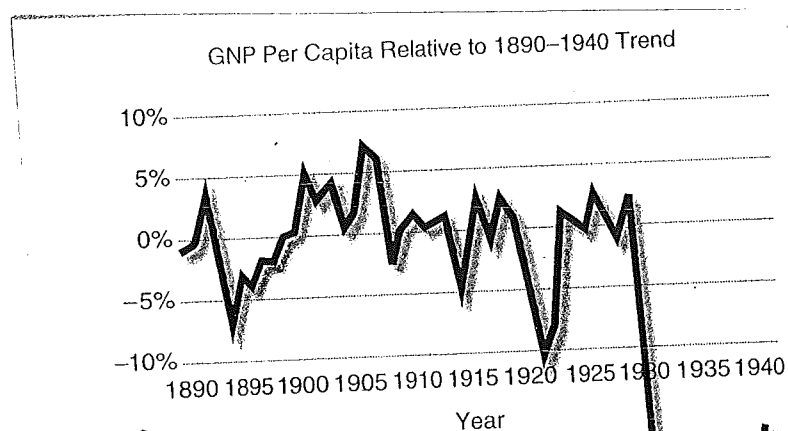


Date	Act	Policy	Consequences
1763	Proclamation of 1763	Prohibits colonists from moving westward	Intensifies problem of land scarcity in colonies
1764	Sugar Act	Reduces duty on molasses, but provides for more vigorous methods of enforcement	Colonials articulate theory that taxation without representation is a violation of "their most essential rights as freemen."
1765	Stamp Act	Documents and printed materials, including legal documents, newspapers, and playing cards must use special stamped paper.	Riots in major urban areas, harassment of revenue officers, colonial representatives meet for Stamp Act Congress
1765	Quartering Act	Colonists must supply British troops with housing and firewood	Colonial Assemblies protest, New York punished for failure to comply with law
1766	Declaratory Act/Repeal of Stamp Act	Britain asserts its right to legislate for colonies in all cases/ Stamp Act repealed	Britain reasserts its authority, while removing the obnoxious provisions of the Stamp Act
1767	Townshend Acts	New duties placed on glass, lead, paper, paint	Non-importation movement gains ground
1773	Tea Act	Parliament gives East India Company monopoly, but duties on tea are reduced	90,000 pounds of tea tossed into Boston harbor.
1774	Coercive Acts (Intolerable Acts)	Port of Boston closed, town meetings restricted	First Continental Congress meets and other colonies express support for Bostonians
1775	Prohibitory Act	Britain declares intention to coerce Americans into submission.	Continental Congress adopts a Declaration of Rights asserting American rights

#### 4.7 British Policies and Colonial Response



#### 22.2 Economic Trends in the Depression

This graph shows the sharp dip in the nation's gross national product during the Depression, a result of reduced productivity and consumption.

Hoover's approach began to unravel as the Depression worsened. The chart "Economic Trends in the Depression" (22.2) reveals the severity of the historic financial crisis. When the crisis entered its second year, U.S. Steel an-

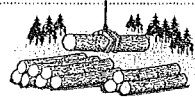
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"Here,"

**VERTICAL INTEGRATION** Seeking to bring under one company the many different products and processes that go into the making of paper, Company A has acquired forests, logging companies, railroads, and chemical companies, as well as paper manufacturing plants. The advantages in this system are lower prices for and greater control over supplies of essential materials (such as wood pulp from trees).

#### Paper Company A Acquires



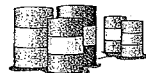
Forests  
(to supply pulp needed for paper)



Logging Company  
(to harvest the trees)



Railroad  
(to bring lumber and chemicals to the paper factory and to ship the finished product to market)



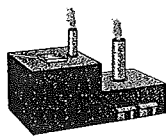
Chemical Company  
(to manufacture chemicals like bleach needed to make paper)



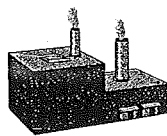
Paper Factory  
(to manufacture the paper from pulp)

**HORIZONTAL INTEGRATION** Seeking to gain the largest share of the market for paper products, Company B has acquired five more paper manufacturing companies. The advantage of this system is that Company B can generate more revenue from the added production and sales of paper products. It can also lower costs by eliminating redundant operations like advertising, marketing, and accounting in the acquired companies in favor of single operations covering these functions. Because of its increased size, the company can also lower costs by striking deals with suppliers (wood pulp, chemicals, etc.) eager for its business.

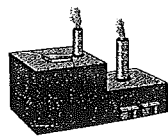
#### Paper Company B Acquires



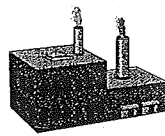
Paper Company



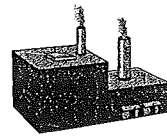
Paper Company



Paper Company



Paper Company

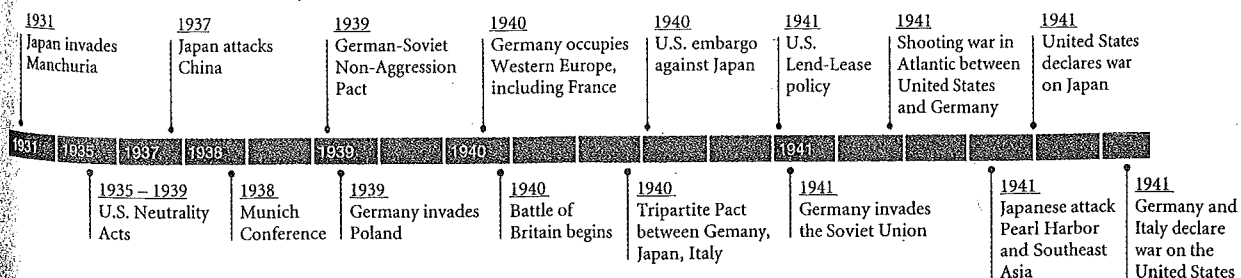


Paper Company

#### 16.6 Horizontal Integration versus Vertical Integration

Industrialists pursued two strategies when seeking to expand the size of their corporation. With vertical integration they sought to minimize costs and increase control of production by acquiring different kinds of companies involved in the chain of production. Through horizontal integration they attempted to reduce competition by acquiring their competitors.

#### U.S. Countdown to War, 1931 – 1941



program to encourage domestic industry by providing incentives for industrial development and tariffs to help American industry compete against imported foreign goods, which were cheaper. Congress refused to follow Hamilton's recommendation to raise these tariffs sharply. Hamilton's more grandiose scheme to encourage industrial development generated little interest in Congress. However, Hamilton did manage to persuade Congress to enact a new series of taxes, including a duty on whiskey. In the struggle to shape the contours of the new nation's economy, Hamilton's Federalists had soundly defeated Jefferson, Madison, and the Republican opposition at nearly every turn. Hamilton was largely successful at implementing his visionary economic program.

## Jefferson and Hamilton: Contrasting Visions of the Republic

Jefferson and Hamilton were a study in contrasts. Their backgrounds varied greatly: Jefferson was a southern slave owner; Hamilton, a northerner with strong abolitionist sympathies. Jefferson grew up a Virginia aristocrat, with every conceivable advantage; Hamilton was a self-made man who confessed that he was determined to escape his humble origins at almost any cost.

Regarding several of the most important issues facing the new American nation, the two men found themselves in distinctly separate camps, as summarized in the table (6.4). In general, Hamilton sought to endow the national government with additional powers; Jefferson sought to limit the powers of the federal government and protect state authority from further incursions.

The two men also approached the economy from radically different philosophies. Hamilton's idea of a thriving commercial republic was



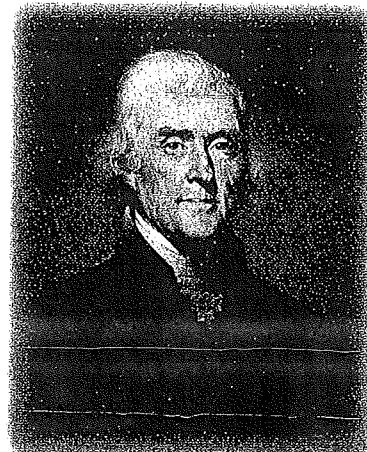
**Hamilton**

Commercial Republic

Broad Construction

Standing Army

Pro-British



**Jefferson**

Agrarian Republic

Strict Construction

Militia

Pro-French

**6.4 Political Views: Hamilton versus Jefferson**

diametrically opposed to Jefferson's vision of a nation of independent yeoman farmers tilling the land. "While we have land to labour," Jefferson wrote, "let us never wish to see our citizens occupied at a work bench." Hamilton believed that America needed to emulate the powerful and diversified economy of Great Britain and foster commerce and manufacture.

A gulf separated the two men on questions of constitutional law as well. Hamilton believed in a broad, or loose, construction of the Constitution. He believed the federal government had to have wide latitude to choose whatever means was best suited to accomplish its legitimate objects. Jefferson, by contrast, believed in a strict construction of the Constitution so that the powers of the new government would be limited to those clearly established by the Constitution.

In foreign affairs the two men opposed one another as well. Hamilton was an Anglophile who not only championed Britain but also believed that Britain's path to economic power ought to guide America. Jefferson savored all things French, from wine to pastry. He thought America's interests were better served by supporting France.

of the Midwest they aligned themselves against slavery. Rejecting the views of old-style conservatives such as Chancellor James Kent, an heir to the Old Federalist vision of politics, the Whigs adopted the more popular style of politics pioneered by the anti-Masonic party, using it to reach out to American voters. Whigs embraced Clay's American System, arguing that the rich and poor would each see their fortunes rise. Whigs emphasized the harmonious interaction of different elements of the economy and attacked Democrats for preaching an ideology that fostered class conflict.

The Whig version of democracy was not egalitarian, but rather it recognized the need for a talented and virtuous elite to guide the nation. The Whigs' frank acceptance of inequality allowed them to find a place in their ranks for African Americans, Indians, women, and any other group who needed guidance or protection from an enlightened elite. Although slightly paternalistic in outlook, the Whigs believed they had a duty to protect these groups. Thus Whigs championed the rights of Indians against the efforts of Jackson and other Democrats to forcibly remove them from their lands. Although Southern Whigs supported the institution of slavery, Whigs outside of the South often supported the abolition of slavery. Finally Whigs actively cultivated women's involvement in their campaign efforts.

The Whig Party drew from the Old National Republican Party of John Quincy Adams, adding to their ranks Democrats who opposed Jackson's Bank War. Anti-Masons and the more commercially minded Southern planters were also drawn to the Whig message. Whiggery also had a significant ethnic and religious basis. Individuals of English origin were also more likely than others to be Whig in sympathy, and mainstream Protestant denominations such as the Congregationalists, Presbyterians, and Episcopalians were more likely to vote Whig.

Democrats' vision of white men's democracy was more egalitarian than that of the Whigs, but it was also more exclusive. Although Democrats often couched their appeals in egalitarian terms, this rhetoric was not inclusive when it came to the issue of racial equality. Instead Democrats reached out to workers, small farmers, and members of the planter class. Democrats attracted voters more suspicious of the burgeoning market economy, including those who blamed banks, especially the Bank of the United States, for the economic problems they experienced. They asserted their support for the sanctity of private property and for the doctrine of states' rights, meaning that they were the party best suited to protect the interests of Southern slaveholders. Obtaining more land for white farmers, including Southern planters, was the primary goal of Democrats. Promoting this old Jeffersonian ideal of an expanding nation of yeoman farmers meant having to sacrifice the rights of Indians. From Jeffersonianism, Jacksonian Democrats inherited a strong fear of centralized government and large concentrations of financial power. Thus Democrats opposed Clay's American System and the Whig's emphasis on a powerful federal government involved in economic development. Although not opposed to economic growth, Democrats believed that the individual states, not the federal government, ought to guide economic development.

Rural farmers and urban workers flocked to the ranks of the Democrats. Religious affiliation also dictated Democratic Party affiliation. Democrats were more popular among the less affluent evangelical Protestant sects such as the Baptists and Methodists, who found Jackson's egalitarian message appealing. Democrats also attracted some free thinkers and Catholics who feared that the Whigs were trying to impose Protestant morality on others. For a summary of the ideas of the Democrats and Whigs, see the following chart (8.17).

#### 8.17 Democrats and Whigs: Major Beliefs

##### Democrats





- Oppose tariffs
- Oppose federal support for internal improvements
- Oppose Bank of the United States
- Favor Indian removal
- States' rights







##### Whigs

- Favor tariffs
- Favor federal support for internal improvements
- Support the Bank of the United States
- Oppose Indian removal
- Support strong central government



	Articles of Confederation	Virginia Plan	New Jersey Plan
 Structure of the Legislature	Single house, one state one vote	Two houses, both determined by population	Single house, one state one vote
 Taxation	No power to tax	Power to tax	Power to tax
 Judicial Power	No judicial power apart from courts to hear admiralty cases	Federal judiciary	Federal judiciary
 Executive Power	Plural executive	Single executive chosen by national legislature	Single or plural executive elected by Congress

**13 Comparison of the Articles of Confederation, Virginia, and New Jersey Plans**  
 hough the Virginia and New Jersey plans differed on the issue of representation, each would have given the w government the vital power of taxation.

	Articles of Confederation	Constitution
 Structure of the Legislature	Single house, one state one vote	Two houses, one determined by population, upper house equal state representation
 Taxation	No power to tax	Power to tax
 Judicial Power	No judicial power apart from courts to hear admiralty cases	Federal judiciary
 Executive Power	Plural executive	Executive chosen by electors chosen by state legislators

**5.14 Comparison of the Articles of Confederation and the Constitution**  
 As this chart shows, the new federal government created by the Constitution was far more powerful than the old government under the Articles of Confederation.

James Madison Federalists	George Mason Anti-Federalists
Support strong central government	Oppose strong central government
Oppose bill of rights as unnecessary and perhaps even harmful to liberty	Favor inclusion of a bill of rights as necessary to protect liberty
Doubt effectiveness of militia and favor federal standing army	Favor militia and oppose federal standing army
Republicanism can survive only in a large and diverse republic	Republicanism can survive only in a small republic
Virtue is a weak foundation for republicanism; a system of checks and balances is better suited to preserving a republican government against corruption	Republicanism depends on a virtuous population to prevent corruption

## Landmark Decisions of the Supreme Court

The table below lists key Supreme Court cases, issues, and decisions that have had a lasting impact on the course of the nation's history. Following the table, you will find a more detailed summary of each of these landmark Supreme Court cases.

The Case	The Issues	The Supreme Court's Decision
<i>Marbury v. Madison</i> (1803)	Judicial Review, Checks and Balances	First decision to assert judicial review: the power of the Court to interpret the constitutionality of a law.
<i>McCulloch v. Maryland</i> (1819)	Federalism, States' Rights	Upheld the power of the national government and denied the right of a state to tax a federal agency.
<i>Gibbons v. Ogden</i> (1824)	Federalism, States' Rights, Interstate Commerce	Upheld broad congressional power to legislate and regulate commerce between states.
<i>Worcester v. Georgia</i> (1832)	Federalism, States' Rights; Native American Sovereignty	Ruled that Georgia had no power to pass laws affecting the Cherokees because federal jurisdiction over the Cherokees was exclusive.
<i>Dred Scott v. Sanford</i> (1857)	Slavery, 5th Amendment, Citizens' Rights	Ruled that slaves were property, not citizens and, therefore, Dred Scott was not entitled to use the courts.
<i>Munn v. Illinois</i> (1876)	5th Amendment, Public Interest; States' Rights	Upheld an Illinois law regulating railroad rates because the movement of grain was closely related to public interest.
<i>Civil Rights Cases</i> (1883)	14th Amendment Equal Protection Clause, racial discrimination	Stated that the 14th Amendment only applied to discriminatory action taken by states, not discriminatory actions taken by individuals.
<i>Wabash, St. Louis &amp; Pacific R.R. v. Illinois</i> (1886)	Federalism, Interstate Commerce	Struck down an Illinois law regulating interstate railroad rates, ruling that it infringed on the federal government's exclusive control over interstate commerce.
<i>United States v. E.C. Knight Co.</i> (1895)	Sherman Anti-Trust Act, Federalism, States' Rights	The Sherman Anti-Trust Act does not apply to manufacturers located within a single state, because under the 10th Amendment, states have the right to regulate "local activities."
<i>In Re Debs</i> (1895)	Labor strikes, interstate commerce	Ruled that the federal government had the authority to halt a railroad strike because it interfered with interstate commerce and delivery of the mail.
<i>Plessy v. Ferguson</i> (1896)	Segregation, 14th Amendment equal protection	Permitted segregated public facilities, arguing that separate but equal accommodations did not violate the equal protection clause of the 14th Amendment.
<i>United States v. Wong Kim Ark</i> (1898)	Immigration, citizenship, 14th amendment	Affirmed that under the 14th Amendment, all persons born in the United States are citizens of the United States.
<i>Northern Securities Co. v. United States</i> (1904)	Sherman Anti-Trust Act, Interstate Commerce	Sherman Anti-Trust Act could apply to any company which sought to eliminate competition in interstate commerce, including companies chartered within a single state.
<i>Lochner v. New York</i> (1905)	Labor conditions, property rights, 14th Amendment	Struck down a state law setting a 10-hour day for employees because the law interfered with an employee's right to contract with an employer and violated the protection of liberty guaranteed by the 14th Amendment.
<i>Muller v. Oregon</i> (1908)	Women's rights, labor conditions, 14th amendment	In a departure from the <i>Lochner</i> case, the Court upheld a state law limiting women's work hours, viewing women as a special class needing special protections.
<i>Standard Oil of New Jersey v. United States</i> (1911)	Antitrust	Ruled that Standard Oil was an illegal monopoly and ordered that it be dissolved into smaller, competing companies.
<i>American Tobacco v. United States</i> (1911)	Antitrust	Ruled that American Tobacco was an illegal monopoly and ordered that it be dissolved into smaller, competing companies.
<i>Schenck v. United States</i> (1919)	1st Amendment freedom of speech, national security	The Court limited free speech in time of war, reasoning that freedom of speech can be limited if the words present a "clear and present danger" to the country.
<i>Abrams v. United States</i> (1919)	1st Amendment freedom of speech, national security	Upheld the convictions of persons who distributed anti-government literature in violation of the Espionage Act. But Justices Holmes and Brandeis dissented, urging more stringent protection of the 1st Amendment.
<i>Gitlow v. New York</i> (1925)	1st Amendment freedoms of speech and press, 14th Amendment	Ruled that the freedoms of speech and press were "incorporated" and protected from impairment by the states by the due process clause of the 14th Amendment.
<i>Stromberg v. California</i> (1931)	1st Amendment freedom of speech, 14th Amendment	Overturned an anticommunist law that banned the public display of a red flag. This was the first time the Supreme Court struck down a state law under the 1st Amendment as applied to the states by the 14th Amendment.
<i>Near v. Minnesota</i> (1931)	1st Amendment freedom of speech, 14th Amendment	The Supreme Court struck down a Minnesota state law, ruling that it infringed upon freedom of the press, guaranteed by the due process clause of the 14th Amendment.