

Hamilton's Financial Program

1. Government revenue should:

- A) meet the ongoing expense of the government
- B) pay the interest on the national debt
- C) gradually reduce the national debt
- D) be enhanced with a 25% excise tax on whiskey*

* *This excise tax leads to the Whiskey Rebellion.*

2. Foreign debts should be repaid immediately.*

* *By 1796 the U.S. repaid \$12 million in debts to France and Holland.*

3. Old and new bonds should be redeemed at face or par value.

- A) shows that U.S. debts are good
- B) forces the upper class elite to support the government
- C) this goal is accomplished with the Funding Act of 1790

4. The federal government assumes state debts.

- A) Assumption Act - (\$25 million in state debts)
- B) Jefferson - compromise - Southern new capital

5. Encourage industry and manufacturing.

- A) manufacturing makes a nation wealthy
- B) end foreign dependence on essential goods
- C) tariffs to increase revenues and protect infant industries*

* *Why would Western farmers oppose point #5?*

6. Establish a national bank (Bank of United States*)

- A) provide safe and centralized location for gov't deposits
- B) provide an institution for taxes to be paid into
- C) provide an institution where the gov't could borrow money
- D) the bank could lend money to new industries E)
- serves as an agent to sell gov't bonds

* The Bank of the United States was 80% private and 20% owned by the government. The bank could issue notes backed by government tax deposits.