

McCulloch v. Maryland (1819)

McCulloch v. Maryland was one of the first and most important Supreme Court cases on **federal power**. The Supreme Court ruled that Congress has “implied powers” derived from those listed in Article I, Section 8 of the *Constitution*. The “Necessary and Proper” Clause gave Congress the power to establish a national bank.

At this time, many states opposed a National Bank as they believed that it would be competing with their own banks. In addition it was believed that the creation of a National Bank was an unconstitutional method of the power of Congress. Many states also believed that a National Bank was in direct competition to their own state banks.

The events:

Once the National Bank had been created, the state of Maryland imposed a \$15,000 a year tax on the National Bank. The cashier of the National Bank’s branch in Maryland, Mr. James McCulloch, refused to pay this amount. The case went to the Supreme Court.

The state of Maryland argued that it could levy this tax as it was a “sovereign state” and it had the power to tax any business that was located in the state.

The attorneys for James McCulloch argued that the way the National Bank was created under Alexander Hamilton, it was “necessary and proper” for Congress to create a National Bank due to its enumerated powers under the elastic clause contained within the *Constitution*.

The ruling of the Supreme Court was read by **Chief Justice John Marshall**. He stated that the word “bank” does not specifically appear in the Constitution but it does allow the national government to create and collect taxes, to borrow money, and regulate commerce. Therefore a National Bank was needed to fulfill these roles.

In addition, Marshall also stated that it was illegal for the state of Maryland to tax the federal government. It was not part of the Constitution or the States’ Rights principles allowed within the Bill of Rights under the Tenth Amendment.

Questions to consider based on this Supreme Court case

1. In your opinion, after reading the outcome of this case, can a government work efficiently without having a national bank? Explain your answer
2. How did the verdict in McCulloch v. Maryland in 1819 expand federal power?