Weekly #5

**Document A: Alexander Hamilton and the United States Economy**

As the first President of the United States, George Washington chose Alexander Hamilton to be Secretary of Treasury. Hamilton was tasked with solving major economic issues: the states had huge debts from the Revolutionary War and the prices of goods were rising.

Hamilton’s financial plan included the national, or United States, government paying off all the states’ individual debts. This means that debt would no longer belong to “New York” or “Virginia,” but rather the United States as a whole. Many New Englanders agreed with this plan, but southern states, like Virginia, were unhappy because their states did not have as much debt as the New England states. Virginians did not want to have to pay for the debt that Massachusetts had accrued. Ultimately, the national government did assume the states’ debts, and the United States became viewed more as a single nation, rather than individual states, by foreign countries.

Hamilton also wanted to protect American manufacturing and farming. To help the United States compete with Europe, Hamilton implemented a **protectionist** policy that would *protect* the American economy. The U.S. government gave subsidies, or handouts, to American manufacturers, and implemented **tariffs**, or taxes on imported goods.

Hamilton’s final major contribution to the U.S. economy was the creation of the **National Bank of the United States**. This bank would print money for the United States and help the young nation manage its finances. Anti-federalists opposed the creation of this bank. Thomas Jefferson, for example, was a **Strict Constructionist**, who believed that the Constitution should be followed to the letter. According to him, the Constitution did not give the U.S. government the power to create a national bank, so it should not be created. Hamilton, like most Federalists, was a **Loose Constructionist** who believed the **elastic clause** in the Constitution gave the government the right to do what was “Necessary and Proper” to help the country. Therefore, the government could create the National Bank.

**Document B: *McCulloch v. Maryland (1819)***

In 1819, the United States Supreme Court was forced to settle a dispute between the national government and the state government in Maryland concerning the National Bank. Many southern states opposed the bank, arguing it gave too much power to wealthy New Englanders. Maryland placed a tax on the operations of the National Bank in its state. One of the bank’s cashiers, James McCulloch, issued bank notes without paying the tax and was sued by Maryland. In response, McCulloch appealed to the Supreme Court.

The Supreme Court, led by Chief Justice John Marshall, ruled in favor of McCulloch. The Court argued that under the elastic clause in the Constitution, the United States government had the right to do things that were “necessary and proper” for the good of the nation. Even though the Constitution did not give the national government the specific power to create a National Bank, the power was *implied* according to the Supreme Court. The Court also argued that a state could not tax the national government.

The Framers of the Constitution were very concerned with federalism, or how best to divide power between the national and state governments. In the case of *McCulloch v. Maryland,* the Supreme Court had to decide which was superior: the national government or the individual state governments. In this case, the Court ruled in favor of national power.

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_

US History Weekly #5

**Directions:** Answer all questions in **complete sentences.** Each response should be **at least 5 sentences.** Your responses must be typed (double-spaced, 12-point font)

Answer Questions 1 and 2 according to Document A ONLY

1. Describe the 3 major aspects (assuming states’ debts, protectionism, and the creation of the National Bank) of Secretary of Treasury Alexander Hamilton’s economic plan for the United States.
2. What were the different beliefs of Strict Constructionists and Loose Constructionists? Why do you think Anti-federalists like Thomas Jefferson were Strict Constructionists? (Use what you know about the beliefs of Anti-federalists)

Answer Questions 3 and 4 according to Document B ONLY

1. Describe the **historical context**, or events that led up to, the Supreme Court Case *McCulloch v. Maryland.* What was the major question concerning Federalism the Framers of the Constitution tried to answer? What was the case really about?
2. What did the Supreme Court decide in the case of *McCulloch v. Maryland*? Why?