

Welcome to The Making of a Nation – American history in VOA Special English. I'm Steve Ember.

Today we begin the story of Alexander Hamilton. He was one of the country's founding fathers. He never became president. He did, however, become the country's first secretary of the treasury.

At that time, the American government was very weak. It had many debts and no money. Many of the country's citizens did not support their own government. Many wondered if America would last.

In a few years, however, there was a change. This change was produced in large part by the energy and imagination of one man: Alexander Hamilton. Hamilton wanted to make America a strong and important nation. He wanted it to become the equal of the powerful nations of Europe.

There is much mystery about the early days of Alexander Hamilton. Some facts about his childhood and youth have been clearly established. Others have not. Historians think he was born around 1755 or 1757.

His

mother was the daughter of French Huguenots who had settled in the British West Indies. Her name was Rachel Lavien. Historians are not sure who his father was. One story says he may have been James Hamilton, a poor businessman from Scotland. Rachel Lavien lived with him after she left her husband.

One thing is certain. His mother died when he was 11 years old. When she died, friends of the family found work for the boy on the island of Saint Croix -- then called Santa Cruz -- in the Virgin Islands. He became an assistant bookkeeper and learned how to keep financial records.

Young Alexander was not like the other children. Other children played games. He talked about becoming a political leader in the North American colonies.

He read every book that was given to him -- in English, French, Latin and Greek. At a young age, he learned a great deal about business and economics. And he developed an ability to communicate ideas clearly and powerfully.

"He showed great talent as a writer. [He was] very observant and gained notice when he wrote an account of a local hurricane, which was picked up by the local press."

Valerie Paley is a historian at the New-York Historical Society.

She

says Hamilton's writing was so good that his boss and some other people decided to help him get a good education. They gave him money so he could attend a college in New York City.

The boy's plan was to study medicine and return to Saint Croix as a doctor. But he never lived in the West Indies again.

At King's College in New York City, both teachers and students were surprised by Hamilton's intelligence and clear way of communicating. He often expressed his thinking about the problems of the American colonies.

Hamilton was against British rule. He wrote a paper defending the colonists in the city of Boston who seized a British ship and threw its cargo of tea into the water. The protest over taxes became known as "the Boston tea party."

Valerie Paley of the New-York Historical Society says Hamilton's upbringing may have influenced his views.

"Some historians have argued that he was somewhat stateless. He was adrift, he was his own man. And in a way there was something so passionately right for Hamilton in joining something as apparently important as the revolutionary cause."

The year 1776 arrived. The 13 American colonies declared their independence from Britain. The declaration meant war.

American Revolution gave Hamilton the chance to show his abilities. He became part of a New York militia and fought in some important early battles. It was not long before Hamilton met the commander-in-chief of American forces, George Washington. General Washington recognized Hamilton's talents. He promoted Hamilton and invited him to become an aide.

In that job, Hamilton wrote letters and reports for Washington. Hamilton had to use all his political and communication skills to get money and supplies for the Revolutionary Army. He asked the 13 state governments. He also asked the Congress, which had little political power at that time. He got almost no help from either. Hamilton came to believe firmly that the American system of government was too weak and disorganized.

Even so, historian Valerie Paley says Hamilton became one of the most important people on George Washington's staff.

"Hamilton had never had a father of course that he knew or knew well, so there was something very loyal and very, very trusting about the relationship between the men. So I think it was something that was extremely important and influential to Hamilton's growth as a politician and as a thinker."

She

says their relationship was almost like a father and son. But that did not mean their relationship was always good. Alexander Hamilton was a proud man. He was quick to criticize others. He even criticized George Washington. Once, during the war, Hamilton was late to a meeting with the general. Washington protested. Hamilton resigned.

For the next eight years, Hamilton was very busy. He led troops in some of the last battles of the American Revolution. He became a lawyer. He founded the Bank of New York, one of the very first banks in the country. He helped save his old school, King's College, and turn it into what is now Columbia University. He was a delegate to the Constitutional Convention. He wrote some of the Federalist Papers, among the most famous documents in American history. Hamilton's defense of a strong central government persuaded many Americans to ratify the Constitution and establish a new system of government.

Historian Valerie Paley says Hamilton had a visionary way of thinking about the world.

"He thought up, some would argue, the whole notion of what modern America is in terms of the way government works, in terms of finance banking. He saw the importance of certain structures we take for granted, before they even existed."

Hamilton needed was a way to make his ideas happen. George Washington gave Hamilton that power. When Washington became president, he forgot their disagreement during the war. He asked his former aide to become the country's first secretary of the treasury.

The job would be difficult.

"The United States at that time was a financial basket case." Business historian John Steele Gordon wrote a book about Hamilton.

"There was no real money supply. In the colonial days they had used a hodgepodge of coins from British, and Spanish, and Portuguese, and what have you. It was a very chaotic system." In other words, there was no such thing yet as American money. John Steele Gordon says America also had to borrow heavily to pay for the Revolutionary War. The new nation was deeply in debt. It had to find ways to bring in money and pay what it owed.

One way to get money was to borrow it. But no one wanted to lend money to the United States unless they were sure they would get it back. So, the Congress asked Treasury Secretary Hamilton to write a report about how to build up the government's credit.

Hamilton's report said the government must pay back the full amount of all its debts. This caused a dispute.

Many of the debts were in the form of government notes. The notes promised to pay someone for supplying food, clothing and weapons to the rebel army. Some promised to pay soldiers for joining the army.

The notes, however, were really worth nothing. The wartime Congress had no money. People who got them lost hope of ever getting repaid. So they sold them to anyone willing to pay even part of the value.

Hamilton's plan would repay the full value of the notes to those who owned them last. Hamilton believed that those who bought the notes had a right to earn money from them. He said these men took a chance that the worthless notes would be worth something, someday.

Congressman James Madison of Virginia protested. He said the people who bought the notes at low cost should be paid, but not in full. Some of the money, he said, should go to those who got the notes in exchange for supplies or services.

Madison made an emotional speech in Congress. He described the situation of former soldiers forced by hunger to sell their government notes for almost nothing. He noted that the Union was established to protect the people against such injustice.

Hamilton answered that the purpose of his plan was greater than simply paying debts. He said it was a way to build up the nation's credit so it could borrow money more easily in the future.

Many members of Congress felt sorry for the poor soldiers and their families. Yet they voted against Madison's proposal and supported Hamilton's plan.

Still, to win support for his plan, Hamilton had to make a political deal with several congressmen. They would support his financial plan. But he had to use his influence to get the capital of the United States moved.

At that time, the capital was in the north, in New York City. Two congressmen from Virginia wanted it in the south near their homes along the Potomac River. Several congressmen from Pennsylvania agreed. But they said the capital must first be moved to the city of Philadelphia in their state. And it must remain there for ten years.



Congress accepted this plan by a close vote. President Washington signed it into law.

Hamilton was still a young man in his thirties. But he had already succeeded in remaking the country's economic policies. And he had established the country's permanent capital in Washington, DC, the District of Columbia. He had also made some enemies. His next plan would create even more. That will be our story next week.

I'm Steve Ember, inviting you to join us next time for the Making of a Nation. American history in VOA Special English.