Key Terms
excise tax—A tax on the sale or use of specific products or transactions.
infant industry—A new or developing domestic industry whose costs of production are higher than those of established firms in the same industry in other countries.
nullification—A state’s refusal to recognize or obey a federal law.
protective tariff—A tax levied on imported goods with the purpose of reducing domestic consumption of foreign-produced goods.
resources—Factors needed to produce goods and services (natural, human, and capital goods).
revenue tariff—A tax on imported goods levied primarily to generate revenue for the federal government.

Summary
Tax laws can shape history. In 1794, farmers in western Pennsylvania protested an excise tax on whiskey that was intended to raise money by shifting resources from individuals to national programs such as building roads and supporting a western defense. Farmers saw the tax as unfair and called for the rejection of the federal tax. President Washington refused to let people in one part of the country reject a federal tax law. When the farmers rebelled, Washington sent troops to stop them. The Whiskey Rebellion was easily defeated and its leaders were brought to trial. Washington’s actions showed the nation that the Constitution was the law of the land.

Nearly 40 years later, one region of the country again felt threatened by a tax—a revenue tariff. The Tariff of 1832 was a protective tariff that significantly taxed imported goods. Infant industries such as the factories in the North benefited because people bought more domestic goods. Southern cotton farmers, however, lost business because the English textile industry could not buy as much cotton from the South. South Carolina called for a nullification, or rejection, of the federal tariff and threatened to leave the Union. President Jackson stepped in, and a compromise was reached in 1833.
Activity 1

Fill in the chart below with information about the Whiskey Tax of 1791 and the Tariff of 1832.

<table>
<thead>
<tr>
<th>EVENT</th>
<th>WHAT HAPPENED?</th>
<th>WHERE AND WHEN DID IT HAPPEN?</th>
<th>WHO WAS INVOLVED?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whiskey Tax and Rebellion</td>
<td>Farmers rejected a tax on whiskey and started a rebellion. President Washington sent troops to put the rebellion down. Law was restored.</td>
<td>Western Pennsylvania in 1791 and 1794</td>
<td>Farmers in western Pennsylvania and President Washington</td>
</tr>
<tr>
<td>Tariff of 1832</td>
<td>Southerners called for the nullification of the Tariff of 1832 and threatened to leave the union. President Jackson sought a compromise on the tariff even as he rejected the idea of secession.</td>
<td>South Carolina in 1832</td>
<td>Farmers in South Carolina and President Jackson</td>
</tr>
</tbody>
</table>

Activity 2

Read the question below. Write your answer in the space provided.

- Explain why western farmers objected to the Whiskey Tax of 1791 and why southerners thought that the Tariff of 1832 was unfair.

**Suggested Answers:** Farmers believed that the tax unfairly targeted one region of the country to the benefit of other regions. They also thought that they were too poor to sustain such a tax. Southerners thought that the tariff favored Northern states and industries. The tariff reduced Southerners’ spending powers.
Activity 3

Read the question below. Write your answer in the space provided.

- Describe the outcome of the two tax-inspired crises. Then write your own reaction to the solution of one of the crises. Did the resolution seem fair?

Suggested Answers: Whiskey Tax: The rebels were put down by the government, and rebel leaders were tried and pardoned. Tariff of 1832: South Carolina threatened to leave the Union, but President Jackson called for compromise, even as he objected to the threat to the Union. Students may point out that the compromise of 1833 only delayed the outbreak of the Civil War and did not address the regional differences or the concerns of the Southern states.