

McCulloch v. Maryland (1819)

Argued: February 22–26, 1819 and March 1–3, 1819

Decided: March 6, 1819

Background and Facts

In 1791, Congress created the First Bank of the United States to serve as a central, national bank for the country. A central bank can help the government manage its economy. At the time, the government was still very new and there was a lot of debate over how much power the national government should have. Many people pointed out that the Constitution did not expressly give Congress the power to create banks. However, they thought that they could interpret the Constitution as giving the federal government an “implied” power. This is because it gave Congress the power to regulate trade, coin money, impose taxes, and spend money. This implied power would allow the national government to create a central bank. The idea of implied powers worried many people who feared that the federal government might become too powerful. They worried that it would take power away from state governments.

The charter of the First bank expired in 1811, and Congress created the second Bank in 1816. It began operations in 1817 and established branches throughout the United States. Many states did not want branches of the bank within their borders for several reasons. First, the Bank of the United States competed with their own banks. Second, the states found many of the managers of the bank to be untrustworthy. Third, the states felt that the federal government was exerting too much power over them.

Maryland attempted to close the Baltimore branch of the national bank. The state passed a law that required all banks created outside of the state to pay a large tax. James McCulloch, the manager of the Baltimore branch, refused to pay the tax. The state of Maryland sued McCulloch. They said that Maryland had the power to tax any business in its state. They also said that the Constitution does not give Congress the power to create a national bank. McCulloch lost the case but then appealed the decision until it eventually reached the Supreme Court of the United States.

Constitutional Question

Does the Constitution allow Congress to create a national bank? If so, does Maryland have the power to tax a branch of the national bank within the state borders?

Arguments for McCulloch (petitioner)

- The Necessary and Proper Clause allows Congress to make laws that are needed to carry out their Constitutional powers. The Constitution gives Congress the power to make taxes and

borrow or spend money. Creating a national bank is needed to help carry out all those other powers.

- The Constitution does not say that Congress has the power to create a national bank. However, there is also nothing in the Constitution limiting the powers of Congress to those listed.
- If Congress passed a law within its powers under the Constitution, a state cannot interfere with that law. Maryland is interfering with Congress' powers by trying to tax the bank so heavily that that it would not be able to exist. The Supremacy Clause prohibits that.

Arguments for Maryland (respondent)

- The Constitution never says that Congress can create a national bank. The Constitution does say that Congress can borrow money, coin money, spend money, and collect taxes. It can do all this without a national bank.
- The Constitution says that the powers not given to the United States belong to the states.
- The federal government shares the power to make taxes with the states. Maryland has the power under the Constitution to tax businesses within its borders.

Decision

In a unanimous decision, the Supreme Court ruled in favor of McCulloch. The Supreme Court decided that Congress did have the power to create a national bank and that the states did not have the power to tax it.

The opinion was written by Chief Justice John Marshall. He wrote that it is true that the Constitution did not directly give Congress the power to create a national bank. However, there is nothing in the Constitution that limits Congress' powers to those listed. The Necessary and Proper Clause gives Congress the power to make laws needed to carry out the powers that are listed. The creation of a national bank is needed to carry out its other powers.

The Supreme Court also said that Maryland could not tax the national bank because the Constitution and federal laws relating to constitutional powers are supreme, so it was unconstitutional for Maryland to pass a law that conflicted with that power.

Impact of the Case

This case was important because it explained how federalism works in the United States. Federalism is the division of powers between the national and state governments. Although both levels of government have certain powers, there is still a strong national government and federal law has authority over state law. This means that states can't just ignore federal laws.

This case also shows that the federal government has implied powers that are not listed in the Constitution. Therefore, *McCulloch v. Maryland* increased the power of the federal government.

Glossary

- **Appealed**: to formally request that a lower court decision be examined and reconsidered by a higher court.
- **Coin money**: to create money.
- **Economy**: the way a country manages its money and resources to produce, buy, and sell goods and services.
- **Expressly**: specifically listed in the text of the Constitution.
- **Federal**: the level of government that controls the United States as a whole rather than just a single state.
- **Federalism**: the division of powers between the national and state governments.
- **Implied powers**: powers that are not specifically listed in the Constitution. Instead, they are permitted by the “Necessary and Proper Clause” and inferred from other expressly stated powers.
- **Necessary and Proper Clause**: the part of the Constitution that grants Congress the power to pass laws that are needed to carry out the powers specifically given to them in the Constitution.
- **Supremacy Clause**: the part of the Constitution that says that the Constitution and federal law are the supreme law of the land and superior to state law.
- **Unanimous**: agreed upon by everyone.
- **Unconstitutional**: not allowed by or contained in the Constitution. If a law is unconstitutional, it will be struck down, meaning it is no longer a law.

Additional information about *McCulloch v. Maryland*, including background at three reading levels, opinion quotes and summaries, teaching activities, and additional resources, can be found at <https://www.landmarkcases.org/>.