

The Compromise of 1790: Preserving the Unity of the
United States

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The United States, after winning its independence from Great Britain, was attempting to establish a new unified country. In 1790, conflicting ideologies between the northern and southern states, spearheaded by Founding Fathers: Alexander Hamilton, James Madison, and Thomas Jefferson, caused a fragile beginning for the new nation. Fundamental decisions were being fought over in Congress. One major point of contention was choosing a permanent location for the United States' capital. The other major conflict, at the time, was over Hamilton's proposed assumption plan. Thomas Jefferson proposed a private dinner meeting to resolve these ongoing conflicts. During this meeting, a compromise was reached: Jefferson and Madison agreed to persuade southern representatives to vote for Hamilton's assumption plan; in return, Hamilton endorsed locating the the U.S. capital on the border of the Potomac River in the South. This agreement, which became known as "The Compromise of 1790," put an end to two of the major conflicts between the northern and southern states and resulted in the passage of the Residence and Funding Acts. This compromise was pivotal in preserving the unity of the United States during its fragile beginnings.

Alexander Hamilton brought forth his financial plan to congress on January 14, 1790.¹ Hamilton was not allowed to be present to give his proposal, instead he had to submit a written report that was to be read in the House of Representatives.² His report was over twenty-thousand words.³ The plan contained, among other things, a clause that made the federal government responsible for funding all of the states' debts and gave the government more power over taxation. Hamilton was persistent on having his plan passed for four main reasons. He was

¹ United States, Congress, House, *The Funding Act of 1790* (Government Printing Office, 1790), 1st Congress, 2nd session.

² McDonald, Forrest, *Alexander Hamilton: A Biography* (W.W. Norton & Company, 1979) 171.

³ McDonald 171.

determined to fix the nation's economy, which enabled the United States to build better international relations. He envisioned the country with credit, so they could be taken seriously by other countries. Hamilton also believed that in order for the country to thrive, the states needed to be unified by one government, not many.⁴ He wrote about this belief in one of his essays titled "Advantage of the Union in Respect to Economy in Government," in the *Federalist Papers*:

"If the states are united under one government, there will be but one national civil list to support; if they are divided into several confederacies, there will be as many different national civil lists to be provided for--and each of them, as to the principal departments, coextensive with that which would be necessary for a government of the whole. The entire separation of the States into thirteen unconnected sovereignties is a project too extravagant and too replete with danger to have many advocates".⁵

Lastly, Hamilton believed that all Americans had received the same benefit from the Revolutionary War, so they should all assume an equal and collective debt.⁶

Many members of Congress, particularly the southerners, opposed Hamilton's plan for multiple reasons. One reason being the weight of debt proposed for assumption. In total, the states owed twenty-five million dollars to foreign supporters of the United States, from the Revolutionary War.⁷ If the federal government paid the states' debts, the government's total amount of debt would rise to seventy-one and a half million dollars.⁸ These members of Congress were concerned that the sum was too large for a young country to take on. Thomas

⁴ Hamilton, Alexander, et al, "The Federalist Papers" (1788).

⁵ Hamilton, Federalist No. 13

⁶ Chernow 323.

⁷ www.digitalhistory.uh.edu

⁸ Ellis, Joseph J., *Founding Brothers* (Alfred A. Knopf, 2000) 55.

Jefferson also voiced his concern, “We must not let our rulers load us with perpetual debt.”⁹ States such as Maryland, Pennsylvania, North Carolina, and Virginia¹⁰ had already paid their debts, and their representatives thought it unfair that other states would not have to follow through with their payments. James Madison strongly objected to Hamilton’s plan and “blocked”¹¹ the bill from being passed by Congress four separate times.¹² He proposed his own plan to have the federal government assume only the states’ debts as they were in 1783. However, Madison’s plan would add one third to the amount Hamilton suggested be assumed by the federal government.¹³ In April of 1790, the House voted against Hamilton’s plan by a vote of thirty-one to twenty nine. Two weeks later, they voted to end all debate over the financial plan. Madison’s refusal to consider Hamilton’s plan intensified the tension between the two.

The permanent location of the United States capital was another major issue crippling Congress at the time. The Constitution stated that a location, ten miles square, was to be purchased as the seat of the federal government.¹⁴ The location of the capital would carry with it massive power, wealth, and influence on the style of government for the chosen state.

The residency question also brought forth a debate over a temporary capital location while the permanent one was being readied. At this time, Congress convened in New York, but an official seat of government had never been agreed on. Northern representatives wanted the capital to be located in a Northern state; two favored places that were nominated were New York

⁹ Jefferson, Thomas, *Letter to Samuel Kercheval* (1816), www.notable-quotes.com/j/jefferson_thomas.html

¹⁰ www.digitalhistory.uh.edu

¹¹ Ellis 48.

¹² Chernow 322.

¹³ *James Madison: A Biography* Ketcham, Ralph, *James Madison: A Biography* (The Macmillan Company, 1971) 308.

¹⁴ “The Constitution of the United States” (17 Sept. 1787), *National Archives*, www.archives.gov/founding-docs/constitution-transcript#page-header.

and Philadelphia.¹⁵ Southern representatives vouched for the capital to be located in a Southern location, specifically Virginia.¹⁶

Choosing a location for the government to reside in was not an easy decision. Although choosing the permanent capital was the main concern, a debate also took place over where the temporary capital would be located. New York and Philadelphia were the two most likely candidates for the temporary capital location.¹⁷ Congress members feared that any location chosen as the temporary capital would eventually become the permanent seat of government. Due to the fact that New York was Hamilton's home state, many delegates associated it with him.¹⁸ Those same delegates despised Hamilton because of his ambition and belief in a strong central government, ergo, because of this association, most southern delegates would not even consider New York for the capital. If the capital was located in the South, the government would assume an agricultural society, but Hamilton was a firm believer that the only way for the government to succeed was to focus on commercial and industrial expansion.¹⁹

It was also feared that the region of the capital's location would gain too much power. One of the main objectives for southern delegates, at this time, was preventing a strong central government from forming.²⁰ They feared that the U.S. government would too closely resemble a monarchy, much like the British government, with whom they had fought so hard to gain independence. Neither side wanted to give the other more power in the government. Of course,

¹⁵ Sutter, Erin "The Compromise That Created Our Capital" (*TeachingAmericanHistory.org*, 2006), teachingamericanhistory.org/past-programs/hfotw/07152012-2/.

¹⁶ teachingamericanhistory.org

¹⁷ Chernow 325.

¹⁸ Chernow 325.

¹⁹ Ketcham 312.

²⁰ Ellis 52.

this power struggle caused disagreements, arguments, anger, and threats of secession.

Consequently, another decision and point of conflict was left unsolved.

With two major decisions unsolved in Congress, the Union was headed for failure. The day of the dinner meeting, Thomas Jefferson wrote to James Monroe²¹ that if nothing was decided upon, the country would undoubtedly split. In an account from Jefferson, he claims to have run into Hamilton outside the President's office.²² During the ensuing conversation, Hamilton confessed that he was planning on resigning. Hamilton was in so much distress because his financial plan had been shut down in Congress. In their conversation, Hamilton and Jefferson agreed the future of the United States was more important than their conflicting views.²³ In order for the Union to succeed, they would need to reach a compromise for the States to remain united.

Prior to the well known dinner meeting, many gatherings had already taken place. Although it is unknown as to exactly how many, three of these meetings were recorded.²⁴ These rendezvous were even more secretive than the dinner meeting that produced "The Compromise of 1790." A different assemblage of representatives gathered at each meeting. In the first meeting, held on June 6, 1790, Jefferson and Madison met with Hamilton's assistant.²⁵ At the second meeting, which occurred around the same time as the first, Alexander Hamilton met with Pennsylvanian delegates.²⁶ The final documented gathering, preceding the famous dinner meeting between Jefferson, Madison, and Hamilton occurred on June 15, 1790 and assembled

²¹ "Letter from Thomas Jefferson to James Monroe" (Received by James Monroe, 20 June 1790).

²² "1792: Jefferson, Memorandum on the Compromise of 1790" (*Online Library of Liberty*, 2004), oll.libertyfund.org/pages/1790-jefferson-memorandum-on-the-compromise-of-1790.

²³ oll.libertyfund.org

²⁴ Ellis 72.

²⁵ Ellis 72.

²⁶ Ellis 72.

representatives from Virginia and Pennsylvania.²⁷ The outcome of these three meetings did little to produce any form of a solution to the current conflict. The only agreement reached was that Philadelphia would become the temporary capital.²⁸ Although no substantial outcome was produced, these aforementioned meetings began the conversations towards making a compromise and set the foundation for “The Compromise of 1790”.

Thomas Jefferson invited James Madison and Alexander Hamilton to dine with him in the hopes of reaching a compromise. Jefferson wrote, *“I proposed to him however to dine with me the next day, and I would invite another friend or two...”*²⁹ The meeting was held at Jefferson’s New York estate, fifty-seven Maiden Lane, New York City,³⁰ on June 20, 1790.³¹ The men candidly discussed the future of the United States. It was finally agreed upon that Thomas Jefferson and James Madison would urge at least three southern delegates to change their votes enabling Hamilton’s financial plan to be passed.³² Hamilton understood that the southern representatives would not do this willingly, so the men agreed that Hamilton and the northern representatives should offer something in return. The location of the U.S. capital was immediately brought forward. Hamilton concurred to persuade a few northern delegates to vote for a place near the Potomac River for the nation’s permanent capital.³³ The resulting compromise was the country’s first step towards a unified nation.

²⁷ Ellis 72.

²⁸ Ellis 72, 73.

²⁹ Jefferson, Thomas, “Jefferson’s Account of the Bargain” (1818).

³⁰ *Hamilton’s America | The Dinner Party Compromise of 1790* (PBS Learning Media, 2016).

³¹ Tao, Mary, “Historical Echoes: Thomas Jefferson Slept Here on Maiden Lane/The Compromise of 1790” (*Federal Reserve Bank of New York*, 22 Feb. 2014),

libertystreeteconomics.newyorkfed.org/2014/02/historical-echoes-thomas-jefferson-slept-here-on-maiden-lanethe-compromise-of-1790.html.

³² Jefferson (1818).

³³ Jefferson (1818).

Although there are multiple accounts of the dinner meeting, few originally knew about it, and the secrecy of the meeting raised questions as to the credibility of the various accounts. Many details of the meeting were kept behind closed doors because those involved feared an unofficial bargain could ruin their reputations.³⁴ Other politicians, such as James Monroe, warned Jefferson, Madison, and Hamilton of the possible consequences of a secret “dinner deal”.³⁵ Jefferson responded to Monroe, “If this plan of compromise does not take place, I fear one infinitely worse.”³⁶ Jefferson ultimately feared that the union would split. After previously ignoring Monroe’s premonition, Jefferson realized his blunder of allowing Hamilton’s plan to be passed two years post-meeting. However, Jefferson’s remorse makes his account seemingly more credible.³⁷ “Why fabricate a tale in which one comes off a self-confessed dunce?”³⁸ Joseph J. Ellis writes, as he analyzes this event. Due to the secrecy of the compromise, accounts from Thomas Jefferson and others may be slightly biased, or glorified, to preserve notoriety.

Plans to put the compromises reached at the dinner meeting into place started almost immediately after the gathering in late June of 1790. The Residence Act was drafted and stated that the location near the Potomac River, now named Washington D.C., would be the permanent capital of the United States.³⁹ It also stated that while that location was being prepared, Philadelphia would serve as the temporary capital. The bill went through the Senate on the July 1, 1790 and was passed by a vote of fourteen to twelve.⁴⁰ After going through the Senate, the bill

³⁴ Ellis 51.

³⁵ Ellis 51.

³⁶ Ellis 51.

³⁷ Ellis 51.

³⁸ Ellis 51.

³⁹ United States, Congress, House, *The Residence Act* (Government Printing Office, 1790), 1st Congress, 2nd session.

⁴⁰ *The Residence Act* (1790).

was moved to the House of Representatives on July 9, 1790⁴¹ and passed by a narrow margin of thirty-two to twenty-nine.⁴² Finally, on July 16, 1790, George Washington signed the Residence Act of 1790, and Washington D.C. became the permanent seat of the United States government.

Shortly after finalizing the location of the capital, Hamilton's assumption plan was presented to Congress and the other half of the compromise came to fruition. The Funding Act stated that the United States' federal government would assume the debts of all of the states. Holding up their end of the compromise, Jefferson and Madison secured the vote by persuading four⁴³ Congress members, all whose districts bordered the Potomac, to change their votes. The Assumption Bill passed the House of Representatives by a vote of thirty-four to twenty-eight.⁴⁴ James Madison still voted against the plan, but did not lead as strong an opposition as he had previously.⁴⁵ George Washington signed the bill into law as the Funding Act of 1790 on August 4, 1790.⁴⁶ Upon the passage of this Act, both ends of the compromise had been fulfilled.

"The Compromise of 1790" resulted in a stable economy for the United States as well as a tighter-knit union. Choosing the permanent headquarters for the federal government made the U.S. appear to have a more stable government. Having a permanent capital made the young country seem as though it would be a long-lasting power. Hamilton stated that due to the Funding Act, the United States appeared more willing to repay any debts that the country might accumulate.⁴⁷ This attribute appealed to many foreign investors. The act brought the federal government and the states closer together, since the federal and state government resolved a

⁴¹ *The Residence Act* (1790).

⁴² *The Residence Act* (1790).

⁴³ Ellis 73.

⁴⁴ Ellis 50.

⁴⁵ Ellis 50.

⁴⁶ *The Funding Act of 1790* (1790).

⁴⁷ www.digitalhistory.uh.edu

communal issue. The federal government helped the states and created relations between the two levels of government.⁴⁸ In resolving the two points of disagreement, the compromise saved the United States from splitting into two separate countries. “The Compromise of 1790” proved to be an excellent solution to the current conflict between the North and South and boosted the economy of the infant nation.

Hamilton’s proposed plan for debt assumption, along with the decision for the location of the permanent seat for the federal government, led to the conflict that ensued in Congress that year. The union was headed for collapse; but due to the dinner meeting compromise, the collapse was prevented. Although the credibility of the meeting accounts are not certain, it is verifiable that during the meetings leading up to, and concluding with the famous dinner meeting itself, a compromise was produced. The passage of the Funding Act and Residence Act marked a new beginning for the United States ensuring that the Union would not dissolve before having an opportunity to really begin.

⁴⁸ Ellis 80.

Annotated Bibliography

Primary Sources

“The Constitution of the United States.” 17 Sept. 1787. *National Archives*, www.archives.gov/founding-docs/constitution-transcript#page-header. Accessed 25 Jan. 2018.

This transcript of the Constitution was beneficial in that it provided what was enacted about the location of the capital. This source gave me details on the infrastructure of the early United States.

Hamilton, Alexander, et al. “The Federalist Papers.” 1788.

This collection of essays, titled the “Federalist Papers,” gained me primary sources written by Hamilton and Madison. I was able to glimpse their views on the government. I also took a block quote from one of the essays to use in my paper.

Jefferson, Thomas. “Jefferson’s Account of the Bargain.” 1818.

This transcript provided insights into Thomas Jefferson’s experience in the bargain. It had useful information about the attendees, location of the meeting, and how the dinner came to be.

---. “Letter from Thomas Jefferson to James Monroe.” Received by James Monroe, 20 June 1790. Letter.

This document was a letter written by Jefferson, sent to James Monroe, the evening of the famous dinner meeting. This letter gave Thomas Jefferson’s reasons to agree to the compromise, as well as some of James Monroe’s discussion with Jefferson prior to the meeting.

---. *The Works of Thomas Jefferson*. Vol. 6. 12 vols.

This volume of “The Works of Thomas Jefferson” is one of the many volumes in a twelve volume collection of practically everything Jefferson ever wrote. This book was

very helpful because it was written by Thomas Jefferson. I was able to understand Jefferson's point of view on the conflict, as well as the compromise.

United States, Congress, House. *The Funding Act of 1790*. Government Printing Office, 1790. 1st Congress, 2nd session.

This document gave me details of what was included in the Funding Act. The document was a principal primary source because it showed me what resulted from the compromise.

United States, Congress, House. *The Residence Act*. Government Printing Office, 1790. 1st Congress, 2nd session.

The Residence Act was one of the acts passed because of the compromise. This document was helpful in that it gave information about the solution to the conflict.

Secondary Sources

“Alexander Hamilton's Financial Program.” *Digital History*,
www.digitalhistory.uh.edu/disp_textbook.cfm?smtID=2&psid=2973. Accessed 24 Jan. 2018.

This website provided an explanation of Hamilton's debt plan. There were many details about how much debt was owed, and of how Hamilton's plan worked.

Bowers, Claude G. *Jefferson and Hamilton*. 1925.

This book put the weight of the conflict into perspective. The book painted a clear picture of the extreme reactions of many Congressmen during the conflict.

Chernow, Ron. *Alexander Hamilton*. Penguin Books, 2004.

This book included an entire chapter about the conflict, the compromise, and the meeting. The author went into detail about the situation, how the conflict was solved, and you needed to know about the situation.

Ellis, Joseph J. *Founding Brothers*. Alfred A. Knopf, 2000.

This book provided a plethora of facts about the dinner meeting. It also included information about the results of the compromise.

Hamilton's America | The Dinner Party Compromise of 1790. PBS Learning Media, 2016.

This video provided clips of historians speaking about the conflict, as well as the compromise. There were also clips of them visiting different important locations for the event.

Ketcham, Ralph. *James Madison: A Biography*. 1971.

This book contributed plentiful information about Madison's side of the event. It also provided details about the other Founding Fathers' reasons for their stances in the conflict.

Kratz, Jessie. "The Compromise of 1790." *The National Archives: Pieces of History*, 31 May 2015, prologue.blogs.archives.gov/2015/05/31/the-compromise-of-1790/. Accessed 23 Jan. 2018.

This website gave an overview of the entire conflict, as well as the dinner meeting and compromise. This site helped me organize the different parts of the event chronologically.

McDonald, Forrest. *Alexander Hamilton: A Biography*. 1979.

This book supplied detailed information about Hamilton's part in the bargain. It also included information about when Hamilton first presented his financial plan, which added to my knowledge of the topic.

"1790: Jefferson, Memorandum on the Compromise of 1790." *Online Library of Liberty*, 2004, oll.libertyfund.org/pages/1790-jefferson-memorandum-on-the-compromise-of-1790. Accessed 24 Jan. 2018.

This website provided a transcript of Jefferson's views on the conflict, meeting, and compromise. He describes his reasons for proposing the dinner gathering, as well as his perspective of what occurred at the dinner meeting.

Sutter, Erin. "The Compromise That Created Our Capital." *TeachingAmericanHistory.org*, 2006, teachingamericanhistory.org/past-programs/hfotw/07152012-2/. Accessed 24 Jan. 2018.

This article provides an overview of the whole bargain. Also included are facts about how the compromise agreed on at the meeting was put into place.

Tao, Mary. "Historical Echoes: Thomas Jefferson Slept Here on Maiden Lane/The Compromise of 1790." *Federal Reserve Bank of New York*, 22 Feb. 2014, libertystreeteconomics.newyorkfed.org/2014/02/historical-echoes-thomas-jefferson-slept-here-on-maiden-lanethe-compromise-of-1790.html. Accessed 25 Jan. 2018.

This site gave me information about the location of the meeting. I also received information about how much debt the states actually owed.

Winski, Sarah. "The Dinner-Party Compromise That Resolved a Debt Crisis (And Gave Us Washington, D.C.)." *National Constitution Center*, 13 June 2011, constitutioncenter.org/blog/the-dinner-party-compromise-that-resolved-a-debt-crisis-and-gave-us-washing. Accessed 24 Jan. 2018.

This article put the compromise into perspective by comparing it to a current political event. The article provided information about how the meeting and compromise came to be.