candidates for president and winning the two executive positions, a situation which occurred in the election of 1800.

Instead of the development of a system of political parties, the main issue facing the men at the Constitutional Convention was the creation of mechanisms by which liberty could be protected from the threat posed by a central government that had accumulated too much power. They accomplished this by developing a system of checks and balances among the different branches of government. Hofstadter states that "they did not expect that valuable permanent structures would arise from them which would have a part to play in the protection and exercise of liberties or in reconciling the stability and effectiveness of government with the exercise of popular freedoms."<sup>17</sup> They instead believed that the checks and balances system they had created would be sufficient to safeguard liberty.

Viewed from the most general perspective, the Founding Fathers were a broad-based coalition of men who had come together to achieve one objective, the writing of a Constitution. These men had differing views about how a federal government should be designed. Hamilton advocated a "thinly-veiled elective monarchy."<sup>18</sup> He believed that stability would be achieved by the creation of an almost autocratic executive, and in June, 1787, argued that the president should have an absolute veto over

legislation and be appointed for life.<sup>19</sup> Hamilton acknowledged that the document that was finally created expressed a vision of government more remote from his ideas than from those of any of the other Framers, however, “he saw no possibility of deliberating between anarchy on one side and the chance of some good on the other.”<sup>20</sup> Thus, the Constitution represented a series of compromises, and so it was inevitable that conflicts would arise later based on different interpretations of the meaning of its language.<sup>21</sup> The Constitution would be “accepted on all sides as a starting point for further debates.”<sup>22</sup>

It was perhaps naive for the Founders to expect there to be only a single party at the federal level of government. Given the amount of power vested in the Executive, and, to a lesser extent, the Congress, it was the inevitable result of basic human nature that the factions envisaged by the Framers would rapidly coalesce into two or more opposing political parties. In fact, Madison’s theories in the *Federalist Papers* do not explain how the government would avoid tyranny and anarchy *without* the development of parties. There is also a clear tension between the objective of protecting liberty and the goal of creating a more powerful national government. These two divergent aims would naturally lead to two different groups, each advocating its own point of view. In addition, in the government created by the Framers, the executive and legislative branches would have to work together; in the Washington Administration, Hamilton and Thomas Jefferson, the two dominant members of the cabinet, served as the intermediaries between these two branches. However, their strongly opposing viewpoints ultimately led Jefferson to participate in the formation of the new Republican party.

Shortly after assuming the office of president, George Washington asked his Secretary of the Treasury, Alexander Hamilton, to develop a financial program. Hamilton had long enjoyed an especially close relationship with Washington and this resulted in his having enormous influence with the president.<sup>23</sup> In January, 1790, Hamilton sent to Congress his “Report on Public Credit” which called for funding the national debt and the as-

sumption of state debt as well as several excise taxes. The proposed funding led to an acrimonious debate in Congress, since Hamilton's funding policy did not discriminate between original and current holders of bonds and thus favored speculators who had purchased them later. As a member of the House of Representatives, Madison advocated making such a distinction, but his proposal was defeated in Congress. Assumption of state debt would enable the federal government to acquire power at the expense of the states and would favor states that had not paid any of their war debt. The "Report on Public Credit" was initially defeated in Congress, but Hamilton was determined to have it passed. Jefferson realized that some type of compromise would have to be arranged. He agreed to support the Report and to persuade some in Congress to vote for the proposal provided that the new federal capital was located at a site along the Potomac.<sup>24</sup> Expressing a spirit of compromise, Jefferson said that there was a "mutual sacrifice of opinion and interest...that has become a duty to every one."<sup>25</sup>

Hamilton's next proposal, the "Report on a National Bank," did not elicit such a compromise. While Hamilton argued that there were implied powers in Article 1, Section 8 of the Constitution, giving the power "to make all laws which shall be necessary and proper for carrying into execution the foregoing powers," Madison advocated a strict interpretation of the Constitution.<sup>26</sup> The opponents of Hamilton's proposal believed that the creation of a national bank would represent a significant step toward the consolidation of federal power; this ran counter to their concept of a federal government with limited powers. Moreover, the opposition viewed the bank as completely unnecessary and therefore unwarranted.<sup>27</sup> The bill was finally enacted, but many believed the bank subverted the Constitution as well as American agrarian values.

In each of these bills, the vote was largely along the lines of geographical sections. The "Report on Public Credit" had 24 Northern and 10 Southern votes in its favor, while receiving nine Northern and 18 Southern votes against it. The "Report on a National Bank" got affirmative votes from 33 Northerners and six

Southerners, while one Northerner and 10 Southerners voted against it.<sup>28</sup> In his article, "Madison and the Founding of the Two-party System," the historian Norman Schofield suggests that "the party system that came into being in the 1790s was based on stable factor coalitions of land and agrarian labor against capital and industrial power."<sup>29</sup> Although Hamilton's economic policy did favor commercial interests, based primarily in the North, the plan was far more complex than simply dividing people along sectional lines. As Morton Borden points out, "The Virginia-New York intra-party alliance crystallized in the 1790s, and soon came to dominate Republican inner councils...Even in solidly Federal areas the steady growth of Republican minorities was impressive."<sup>30</sup>

The debate over the "Report on Public Credit" involved disagreements about the proper means to accomplish certain ends rather than issues of fundamental constitutional principles. Those who opposed it were not against the funding of the national debt, only the proposal's failure to discriminate between original holders of the bonds and speculators. Assumption of state debt, on the other hand, would allow the federal government to dominate revenue sources and reduce the power of the states. Jefferson and Madison, both Virginians, opposed the assumption of the states' debts since they realized that this would primarily benefit the northern states. They knew that the southern states had few outstanding loans and that taking on the northern states' debt would again only be helping northern speculators. Patrick Henry wrote to James Monroe, "As to the Secretary's Report with which you favored me, it seems to be a consistent part of a system which I ever dreaded. Subserviency of Southern to N[orthern] interests are written in Capitals on its very Front; whilst Government Influence, deeply planted and widely scatter'd by preceding Measures, is to receive formidable Addition by this plan."<sup>31</sup> Hamilton responded to his opponents by stating, "What have been the effects of this system: An extension of commerce and manufacturers, the rapid growth of our cities and towns, the consequent prosperity of agriculture, and the advancement of the farming interest."<sup>32</sup> Hamilton saw no defects in his plan, and this obstinacy

provoked a clash between Hamilton and his followers on one side, and Madison and his on the other.

Nevertheless, Jefferson and Madison felt it important to compromise. Jefferson understood the necessity of the United States meeting its foreign debt to establish the nation's credibility and borrowing ability. He stated, "These debts must be paid or our character stained with infamy among all nations and to all times."<sup>33</sup>

The debate over the "Report on a National Bank" was not simply one involving economic issues, but, on a deeper level, a question of the constitutionality of the proposal and the type of nation America should become. Madison argued that "powers not delegated by the Constitution cannot be rightfully exercised" and that the bill "amounts to an exclusion of those remote from the government, in favor of those near enough to take advantage of the opportunity."<sup>34</sup> Agreeing with Madison, Jefferson asserted that the Congressmen "have manifested their dispositions to get rid of the limitations imposed by the Constitution on the general government."<sup>35</sup> Hamilton, on the other hand, adopted a broad interpretation of the Constitution and believed that "every power vested in a government is in its nature sovereign and includes, by force of the term, a right to employ all the means requisite and fairly applicable to the attainment of the ends of such power, and which are not precluded by restrictions and exceptions specified in the Constitution."<sup>36</sup> However, Madison argued that the proposed law was not "necessary," as Hamilton had claimed, but was only convenient. In Madison's view, this Report was attempting to subvert the Constitution. He was concerned that passing the Report might set a precedent of reducing the rights of the states.<sup>37</sup>

Madison was apprehensive that Hamilton's programs were creating a dangerous consolidation of power which would inevitably lead to the government ignoring public opinion,<sup>38</sup> and this convinced him that Hamilton was really trying to create a monarchy.<sup>39</sup> Jefferson also believed that "the ultimate object of [the fiscal system] is to prepare the way for a change from the present republican form of government to that of a monarchy."<sup>40</sup> Responding to these concerns, Hamilton replied that the "real threat

to Republicans came not from Madison and Jefferson's imagined group of monarchists and aristocrats, but rather from the disorder and anarchy that would result from the destruction or lessening of the influence of the national government."<sup>41</sup> As the opposition to his Report grew, Hamilton began to feel that Madison and Jefferson were "decidedly hostile to [him] and [his] administration... subversive to the principle of good government."<sup>42</sup>

As a result of Hamilton's economic plan, two opposing groups developed which could no longer work within the Federalist coalition. Each group believed in the sanctity of the Constitution, yet each interpreted the document differently. Responding to Virginia's protest against the Assumption Bill, Hamilton asserted, "This is the first symptom of a spirit which must either be killed or will kill the Constitution of the United States."<sup>43</sup> Each side sought American economic dominance, but by different means; Madison wanted to emphasize the exportation of food, while Hamilton wished to focus on manufacturers.<sup>44</sup> Supporting Madison's views, Jefferson asserted, "...and I think we shall be so [virtuous], as long as agriculture is our principal object, which will be the case, while there remain vacant lands in any part of America. When we get piled one upon another in large cities, as in Europe, we shall become corrupt as in Europe, and go to eating one another as they do there."<sup>45</sup> While Hamilton supported the growth of the national government in order to prevent anarchy, Jefferson and Madison believed that a national government that became too powerful would inevitably lead to tyranny. Jefferson had compromised on the "Report on Public Credit," but after seeing the consequences of Hamilton's plan, he wrote to Washington that the compromise was his "deepest regret" and that he had been "duped into [it] by the Secretary of the Treasury."<sup>46</sup>

The responses to Hamilton's economic policy made it clear that these two groups also had opposing views about the ability of human beings to govern themselves. Madison defined these two views in his article, "The Candid State of Parties," published in the *National Gazette* in 1792: the anti-Republicans thought that "government can be carried on only by pageantry of

rank, the influence of money and emoluments, and the terror of military force,” while the Republicans believed that “people are capable of governing themselves.”<sup>47</sup> Thus, not only did Hamilton’s economic plan prompt debate about the proper interpretation of the Constitution, it also raised the question of how the typical American would be viewed and treated by the government.

The fundamental issues underlying the arguments regarding Hamilton’s “Reports” prompted Madison to profoundly rethink his views regarding the nature of parties in the new government. In *Federalist* No. 10, Madison had stated his views concerning the inherent evil in factions. However, in “The Candid State of Parties,” he justified his opposition to Hamilton’s plans and the Washington Administration in general by affirming that parties are necessary in order to protect liberty.<sup>48</sup> He asserted that parties will develop as result of fundamental differences concerning basic issues such as the nature of the union, the appropriateness of the Constitution, and the assumptions underlying republicanism.<sup>49</sup> In another essay published in the *National Gazette* in 1792, Madison considered various possibilities for the roles that parties can play in government. He first discussed the idea of preventing parties altogether; then he examined the possibility that one party might be absorbed into the other one. Finally, as a last alternative, he proposed making “one party a check on the other, so far as the existence of parties cannot be prevented, nor their views accommodated.”<sup>50</sup> This essay demonstrates the further evolution of Madison’s views—he now accepted the legitimacy of a two-party system rather than a situation in which one party inevitably dominates another. Thus, Hamilton’s economic policy had the effect of forcing Madison to reconsider his views concerning the nature of parties and, together with Jefferson, to create the new Republican party.

The opponents of Hamilton’s fiscal program were so concerned about its implications that they felt driven to form alliances in order to defeat it. Yet they were mindful of their earlier commitments to eschew parties and factions at all costs. Expressing the thoughts of many of his contemporaries driven to the

Republican party, Henry Lee wrote to Madison: "To disunite is dreadful to my mind; but dreadful as it is, I consider it a lesser evil than union on present conditions."<sup>51</sup> In his book, *Securing the Revolution*, Richard Buel, Jr. asserts, "If any further explanation seems needed to reconcile the framers' declared intentions with their acts in the 1790s, it can be argued either that the factions and parties they disliked in state politics were different from those which emerged nationally, or that as practical politicians, they knew when speculative ideals must give way to working necessity."<sup>52</sup>

The Republicans also faced the challenge of expressing their opposition to Hamilton and his programs without appearing hostile to the Constitution and the union. They were deeply concerned that the Federalists would brand them anti-Federalists.<sup>53</sup> Addressing this issue, an essayist wrote in the *National Gazette* in 1792 that the country was no longer divided between Federalists and anti-Federalists but was divided by the "Treasury of the United States against the people."<sup>54</sup> And while the Republicans believed they had the advantage over the Federalists in terms of numbers, they were apprehensive that the Federalists would use their wealth, power, and influence to manipulate the people and thereby achieve their objectives. Thus, the Republican coalition began to cooperate with others sympathetic to their views in order to block anti-Republican legislation and to oppose anti-Republican candidates. By coordinating their actions, these men who had once opposed political parties were creating something akin to one.<sup>55</sup>

In the wake of the controversies created by Hamilton's first two proposals, the Second Congress, in session from October 1791 until May 1792, became significantly divided. Unlike the First Congress, which displayed a significant amount of unity in its actions, the Second Congress had 17 members of the House of Representatives who voted with Madison two thirds of the time, and 13 to 15 members who voted just as consistently against him.<sup>56</sup> Although not a sharply divided Congress, this voting pattern does demonstrate the division in Congress that Hamilton's first two reports had caused.

Creating further controversy, Hamilton submitted his third and final report on December 5, 1791, "The Report on the Subject of Manufactures."<sup>57</sup> This was a general report that presented a plan for the development of the entire American economy. It did not focus on a single institution, such as the "Report on a National Bank," but rather on accomplishing a variety of actions. Hamilton wanted to make the United States "independent of other nations for essential, particularly for military, supplies."<sup>58</sup> The report called for a protective tariff to promote American industry, the development of an army and a navy, and federal aid to manufacturers, such as bounties for acquiring raw goods and the encouragement of immigration of skilled workmen from foreign countries.<sup>59</sup> Although the report demonstrated that the agricultural sector would benefit from this plan, the planting states opposed passage of the report as they felt that with foreign imports cut off, their foreign markets might deteriorate as well. Furthermore, the strong opposition that had developed to Hamilton's previous reports led to the repudiation of the "Report on the Subject of Manufactures" by Congress.

The submission of the "Report on the Subject of Manufactures" prompted an immediate response from the opposition. Hamilton's proposal would require increasing taxes, already viewed as onerous, and appeared to be yet another example of the Federalists' refusal to be limited by Constitutional restrictions on federal power. Furthermore, from a political perspective, it seemed to represent a further extension of the monopoly created by the National Bank which enabled the government to engage in favoritism and the Secretary of the Treasury to develop his own personal interest.<sup>60</sup> Opposition in Congress to the "Report on the Subject of Manufactures" was so overwhelming that Hamilton's proposal was not even approved by the Congressional committee that reviewed it and never reached the floor of the House for a final vote. This defeat reflects the development of the new Republican party and the determination of its leaders to block any further fiscal schemes proposed by Hamilton.

Deeply concerned about the recent actions of the Washington Administration, particularly the effort to pass the "Report on Manufactures," Madison and Jefferson, who saw themselves as protectors of the Constitution, began to publicly identify themselves as Republicans. Jefferson believed they must "put [their] vessel on her republican tack before she should be thrown too much to leeward of her true principles."<sup>61</sup> Jefferson's primary commitment was to protect the ideals of Republicanism even if that necessitated the formation of a party or faction opposing the Federalist party. Meanwhile, Hamilton was concerned that the government was becoming too Republican and thus unworkable. He wrote to Edward Carrington: "It is yet to be determined by experience whether [Republicanism] be consistent with that stability and order in Government which are essential to public strength & private security and happiness. On the whole, the only enemy which Republicanism has to fear in this Country is in the Spirit of faction and anarchy."<sup>62</sup> Hamilton considered this "faction" to be the coalition being formed by Jefferson and Madison, which included James Monroe, George Clinton, Aaron Burr and others.<sup>63</sup>

Although many Republicans looked with confidence to state legislatures, which they viewed as closely connected to the people but able to provide them with leadership as a result of their greater knowledge, other Republicans rejected this paternalistic outlook and wanted Americans to take a more active and direct role in their government. Inspired by the ideas of the latter group, Democratic Republican Societies were developed; these groups possessed strong organizational skills and facilitated the identification and development of new Republican leaders. Starting with a "Mother Society" in Pennsylvania, they rapidly expanded, distributing circulars and developing statements of Republican principles. One such statement boldly asserted, "May the patriots of '76 step forward with Jefferson their head and cleanse the country of degeneracy and corruption."<sup>64</sup>

In his annual address to Congress in 1794, Washington attacked these clubs as "certain self-created societies"—this only

served to further alienate his Republican foes.<sup>65</sup> Jefferson subsequently sent a letter to Madison, writing sarcastically, "It is wonderful indeed, that the President should have permitted himself to be the organ of such an attack on the freedom of discussion, the freedom of writing, printing and publishing."<sup>66</sup> The Federalists eventually created their own political clubs, known as the Washington Benevolent Societies, which provided them with greater political strength.<sup>67</sup> After the Republicans had split with the Federalists as a result of Hamilton's fiscal policies, the development of these political societies only served to further polarize the two opposing groups.

The newspaper, *Gazette of the United States*, had been strongly supporting the Washington Administration; it was especially vocal during the debate over Hamilton's economic policy. In response, Jefferson and Madison convinced their long time associate, Philip Freneau, to publish an opposing newspaper, the *National Gazette*, as a vehicle with which to criticize the Administration, especially Hamilton's influence within it. Madison had "entertained hopes that a free paper meant for general circulation, and edited by a man of genius of republican principles, and a friend of the Constitution, would be some antidote to the doctrines and discourses circulated in favour of Monarchy and Aristocracy and would be an acceptable vehicle of public information in many places not sufficiently supplied with it."<sup>68</sup> As Secretary of State, Jefferson offered Freneau a clerkship for foreign affairs in the Department of State to supplement his work involving the *National Gazette*. The paper initially appeared in 1791, and Madison and Jefferson actively participated in obtaining subscribers for the new publication in order to advance their political goals.<sup>69</sup> This newspaper enabled Republican positions and policies on the issues of the day to be communicated to emerging political leaders throughout the country as well as to average Americans, and established a national dialogue among Republicans.<sup>70</sup>

The *National Gazette* was created as a result of the Republicans' opposition to Hamilton's economic policies and served as an ideal setting in which to present the arguments against them. In a

series of essays written by a Republican with the pen-name, "Brutus," the author attacked Hamilton's fiscal policies and condemned the stockholders and speculators in Congress.<sup>71</sup> In a collection of articles published in the *National Gazette* in 1792, Madison contrasted the principles of Republicanism, which he advocated, with an alternative approach to government which used "corrupt influence; substituting the motive of private interest in the place of public duty... [by] accommodating its measures to the avidity of part of the nation instead of the benefit of the whole."<sup>72</sup> In doing so, Madison summarized the concerns of the Republicans about Hamilton's economic plan. The establishment of the *National Gazette* as a counterweight to the *Gazette of the United States* was an important indication of the growing disagreement within the government. The paper furthered the development of the two-party system by bringing the conflict between Hamilton and the Republicans to the attention of the people and demonstrating to them how Congress was becoming seriously divided as a result of Hamilton's fiscal policies.<sup>73</sup>

Although he had attempted to remain above politics and to assume a position of independence, Washington himself became embroiled in the controversies involving Hamilton's economic policies. During the debate on the "Report on a National Bank," the President was forced to side with one of his two cabinet secretaries, Hamilton or Jefferson; ultimately, he chose Hamilton. This action weakened the ties between Washington, the leader who had guided the Federalist coalition, and the emerging group of Republicans. He initially appealed to both Hamilton and Jefferson, seeking "mutual forbearances and temporising yieldings on all sides."<sup>74</sup> However, Washington became very disappointed with the early development of parties and began to favor the Federalists, blaming the opposition for the split in the government.<sup>75</sup> The articles in the *National Gazette* had often criticized Hamilton's policies and the Washington Administration, but never the President himself. However, in 1792, one essayist denounced "reverence [for] the supporter of a principle, instead of the principle itself."<sup>76</sup> As a result of such criticism, Washington

angrily rebuked Jefferson, asserting that there was no design or conspiracy to turn the government into a monarchy and that the articles appearing in the *National Gazette* might fracture the union and spread anarchy, which could in turn “produce a resort to monarchical government.”<sup>77</sup> Eventually, in 1793, Madison ended all his confidential exchanges with Washington.<sup>78</sup>

Deeply concerned with Hamilton’s program, the Republicans optimistically looked forward to the vice-presidential and congressional elections of 1792. Jefferson stated in 1791, “The only corrective of what is corrupt in our present form of government will be in the augmentation of the numbers of the lower house, so as to get a more agricultural representation, which may put that interest above that of stockjobbers.”<sup>79</sup> The historian, Noble E. Cunningham Jr., asserts, “It was on the national level that the clearest signs of party development are observable in the election of 1792. In the presidential contest, evidence of the beginnings of cooperation and concert of action among those who composed what contemporaries called the Republican interest was distinctly revealed.”<sup>80</sup> The Republican coalition led by Madison and Jefferson proposed George Clinton, the governor of New York, as a candidate for vice president in the election of 1792, only one year after Hamilton’s “Report on a National Bank” had been submitted to Congress. Madison and Jefferson, the party leaders of Virginia, coordinated their actions with the New York Republican leader, Melancthon Smith, and the leading Philadelphia Republican, John Nicholson.<sup>81</sup>

The election results revealed the growing national support for the Republicans and their potential in future elections. Although he did not win, Governor Clinton received 55 electoral votes, while John Adams, the Federalist incumbent, was given 77.<sup>82</sup> The planning involved in the election of 1792 reflected the growth and development of the Republican party, especially the high degree of cooperation and coordination among various states. These efforts resulted in a unanimous vote for Clinton in New York, Virginia, North Carolina, and Georgia, as well as the formation of a political alliance between Republican leaders in Virginia

and New York. In addition, approximately one third of the members of the House of Representatives had been replaced when the new Congress convened in 1793; the Republicans were heartened by this change, which they considered necessary to preserve Republican ideals and halt any further plans of Hamilton and the Federalists.

Several alternative possibilities must be considered in determining the principal cause of the development of the two-party system. These include the French Revolution, Jay's Treaty, and the Alien and Sedition Acts. These alternatives, however, were actually events that enabled the Republican movement, which had already begun, to capitalize on political developments in order to expand its base and become a national party. Developments in the French Revolution, which had begun in 1789 and continued through the early 1790s, inspired the nationwide expansion of the Democratic-Republican societies which nurtured the growth of the Republican movement.<sup>83</sup> In the case of Jay's Treaty, the appointment by Washington of the Chief Justice, John Jay, as a special envoy to Britain, was seen by some, particularly members of Democratic-Republican societies, as a violation of the separation of executive and judicial powers.<sup>84</sup> The treaty which Jay's negotiations produced was widely unpopular and provided supporters of the Republican movement in Congress with the ideal vehicle with which to attack the Federalists and champion the views of the people.<sup>85</sup> The Alien and Sedition Acts, passed in the Adams Administration, imposed severe restrictions on the publication of Republican periodicals and thereby created widespread public sympathy for the Republicans.<sup>86</sup> Thus all of these alternatives should be properly interpreted as events that served to enhance the growth and stature of a nascent Republican movement. Finally, Jay's Treaty and the French Revolution had little immediate and direct impact on typical Americans. In contrast, the Hamilton economic program included taxes and tariffs that affected their everyday lives.

In summary, although several different factors contributed to the development of the two-party system, Hamilton's

economic plan of 1790-1791 provoked such strong responses from several influential figures in the government—as well as many typical Americans—that an alternative to the Federalist party was soon created. The Founders' dream of a single, unifying party within which competing factions could vie for influence died before the end of Washington's first term. From that point on, the American system of government has functioned on the basis of a two-party system.



## Notes

- <sup>1</sup> The New Shorter Oxford English Dictionary vol. 2, ed. Lesley Brown (Oxford: Clarendon Press, 1993), pp. 2111-2112
- <sup>2</sup> Anonymous, [Online] Available <http://dictionary.reference.com/search?q=party> (April 23, 2004)
- <sup>3</sup> Nathan Baily, An Universal Etymological English Dictionary in Daniel Sisson, The American Revolution of 1800 (New York: Alfred A. Knopf, 1974) p. 27
- <sup>4</sup> Sisson, p. 26
- <sup>5</sup> Richard Hofstadter, The Idea of a Party System (Berkeley: University of California Press, 1969) pp. 43, 48
- <sup>6</sup> *Ibid.*, pp. 40-43
- <sup>7</sup> *Ibid.*, pp. 40-43, 48
- <sup>8</sup> David Hume in Sisson, p. 31
- <sup>9</sup> Hofstadter, p. 65
- <sup>10</sup> James Madison, "Federalist 10," [Online] Available <http://www.the-federalist-society.org/Documents/Federalist%20Papers/federalist-10.htm> (April 23, 2004)
- <sup>11</sup> Alexander Hamilton, "Federalist 1," [Online] Available <http://www.the-federalist-society.org/Documents/Federalist%20Papers/federalist-1.htm> (April 23, 2004)
- <sup>12</sup> Alexander Hamilton, "Federalist 9," [Online] Available <http://www.the-federalist-society.org/Documents/Federalist%20Papers/federalist-9.htm> (April 23, 2004)
- <sup>13</sup> Thomas Paine in Sisson, p. 23
- <sup>14</sup> Fisher Ames in Sisson, p. 40
- <sup>15</sup> John Jay in Sisson, p. 41
- <sup>16</sup> Patrick Henry in Sisson, p. 45
- <sup>17</sup> Hofstadter, p. 53
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- <sup>19</sup> Norman Schofield, "Madison and the Founding of the Two-Party System," James Madison: The Theory and Practice of Republican Government (Stanford: Stanford University Press, 2003) p. 309
- <sup>20</sup> Hofstadter, p. 78
- <sup>21</sup> Charles, p. 6
- <sup>22</sup> Lance Banning, "Jeffersonian Persuasion" in James Roger Sharp, American Politics in the Early Republic (New Haven: Yale University Press, 1993) p. 13

<sup>23</sup> Freeman W. Meyer, "A Note on the Origins of the Hamiltonian System," William and Mary Quarterly 21, No. 4 (1964) pp. 579-588

<sup>24</sup> Sharp, pp. 36-37

<sup>25</sup> Thomas Jefferson, quoted in *Ibid.*, p. 37

<sup>26</sup> James Madison, Constitution of the United States, [Online] Available [http://www.archives.gov/national\\_archives\\_experience/constitution\\_transcript.html](http://www.archives.gov/national_archives_experience/constitution_transcript.html) (April 23, 2004)

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<sup>28</sup> Charles, p. 23

<sup>29</sup> Schofield, p. 315

<sup>30</sup> Borden, p. 45

<sup>31</sup> Patrick Henry, quoted in William Wert Henry, Patrick Henry: Life, Correspondence, and Speeches (New York: Burt Franklin, 1891) p. 460

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<sup>33</sup> Lawrence S. Kaplan, Alexander Hamilton: Ambivalent Anglophile (Wilmington: Scholarly Resources Inc., 2002) pp. 93-94

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<sup>36</sup> Alexander Hamilton, "Opinion on the Constitutionality of an Act to Establish A National Bank," in Amy H. Sturgis, Presidents from Washington through Monroe, 1789-1825 (Westport: Greenwood Press, 2002) p. 31

<sup>37</sup> Buel, p. 18

<sup>38</sup> Sharp, p. 44

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<sup>40</sup> Thomas Jefferson, quoted in Buel, p. 13

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<sup>49</sup> Madison, pp. 531-532

<sup>50</sup> Hofstadter, p. 80

<sup>51</sup> Henry Lee, quoted in Henry, pp. 456-457

<sup>52</sup> Buel, p. 4

<sup>53</sup> Sharp, pp. 42, 47, 53

<sup>54</sup> *Ibid.*, p. 56

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<sup>56</sup> Cunningham, pp. 41-42

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