

# Alexander Hamilton's Program for the US Economy



## Assumption of State Debts and Payment of all Debts in Face Value

- Debts of states assumed by national government
- All bonds paid at face value (instead of market value)
- Sharp disagreement arose, because some states had already paid off their debts; and many of the current owners were speculators who purchased the debt at a steep discount.



## Taxes on distilled spirits and luxury items

- Taxes on luxuries (such as carriages) and distilled beverages (as well as a few imported items—coffee, wine, and tea)
- This brought about a harsh reaction called the Whiskey Rebellion, as well as more sophisticated measures (taking it to the Supreme Court, which ruled in *Hylton v. United States* that this carriage tax was not a tax on property so much as an excise tax, and as such, was constitutional).



## Protective tariffs on imports

- Congress had already established a 5% tariff on all imports (for raising revenue), and tariffs of up to 15% on other items, such as clothing, glass, and iron (for protective reasons). Hamilton wanted Congress to raise this rate, although it did so only slightly. He went so far as to suggest subsidies for industries, but Congress decided not to do that.



## Bank of the United States

- 80% of the stock and board of directors were to be under private control
- It would act to restrict inflation, by redeeming currency printed by private banks, for gold and silver.
- Many held that this bank restricted the free flowing of currency, which led to Shay's Rebellion (lack of currency with which to pay taxes, limited the ability of farmers to pay their taxes).