Credit and Crossroads

Trace how financial policies and transportation projects shaped the Early Republic.

SS24.US1.3b "Analyze the development of economic infrastructure during the Early Republic, including the effects of Alexander Hamilton's economic policies."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline Hamilton's economic policies and circle their effects on the nation's economic infrastructure. Give each linked policy and effect the same number to show the connection.

Building an Economy

1. Imagine a merchant in 1790 trying to sell flour across state lines. The roads were often rough, and states still had debts from the Revolution. The new federal government also owed money and had trouble persuading lenders that it could repay them. Weak national credit made it harder to raise money for future needs. Treasury secretary Alexander Hamilton proposed paying federal debts at full value and having the federal government take over state war debts. Congress adopted these measures in 1790. By making repayment more dependable, Hamilton hoped to attract investors and strengthen the federal government's credit.

2. Credit mattered beyond government offices. In 1791, Congress chartered the First Bank of the United States, another key part of Hamilton's plan. The bank held federal deposits, issued banknotes, and made loans. It helped create a more reliable financial network for commerce. Hamilton also backed an excise tax on distilled spirits to bring in revenue for paying federal debts. The tax weighed heavily on western farmers, who often turned grain into whiskey because whiskey was easier to ship. Their protests, including the Whiskey Rebellion of 1794, exposed the conflicts behind building a stronger federal financial system.

3. A bank and sound credit did not, by themselves, move a wagon or clear a river. During the Early Republic, state governments and private investors financed turnpikes and canals to lower shipping costs and link farms with markets. The federal government also supported the National Road, begun in 1811, to improve travel westward. These projects developed alongside Hamilton's policies, not simply because of them. Meanwhile, critics argued that a national bank gave the federal government too much power and favored merchants over farmers. The nation gained tools for raising capital, but disputes over who paid and who benefited shaped its growing economy.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did Hamilton expect his debt measures to improve the federal government's ability to raise money?

2. How could the First Bank support commerce, according to the passage?

3. What benefit did Hamilton seek from the spirits tax, and what conflict did it create?

4. How did transportation projects develop alongside Hamilton's policies without being a direct result of them?

3 YOUR TURN

Your own words

In 1815, your town considers backing a new canal. In five sentences, recommend a decision, explain how one Hamilton-era policy could affect commerce, distinguish that policy from the canal project, and address who might bear costs or gain benefits.

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PART 1 · READ AND MARK

Underline Hamilton's economic policies and circle their effects on the nation's economic infrastructure. Give each linked policy and effect the same number to show the connection. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did Hamilton expect his debt measures to improve the federal government's ability to raise money?	**Dependable repayment would strengthen federal credit and attract investors willing to lend money.**
2	How could the First Bank support commerce, according to the passage?	**By holding deposits, issuing banknotes, and making loans, it helped create a more reliable financial network for commerce.**
3	What benefit did Hamilton seek from the spirits tax, and what conflict did it create?	**The tax raised revenue to pay federal debts, but it weighed heavily on western farmers and sparked protests, including the Whiskey Rebellion.**
4	How did transportation projects develop alongside Hamilton's policies without being a direct result of them?	**States and private investors financed turnpikes and canals, while the federal government supported the National Road. These projects reduced shipping costs or improved travel, but the passage does not say Hamilton's policies caused them.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Our town should support a canal if investors and the state can share its costs. A canal could make shipping grain to distant markets cheaper, while a bank could help merchants obtain loans for trade. Hamilton's national bank helped build a financial network, but it did not pay for every canal. Farmers who face tolls might question whether the savings will reach them. Before approving the project, the town should compare expected trade gains with construction costs and ask who will pay the tolls.

Accept other well-supported recommendations in Part 3. Look for a clear distinction between financial infrastructure and transportation infrastructure, without claiming that Hamilton's policies directly funded the proposed canal.