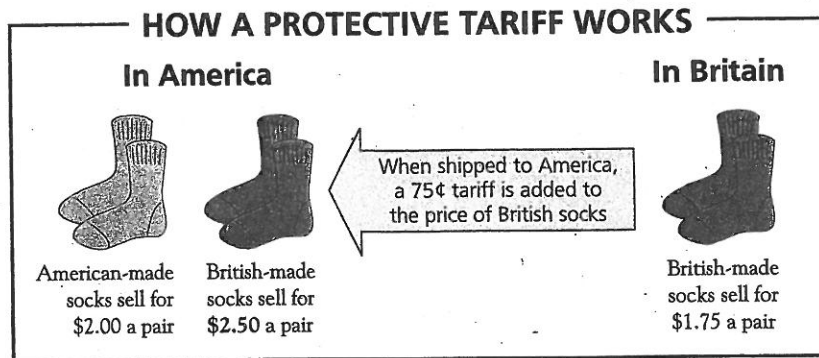


THE NEW REPUBLIC: THE TARIFF ISSUE

The original Constitution did not give the national government the right to tax people's incomes. Instead, the government could only place special taxes on the sale of goods within the United States, and tariffs on goods imported into the United States from other countries. A **tariff** is a special tax on imported goods.

★ **Hamilton's Financial Plan.** In 1791, Alexander Hamilton called for high tariffs on manufactured goods. This would help the government raise money. It would also help protect American manufacturers from overseas competition. However, Hamilton's high tariffs were rejected by Congress.



*A **tariff** is a tax added to imported goods. It is used to raise the cost of a foreign-made good when it is sold in the United States. When a tariff protects an American industry from cheaper-made foreign goods, it is referred to as a **protective tariff**.*

★ **Sectional Interests Emerge.** For much of the early 1800s, tariffs remained a highly controversial issue.

- **Northerners** wanted high tariffs to protect their manufacturers from the flood of cheaper imported goods coming into the nation from Europe.
- **Westerners** wanted high tariffs to give the national government enough money to build roads and canals, tying the West to the rest of the nation.
- **Southerners** opposed high tariffs. They wanted to pay lower prices on the many manufactured goods they frequently bought from Britain. Southerners also grew crops like cotton and tobacco, which they usually sold in Britain. A high tariff might discourage the British from buying their crops. They feared the British might hit back by placing a tariff on Southern products imported into Britain.

| Region | Northerners | Westerners | Southerners |
|-----------------------------|-------------|------------|-------------|
| Love or Hate Tariffs | | | |
| Why? | | | |

Thomas Jefferson Letter to George Washington, 1792 (Modified)

DEAR SIR,

I received your letter of August 23rd. You note that there have been internal tensions in your administration. These tensions are of great concern to me. I wish that you should know the whole truth.

I have never tried to convince members of the legislature to defeat the plans of the Secretary of Treasury. I value too highly their freedom of judgment. I admit that I have, in private conversations, disapproved of the system of the Secretary of Treasury. However, this is because his system stands against liberty, and is designed to undermine and demolish the republic.

I would like for these tensions to fade away, and my respect for you is enough motivation to wait to express my thoughts until I am again a private citizen. At that point, however, I reserve the right to write about the issues that concern the republic.

I will not let my retirement be ruined by the lies of a man who history—if history stoops to notice him—will remember a person who worked to destroy liberty. –Still, I repeat that I hope I will not have to write such a thing.

I trust that you know that I am not an enemy to the republic, nor a waster of the country's money, nor a traitor, as Hamilton has written about me.

In the meantime I am with great and sincere affection and respect, dear Sir, your most obedient and most humble servant.

Thomas Jefferson

Source: This letter was written by Thomas Jefferson to President George Washington on September 9, 1792. Jefferson was Secretary of State in Washington's administration.

Alexander Hamilton Letter to George Washington, 1792 (Modified)

Dear Sir,

I have received your letter of August 26th. I sincerely regret that you have been made to feel uneasy in your administration. I will do anything to smooth the path of your administration, and heal the differences, though I consider myself the deeply injured party.

I *know* that I have been an object of total opposition from Mr. Jefferson. I *know* from the most authentic sources, that I have been the frequent subject of most unkind whispers by him. I have watched a party form in the Legislature, with the single purpose of opposing me. I believe, from all the evidence I possess, that the *National Gazette* (a newspaper) was instituted by Jefferson for political purposes, with its main purpose to oppose me and my department.

Nevertheless, I can truly say that, besides explanations to confidential friends, I never directly or indirectly responded to these attacks, until very recently.

But when I saw that they were determined to oppose the banking system, which would ruin the credit and honor of the Nation, I considered it my duty to resist their outrageous behavior.

Nevertheless, I pledge my honor to you Sir, that if you shall form a plan to reunite the members of your administration, I will faithfully cooperate. And I will not directly or indirectly say or do a thing to cause a fight. I have the honor to remain

Sir, Your most Obedient and Humble servant

A Hamilton

Source: This letter was written by Alexander Hamilton to President George Washington on September 9, 1792. Hamilton was Secretary of the Treasury in Washington's administration.