

The Evolution of James Madison and Alexander Hamilton's Rivalry and the Founding of America's First Party Faction

Megan Yang

Many national heroes arose from the rubble of the Revolutionary War, but only one was deemed noble enough to lead the new republic: George Washington. Throughout his presidency, Washington strove to preserve a sense of unity and agreement amongst the citizens of a young America, stating in his Farewell Address, "To the efficacy and permanency of your Union, a government for the whole is indispensable."¹ This sense of concern for the future of the state was palpable throughout the nation's new capital in the mid-1790s, following the first official division within Washington's own cabinet.

"In every political society, parties are unavoidable," wrote James Madison in an essay for the *National Gazette*.² Even in the earliest days of our country, extreme political polarization played a significant role in determining America's future, whether it was considering King George's right to levy taxes on the colonists or the constitutionality of raising a national bank. However, no political division has proven so infamous and highly debated as Madison's 1792 co-founding of America's first official party faction: the Republican Party. This was the year that Madison seemingly abandoned long-time ally and co-author of the *Federalist Papers*, Alexander Hamilton, by becoming a proponent of pacifism and state rights. By doing this, many historians and even his contemporaries, including Hamilton, argue that Madison too easily deserted his own principles for those of a more liberal Thomas Jefferson. This called into question the strength of Madison's character and the consistency of his beliefs. According to historian Colleen Sheehan, some have even questioned Madison's mental health, asserting that he may have been "suffering from schizophrenia," thus accounting for his inconsistent personality.³ Others, including historian Gordon S. Wood,

This paper was written for Tim James' Advanced Placement United States History class in the spring of 2011.

have chosen to take a closer look at Madison's intimate relationship with Jefferson that may have put Madison in a compromising position.

However, it was Hamilton's agenda that arose during Washington's presidency that caused Madison to question Hamilton's foundational republican ideals. By establishing a majority faction within the American government, Madison was effectively able to defend the Constitution's authority and to preserve the democratic republic it guaranteed. Fearful of the "Hamiltonian monarchical type of government," Madison strove to restore faith in public opinion and protect the political minority from an overbearing and abusive federal majority.⁴ Although the argument over Hamilton's attempt to build a modern fiscal-military state may seem superficial, at its core was a profound claim: Madison felt that Hamilton's conception of American government violated the principles upon which the country was founded. His accusations that Hamilton was laying the framework for a mirror image of the British monarchy increased Madison's hostility towards Hamilton, even leading him to maintain that it was Hamilton who abandoned him. However, it seems as if abandonment was not the cause of the two men's separation, for it can be concluded that their split was one of mere inevitability that stemmed from a difference in principle that was not realized until well into Washington's administration.

The Question of Madison's Inconsistency

Madison and Jefferson's "intimate and long-lasting" friendship wasn't as predictable as many would expect.⁵ Both proponents of religious freedom, Madison and Jefferson met just prior to the Virginia convention in 1776. Jefferson was far more mild-tempered. He fully embraced democratic idealism, which sometimes led him to "grab hold of new and sometimes outlandish ideas," while, on the other hand, Madison came from a more conservative and realistic mindset.⁶ Although they shared very few personal qualities, that did not get in the way of their similar political principles.

Among the few qualities they shared, however, was their inherent fear of legislative power—both were wary that too much power was concentrated in the federal government. In the early 1780s, Jefferson left

for France to deal with foreign affair business. Throughout the entirety of the French Revolution, Jefferson continued his consistent correspondence with Madison, oftentimes sending him books on political theory and democratic rule. Meanwhile, Madison, under the Articles of Confederation, was forced to temporarily resign his Congressional position, opting for a new role within the Virginia legislature. His time in the Virginia assembly, though frustratingly slow for a notable congressman, proved to be a valuable and significant experience in shaping Madison's new appreciation for state-level government and constitutional reform.⁷ While at times Jefferson expressed his concerns about Madison's ideas on the division of power within American government, their long-distance friendship continued to flourish and indeed develop into a mentor-novice relationship. "I shall always receive your commands with pleasure," Madison wrote in a 1794 letter to Jefferson, prior to their private trip to Philadelphia together.⁸

However, Hamilton, a political opponent of Jefferson, seemed suspicious of Madison's relationship with Jefferson, voicing his skepticism while questioning "Mr. Madison's mind and the soundness of his judgment."⁹ Hamilton, who came out of the Continental Congress thinking that he had an ally in Madison, was left bewildered by Madison's sudden change in views. In an enraged letter to Virginia representative Edward Carrington in 1792, Hamilton wrote, "when I accepted the Office, I now hold, it was under a full persuasion, that from similarity of thinking, conspiring with personal goodwill, I should have the firm support of Mr. Madison, in the general course of my administration."¹⁰ Within the same letter, he attacks Madison for his weak character, "the opinion I once entertained of the candor and simplicity and fairness of Mr. Madison's character has, I acknowledge, given way to a decided opinion that is one of peculiarly artificial and complicated kind."¹¹ Hamilton, who previously thought that Madison also sought to centralize the federal government, was surprised to learn of Madison's new position on state rights and federal decentralization. He presumed that a sudden and complete change in political philosophy of this severity could only be attributed to a mental illness of some sort.

In expressing his genuine surprise at Madison's change in principle, Hamilton accused Madison of the same inconsistencies highlighted by

many of Madison's critics. These inconsistencies can be attributed to many aspects of his personality, including a mental illness that may have rendered him too weak to resist Jefferson's possible plan to derail the federalist agenda. Signs of a possible degenerative illness became apparent even prior to the creation of the Republican Party. Madison began to notice a difficulty in speech, leaving him "much indisposed and continue so in a degree which barely allows me to co-operate in the business," he stated in a 1788 letter to Rufus King.¹² Historian Irving Brant, however, asserts that this illness may have not been as debilitating as Madison thought, for he was still able to make one of his "longest speeches" to Congress only days after writing the letter to King.¹³

Hamilton's Plan for a Perpetuated National Debt

Soon after assuming his position as Secretary of the Treasury, Hamilton began to force his fiscal agenda upon the country, foolishly assuming that he had Madison's unwavering support. In his 1789 Report on Public Credit, Hamilton reported a national debt of over \$54 million, proposing that both the international and domestic war debts be repaid at full value and that the federal government assume all state debts.¹⁴ During the Revolutionary War, the Confederate government had issued a series of war bonds to patriots and Revolutionary soldiers, promising to eventually make good on the bonds. These original bondholders, skeptical of the Confederation's financial credibility, sold most of the war bonds to speculators at a discounted price, hoping to make a little cash off of a seemingly unwise investment. By 1789, the newly established government was financially stable enough to begin considering repayment. Hamilton felt that it was imperative that the international debts be promptly repaid in order to assure other nations of America's credibility and trustworthiness. With that same logic, he also proposed that the current and only the current bondholders be reimbursed at "face value."¹⁵ Hamilton believed that such policy would establish public confidence and encourage Americans to continue investing in the nation's financial well-being, essentially fortifying America against financial crisis. And there was also the profit made by speculators who were paid by the government for the bond's original value, rather than the decreased price at which they bought the bond. Hamilton hoped that with their freshly turned profit, specu-

lators would choose to invest in the federal government, rather than stashing the money away.

This strict national debt policy earned Hamilton much criticism from many of his contemporaries, most notably Madison. Madison, on the contrary, proposed a completely different debt system, in which the federal government would partially pay both the original and current bondholders at a discounted price. He believed that the current bondholders, who were mostly speculators, did not need to be repaid the full value of the bond, for they had not previously purchased the bond at full price anyway. However, Madison was unable to gain enough support for his debt assumption plan as, “the political weakness of Madison’s program lay in the fact that it would hurt the rich (though leaving them with a profit), help the poor, and save nothing to the taxpayer.”¹⁶ In doing so, many believed that the rich would reap no benefits from Madison’s plan, for it only helped the previously “poor” speculators, who never expected to make much of a profit anyway.

Contrastingly, in its essence, Hamilton’s plan left the government in the hands of the wealthy. Madison feared that Hamilton’s program encouraged and even established a tyrannical and wealthy faction within the United States citizenship, prompting a visceral reaction to protect the abused majority. This was arguably the greatest turning point in Madison’s relationship with Hamilton. Madison began to fear that Hamilton’s plan served to only recreate the tyrannical rule the young country had just escaped.

However, their debate over the national debt was only the first battle of their persistent war. In December 1790, Hamilton proposed that Congress establish a national bank. The Bank Bill gained increasing popularity in both the House and the Senate, before coming to face Madison’s opposition. He challenged the bill’s constitutionality, stating that nowhere in the Constitution was Congress given the power to establish a national bank. Madison believed that if Congress passed the bill, the Constitution’s authority would be tarnished and the government’s power would be compromised. Essentially, the benefits of a national bank would not outweigh costs of the consequences. However,

Madison's efforts proved to no avail. Madison's opponents, most notably congressman Fisher Ames, argued that "the power to establish a bank [...] was a necessary incident to the powers to regulate trade and provide for the public credit and national defense," insinuating that it would fall within the necessary and proper clause.¹⁷

Days later, Madison took the floor of the House to express his concerns about the Bank Bill. He conveyed it was not a matter of policy or allegiance, but rather a matter of constitutionality and the protection of the permanency of the Union. He argued that the Bank Bill symbolized an effort to concentrate all of the country's wealth and influence in the nation's capital; it was a "misguided imitation of England's monarchical practice."¹⁸ Despite his efforts to prevent its passage, Madison lost the battle against the Bank Bill in a House vote that won 39 to 20, and he proceeded reluctantly to sign the bill himself. Although the incident did not produce any sort of concrete victory for Madison, he managed to send a clear message to Hamilton that the two had officially parted ways.

The new rivalrous relationship that had blossomed between the two men was one of great contempt and personal attack. In an essay written for the *National Gazette* in 1792 entitled "The Union: Who Are Its Real Friends?" Madison detailed that, "those who promote unnecessary accumulations of the debt of the Union, instead of the best means of discharging it as fast as possible; thereby increasing the causes of corruption in the government, and the pretexts for new taxes under its authority, the former undermining the confidence, the latter alienating the affection of the people," were certainly not friends of the Union.¹⁹ Unfortunately for Hamilton, labeling him as an enemy of America was one of the milder attacks Madison made on Hamilton's loyalty. Following the passage of the Bank Bill, Madison was not the only one who was concerned by Hamilton's creation of a European state. In a letter written to Thomas Jefferson in 1791, Madison referred to those who supported founding father Alexander Hamilton's Bank Bill as "tories," referring to the British political party—a term which during the Revolutionary War was used as a derogatory name for those who remained loyal to Great Britain.²⁰ In effect, Madison took the political rivalry to a whole new level, launching very personal attacks on a man who was formerly a close ally. His willingness to so easily destroy all hopes of

reconciliation demonstrated Madison's firm backing of the republican opposition, proving that at no cost was he willing to risk the new republic's longevity.

The Creation of a European Military State

In the late 18th century, it was undeniable that the British Empire was by far the most successful and powerful of its time. However, it later became evident that Madison and Hamilton attributed Great Britain's success to vastly different qualities. Madison noted the role of public opinion within the British government, in that it adequately checked, to some degree, the monarchial power. Hamilton, on the other hand, admired Great Britain for its successful attempt at the European state building process and the creation of a strong, military nation. In modeling America after superpowers like France and Great Britain, Hamilton believed America could assert a more respectable position on the international stage—a kind of back-handed slap in the face to the defeated British. While Hamilton had “no wish,” he repeatedly claimed, to establish monarchy or aristocracy in America, he did seek to strengthen the decision-making powers of the executive branch, proposing that executives modeling “good behavior” should have the choice to serve for life.²¹

From the start, Madison rejected the idea of tyrannical rule precisely because it silenced the public voice, or in America's case, the legislative branch. In a 1791 essay to the *National Gazette* entitled “Government,” Madison used an analogy to explain the danger of a monarchy, writing, “the eyes of a good prince cannot see all that he ought to know.”²² He felt that even the best of single rulers fails to understand the issues that face entire nations and that without the legislative branch, the public voice could not be heard. After all the “sole foundation on which the Union rests,” according to Madison, is the “authority of the people.”²³

Additionally, while Madison did emphasize the importance of becoming a respected Western power, he also sought to create more of a “judicial-like umpire,” having “no intention of creating the kind of modern war-making state that Hamilton had in mind.”²⁴ Madison rejected the creation of a European military state for both political and

humanitarian reasons. His philosophy was that a world more densely populated by negotiable democratic republics would lead to a world engaged in less war. He even proposed the wide use of economic sanctions instead of military action to settle disputes over the growing international commercial economy. It was unclear whether Madison could be categorized as an utopian idealist or as a politician who rejected war solely for the nation's financial prosperity—but no matter his motives, Madison's distaste for Hamilton's plan was highly publicized and intensely critical. In the early 1790s, Madison embarked on somewhat of a media crusade as he "gradually became aware [...] of the kind of government Washington, Hamilton, and other Federalists were actually creating," writing what later became known as the "Party Press Essays."²⁵ In this collection of essays, sent and then printed in the *National Gazette* (the only national publication at the time), Madison attacked Hamilton's plan for creating a powerful European state. In "Spirit of Governments," written in February of 1792, Madison outlined the hazardous results of a "government operating by a permanent military force," seeing it as "the cause of burdens on the people, and of submission in the people to their burdens." "Such have been the governments under which human nature has groaned through every age," he continued. "Such are the governments which still oppress it in almost every country of Europe, the quarter of the globe which calls itself the pater of civilization, and the pride of humanity."²⁶

As Wood outlines in his work *Revolutionary Characters*, Madison saw many flaws with this type government. A nation constantly engaged in war would lead to "a Hamiltonian monarchical type of government," an increase in taxes to pay for the war, a standing army paid for by taxpaying citizens, heavy national debts that would be perpetuated by the debt system paid for by wealthy taxpaying citizens, and as a result, an even stronger executive power.²⁷ With a system like this, Madison argues, "no nation could preserve its freedom in the midst of continual warfare."²⁸ This was an idea Madison stood firmly by; a country that was founded upon the central principle of freedom ought to do everything in its power to preserve that freedom. Instead, Madison proposed a "Universal Peace"—albeit naïve—in which wars of "much folly" and "wickedness" could be entirely avoided.²⁹ This solution, though

not entirely realistic, exposes Madison's idealistic side that so viciously clashed with Hamilton's harsh conception of reality.

Conclusion

Madison's advice is still needed today. In the same country centuries after he lived, critics continue to accuse the government of over-publicized political polarization. Madison assures us that even with the existence of rival parties, there are many problems "which may be contemplated now; but which only time alone can solve."³⁰ His passionate crusade for preserving the exact republic, which he felt was birthed by the Constitution, is one not only of great consistency, but one deserving great admiration. Even able to acknowledge his own faults along the way, Madison remained true to his word, writing in an 1831 letter to Charles E. Haynes, "my abstract opinion of the text of the Constitution has not changed, and the assent was given in pursuance of my early and unchanged opinion."³¹

The separation between Madison and Hamilton was justified, in that at the root of their apparently similar agendas, lay a vast difference in principle and constitutional interpretation. It appears that although both founding fathers sought to create a democratic republic separate from Great Britain, their true conceptions of republican federalism did not align and this fact was not fully discovered until Washington's administration. With Hamilton in the cabinet and at the President's right hand, Madison knew that without taking extreme political measures, he was hopeless in protecting his own vision for America from his position in the House. While many still continue to question the authenticity of Madison's motives during this time, it is certain that the separation that arose between the two men was not a result of Madison's conceived "weak character," but rather a preexisting difference, dating back possibly to even before the two men met, that took far too long to be realized.³² This story—of the creation of America's first party faction—is often marred by associations with betrayal and deception; however, at its core, it is merely a tale of two men fighting to protect their own personal vision for America. ●

Notes

1. George Washington, "Farewell Address," September 19, 1796, *The Avalon Project*, (2008), http://avalon.law.yale.edu/18th_century/washing.asp (accessed January 7, 2011).
2. James Madison, "Parties," *National Gazette*, 23 January 1792, in *The Papers of James Madison*, ed. Robert A. Rutland et al (Charlottesville: University Press of Virginia, 1983), vol. 14, 197-198.
3. Colleen A. Sheehan, *James Madison and the Spirit of Republican Self-Government* (Cambridge: Cambridge University Press, 2009), 6.
4. Gordon S. Wood, *Revolutionary Characters: What Made the Founders Different* (New York: Penguin Books, 2006), 170.
5. *Ibid.*, 145.
6. *Ibid.*
7. *Ibid.*, 147.
8. James Madison to Thomas Jefferson, 5 October 1794, in *The Papers of James Madison*, ed. Robert A. Rutland (Charlottesville: University Press of Virginia, 1985), vol. 15, 179.
9. Alexander Hamilton to Edward Carrington, Philadelphia, 26 May 1792, in *The Papers of Alexander Hamilton*, ed. Harold C. Syrett (New York: Columbia University Press, 1966), vol. 14, 428.
10. *Ibid.*, 427.
11. *Ibid.*, 432.
12. James Madison to Rufus King, Richmond, 18 June 1788, in *The Papers of James Madison*, ed. Robert Rutland et al (Charlottesville: University Press of Virginia, 1977), vol. 11, 152.

13. Irving Brant, *The Fourth President: A Life of James Madison* (Indianapolis: Bobbs Merrill Co., Inc, 1970), 217.
14. *Ibid.*, 241.
15. *Ibid.*
16. *Ibid.*, 245.
17. *Ibid.*, 250.
18. Gordon S. Wood, *Revolutionary Characters: What Made the Founders Different* (New York: Penguin Books, 2006), 153.
19. James Madison, "The Union.: Who Are Its Real Friends?," *National Gazette*, 31 March 1792, in *The Papers of James Madison*, ed. Robert A. Rutland et al (Charlottesville: University Press of Virginia, 1977), vol. 11, 247.
20. James Madison to Thomas Jefferson, New York, 1 May 1791, in *The Papers of James Madison*, ed. Robert A. Rutland (Charlottesville: University Press of Virginia, 1981), vol. 13, 16.
21. Colleen A. Sheehan, "Madison v. Hamilton: The Battle over Republicanism and the Role of Public Opinion," *The American Political Science Review* 98, no. 3 (2004): 410.
22. James Madison, "Government," *National Gazette*, 31 December 1791, in *The Papers of James Madison*, ed. Robert A. Rutland et al (Charlottesville: University Press of Virginia, 1983), vol. 14, 178.
23. James Madison, "The Union.: Who Are Its Real Friends?," *National Gazette*, 31 March 1792, in *The Papers of James Madison*, ed. Robert A. Rutland et al (Charlottesville: University Press of Virginia, 1983), vol. 14, 247.

24. Gordon S. Wood, *Revolutionary Characters: What Made the Founders Different* (New York: Penguin Books, 2006), 165.
25. Ibid.
26. James Madison, "Spirit of Governments," *National Gazette*, 18 February 1792, in *The Papers of James Madison*, ed. Robert A. Rutland et al (Charlottesville: University Press of Virginia, 1983), vol. 14, 233.
27. Gordon S. Wood, *Revolutionary Characters: What Made the Founders Different* (New York: Penguin Books, 2006), 170.
28. James Madison, *The Writings of James Madison*, ed. Gaillard Hunt (New York: G.P. Putnam's Sons, 1900), vol. 6: Universal Peace. <http://oll.libertyfund.org/title/1941/124396> (accessed January 4, 2011).
29. Ibid.
30. James Madison, "A Candid State of Parties," *National Gazette*, 22 September 1792, in *The Papers of James Madison*, ed. Robert A. Rutland et al (Charlottesville: University Press of Virginia, 1983), vol. 14, 371.
31. James Madison to Charles E. Haynes, Montpellier, 25 February 1831, Rotunda: New Digital Scholarship from the University of Virginia Press, ed. University of Virginia. <http://rotunda.upress.virginia.edu/founders/default.xqy?keys=FOEA-print-02-02-02-2286> (accessed December 5, 2010).
32. Alan Gibson, "The Madisonian Madison and the question of Consistency: The Significance and Challenge of Recent Research," *The Review of Politics* 64, no. 2 (Spring 2002): 313.

Bibliography

Primary Sources

Hamilton, Alexander. Alexander Hamilton to Edward Carrington, Philadelphia, May 26, 1792, in *The Papers of Alexander Hamilton*, ed. Harold C. Syrett. New York: Columbia University Press, 1966.

Madison, James, "A Candid State of Parties," *National Gazette*, 22 September 1792. In *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1983.

Madison, James, "British Government," *National Gazette*, 28 January 1792. In *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1983.

Madison, James, "Consolidation," *National Gazette*, 3 December 1791. In *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1983.

Madison, James, "Government," *National Gazette*, 31 December 1791. In *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1983.

Madison, James. James Madison to Charles E. Haynes, Montpellier, February 25, 1831. Rotunda: New Digital Scholarship from the University of Virginia Press, ed. University of Virginia. <http://rotunda.upress.virginia.edu/founders/default.xqy?keys=FOEA-print-02-02-02-2286> (accessed December 5, 2010).

Madison, James. James Madison to George Washington, New York, April 16, 1787, in *The Papers of James Madison*, ed. Robert A. Rutland et al. Chicago: University of Chicago Press, 1975.

Madison, James. James Madison to George Washington, Richmond, December 7, 1786, in *The Papers of James Madison*, ed. Robert A. Rutland et al. Chicago: University of Chicago Press, 1975.

Madison, James. James Madison to Rufus King, Richmond, June 18, 1788, in *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1977.

Madison, James, "The Union.: Who Are Its Real Friends?," *National Gazette*, 31 March 1792. In *The Papers of James Madison*, ed. Robert A. Rutland. Charlottesville: University Press of Virginia, 1977.

Madison, James. James Madison to Thomas Jefferson, Harewood, October 5, 1794, in *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1985.

Madison, James. James Madison to Thomas Jefferson, New York, May 1, 1791, in *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1981.

Madison, James, "Parties." *National Gazette*, 23 January 1792. In *The Papers of James Madison*, ed. Robert A. Rutland et al. Charlottesville: University Press of Virginia, 1983.

Madison, James. Political Observations, April 20, 1795, in *The Papers of James Madison*, ed. Robert A. Rutland. Charlottesville: University Press of Virginia, 1975.

Madison, James, "Spirit of Governments," *National Gazette*, 18 February 1792. In *The Papers of James Madison*, ed. Robert A. Rutland. Charlottesville: University Press of Virginia, 1977.

Madison, James. "Universal Peace." *The Writings of James Madison*, ed. Gaillard Hunt. New York: G.P. Putnam's Sons, 1900.
<http://oll.libertyfund.org/title/1941/124396> (accessed January 4, 2011).

Madison, James. Vices of Political System, April 1787, in *The Papers of James Madison*, ed. Robert A. Rutland. Chicago: University of Chicago Press, 1975.

Washington, George. "Farewell Address," September 19, 1796. *The Avalon Project*. http://avalon.law.yale.edu/18th_century/washing.asp (accessed January 7, 2011).

Secondary Sources

Brant, Irving. *The Fourth President: A Life of James Madison*. Indianapolis: Bobbs Merrill Co., Inc, 1970.

Gibson, Alan. "The Madisonian Madison and the question of Consistency: The Significance and Challenge of Recent Research." *The Review of Politics* 64, no. 2 (Spring 2002): 311-338.

McCoy, Drew. *The Last of the Fathers: James Madison and the Republican Legacy*. Cambridge: Cambridge University Press, 1989.

Sheehan, Colleen A. *James Madison and the Spirit of Republican Self-Government*. Cambridge: Cambridge University Press, 2009.

Sheehan, Colleen A. "Madison v. Hamilton: The Battle over Republicanism and the Role of Public Opinion." *The American Political Science Review* 98, no. 3 (2004): 405-424.

Wood, Gordon S. *Revolutionary Characters: What Made the Founders Different*. New York: Penguin Books, 2006.