Alexander Hamilton And His Financial Plan

After the United State of America became independent on the 4th of July, one of the problems the new-born country was facing is the concerning financial situation. The federal government had received $54 million of debt as an aftermath of the Independence War fight with the British. With paper, cash issued becoming worthless and without foreign savings, the financial prospect of the nation was faint.

George Washington, the first president of the United States of America saw the high need to save the country from a dangerous situation. The man he chose is Alexander Hamilton, who had served with him throughout the Revolutionary War. As the secretary of the treasury, Alexander Hamilton designed a four-part financial plan in order to build a solid financial foundation of the newly born country. Proposing that the government should assume the whole debt of the federal government and the states, Hamilton came up with a sketch to borrow new money at a relatively low-interest rate.

Hamilton came up with a plan to pay debts at par and at assumption. At par means the debts would be paid off by the federal government and at assumption means that all debts would be paid off at face value. However, the sketch Hamilton came up with stirred conflicts in Congress and deepened distances among states. States like Maryland, Pennsylvania, and Virginia had had their debts paid off. They saw no reason to be taxed by the federal government in order to help to pay off debts for states that were still in debt. Hamilton's critics claimed that his scheme would bring tremendous profits to speculators while eroding the benefits of the majority of the people.

Debates raged in Congress for nearly a half year. People had divided stances over whether or not the economic plan proposed by Hamilton should be implemented. Conflicts accelerated until a compromise was engineered. The capital of the nation will be created on the border between two southern states, Virginia and Maryland for balancing the power of Southern states and the Northern States.

Hamilton's scheme for redirecting the U.S. away from debts was an exceptional success. By demonstrating Americans' willingness to repay their debts, he made the United States investments attractive to overseas investors. Capital poured into, paving a brighter future for the newborn country.

Hamilton's next goal was once to create a Bank of the United States. A countrywide financial institution would perform the role of stabilizing the financial situation in the States. Examples were collecting taxes, maintaining government funds, and making loans to the governments and borrowers. The whole plan looked alluring and well-developed but people in the States held a strong opinion against taxation by the government resulting from years of reigning of Great Britain. Critics claimed the bank to be unrepublican and unconstitutional. Other figures like Thomas Jefferson and James Madison stated that the Constitution did not specifically render Congress the power to create a bank. Nevertheless, Hamilton responded to the charge by formulating the doctrine of 'implied powers.' He argued that Congress had the power to create a bank due to the authority granted by the Constitution to the federal government to do anything 'necessary and proper to carry out its functions. In the case of the bank, the constitutional function was to stabilize the country fiscally. Finally, in 1791, a bill was passed granting the federal government the right to create a national bank for a term of 20 years. The bank of the United States largely stimulates and stabilizes the nation's financial well-being.

Other than his financial plan and his idea of creating a bank, Hamilton supported aiding the nation's infant industries. Protective tariffs and government subsidies for certain industries were already designed to guard American enterprises against fierce overseas competition. Hamilton hoped to wreck Britain's manufacturing remains in America. He believes the best way to do so was to build up American’s own industry. Thomas Jefferson, who believed in the values of an agrarian way of life, was one of the strongest opponents of Hamilton’s scheme. Hamilton's imaginative and prescient of America's future challenged Jefferson's blueprint of a nation of farmers.

Alexander Hamilton drew a blueprint of a remarkably contemporary economy based on investment, industry, and expanded commerce. Most strikingly, the financial vision had no place for slavery. Before the 1790s, the American economy was largely based on a trans-Atlantic trade of slavery. States south of Pennsylvania depended on slave labor to produce tobacco, rice, indigo, and cotton. The northern states performed their most profitable change with the slave colonies of the West Indies. As a member of New York's first antislavery society, Hamilton wanted to reorient the American economy away from slavery.

Hamilton is commonly viewed as the greatest Secretary of Treasury in American history. Rather than political legacies left by Hamilton, what humans centered more were those ideas left out or even attacked via the mainstream at his time. However, these thoughts are certainly standpoint when we, humans in the 21st century, seem to appreciate and understand. Alexander Hamilton was an