Building a Nation's Credit

Trace how Hamilton's economic plan supported private enterprise.

SS24.6.20a "Describe Alexander Hamilton's economic plan for the new United States and explain how this became the foundation of capitalism in the country."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline three actions Hamilton proposed or supported. Number each action, then circle a phrase that shows how it could help the economy.

Hamilton's Plan for a New Nation

1 In 1790, the United States had a money problem. The federal government owed money from the Revolutionary War, and many states had war debts too. Alexander Hamilton, the first secretary of the treasury, wanted the federal government to pay its own debts and take over the states' unpaid war debts. It would pay creditors by issuing new government bonds, promises to repay money with interest. If lenders trusted those promises, they might lend money again. Hamilton believed strong public credit would help the young country grow.

2 Paying those debts required a steady supply of money. Hamilton supported tariffs, taxes on imported goods, and a tax on whiskey made in the United States. The money collected would help pay what the government owed. He also proposed a national bank. Congress created the Bank of the United States in 1791. The bank held federal money and made loans, helping money move through the economy. Some Americans objected to the whiskey tax, and others feared the bank gave the federal government too much power.

3 Hamilton also wanted American factories to grow, not just farms and trade. He proposed government support for manufacturing, including tariffs that could make imported products cost more than American ones. Not every proposal became law. Together, his debt, tax, and bank measures built a system in which people could borrow, invest, and buy and sell with greater confidence. In capitalism, private people and businesses own property and seek profits in markets. Such activity existed before Hamilton, but his plan helped build the financial foundation for its growth in the United States.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did Hamilton plan to handle war debts, and why did he think that would help the country grow?

2. How were Hamilton's taxes and tariffs connected to his debt plan?

3. How could the national bank help people take part in a capitalist economy?

4. How could Hamilton's proposed tariffs support manufacturing and the pursuit of profit?

3 YOUR TURN

Your own words

Write four sentences as a shoe workshop owner in the 1790s. Explain how two different parts of Hamilton's plan might affect your business choices, how they could help you earn a profit, and one concern someone could have about the plan.

ANSWER KEY

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GRADE 6 · SS24.6.20a

PART 1 · READ AND MARK

Underline three actions Hamilton proposed or supported. Number each action, then circle a phrase that shows how it could help the economy. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did Hamilton plan to handle war debts, and why did he think that would help the country grow?	**He wanted the federal government to pay its debts and take over states' unpaid war debts. Repaying creditors with new bonds could build trust so lenders would lend again.**
2	How were Hamilton's taxes and tariffs connected to his debt plan?	**Tariffs on imports and a whiskey tax would raise money to help pay what the government owed.**
3	How could the national bank help people take part in a capitalist economy?	**The bank made loans, which could help people borrow and invest in privately owned businesses.**
4	How could Hamilton's proposed tariffs support manufacturing and the pursuit of profit?	**Tariffs could make imported products cost more than American ones. That could help private American manufacturers sell their products and seek profits.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

I own a shoe workshop and hope to buy more tools. A loan from the national bank could help me pay for them before I sell more shoes. A tariff on imported shoes could make my shoes easier to sell, giving me a chance to earn a profit. Still, I worry that the bank gives the federal government too much power.

Accept other accurate links between two parts of Hamilton's plan and a workshop owner's decisions. The response should identify a plausible concern and explain a path to profit through private business.