

Mcculloch vs. maryland

Countries, United States



McCulloch vs. Maryland is one of the most significant cases ever decided by the United States Supreme Court, and is perhaps all the more significant in that it was one of the earliest cases of major proportions decided by the court. The background of this case extends many years before its 1819 Supreme Court decision. In 1791, the Congress of the United States created the First Bank of the United States. The First Bank was primarily formed in order to help alleviate debt accumulated during the Revolutionary War. The brainchild of then-Secretary of the Treasury Alexander Hamilton, it was bitterly opposed by many. The First Bank remained in existence until 1811, when Congress decided to let its charter expire.

Economic troubles in the United States continued during that time period, and especially as a result of the War of 1812. In 1816, a proposition was passed to form the Second Bank of the United States in order to combat debt that continued to mount. As with the charter of the First Bank, the charter of the Second Bank was only authorized to last for twenty years. Opposition to the Second Bank was even fiercer than opposition to the First Bank.

The State of Maryland, to protect itself from loan mandates of the Second Bank, passed a law imposing a tax on any bank not chartered by the State of Maryland. The only bank at that time to conduct operations in Maryland but without being chartered by the State of Maryland was the Second Bank of the United States. The Second Bank refused to pay the imposed tax, and the State of Maryland filed suit against the local representative for the bank, James McCulloch.

Before being heard by the Supreme Court of the United States, McCulloch vs. Maryland was first heard by a state court in Maryland and later the Maryland

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Court of Appeals. Both the state court and the Court of Appeals held for the State of Maryland. When the case came to the Supreme Court on error in 1819, the highest body of the land reversed the decision of both the Court of Appeals and the state court in Maryland, holding for the Federal government.

The argument used by the State of Maryland in support of their right to tax an institution conducting business without their borders was that the Constitution did not make any provisions affecting banking. Further, the State of Maryland argued that because of that Constitutional omission, the Federal Government did not have the proper authority to charter a bank and therefore, the Second Bank of the United States was unconstitutional. On the side of the Federal Government, the argument was offered that nothing in the Constitution prohibited the formation of the bank in order to conduct important financial business on behalf of the country. The Court sided with this argument and found that the tax imposed by the State of Maryland improperly interfered with the business of the Federal Government.

The ongoing impact of McCulloch vs. Maryland is profound. Two important principles that would be used repeatedly in later years resulted from this decision. The first principle holds that the Constitution grants to Congress certain implied powers to be used in upholding express powers granted by the Constitution. What this means is that it can be inferred that certain actions may become necessary in order to ensure the functionality of the Federal Government. The second principle is that no state can interfere in the conduct of the Federal Government when that conduct is protected or provided for by the Constitution. In the decision of the Court, written by Chief Justice John Marshall, a statement is made that

“ If the States may tax one instrument, employed by the Government in the execution of its powers, they may tax any and every other instrument. They may tax the mail; they may tax the mint; they may tax patent rights; they may tax the papers of the custom house; they may tax judicial process; they may tax all the means employed by the Government to an excess which would defeat all the ends of Government”.

In deliberately enumerating some many other actions that could follow, the slippery slope of finding for the State of Maryland is indicated, clearly showing that to allow such taxation would be detrimental to the workings of the government as a whole.

Steven Engel, in an article published by the Yale Law Journal, writing that one of the significant results of the decision in McCulloch vs. Maryland is in the crafting of the Fourteenth Amendment, saying “ In drafting Section 5 of the Fourteenth Amendment, the Republicans borrowed explicitly from McCulloch in granting Congress the power to enforce the provisions of the amendment by appropriate legislation”. (Engel, 1999)

Specifically, the language of the fourteenth amendment states “ The Congress shall have power to enforce, by appropriate legislation, the provisions of this article”. (Fourteenth Amendment) The significance of a court case leading to the construction of part of a Constitutional amendment is tremendous. Before, the State of Maryland could argue that no specific provision existed in the Constitution, to which the Supreme Court responded with the concept of implied powers. Now, with the influence of McCulloch v. Maryland on the formation of the Fourteenth Amendment, specific provisions

existed for the Government to take the moves necessary to uphold the law of the land.

Martin Flaherty, in a journal article discussing the Supreme Court decisions of John Marshall, describes the Chief Justice as a judicial equivalent to Shakespeare, in the eloquent manner in which he wrote. He goes on to say, however, that Marshall was very firm in his view of “ We the People”, as opposed to “ We the States”. Whereas history teaches that the Constitution was a massive effort of the states to come together in agreement over laws for the country, Flaherty states that Marshall views the Constitution as a result of the work of the people.

He states, “ The usual--and critical--corollary that follows holds that the national populace erred on the side of according power to the national government at the expense of the states, as McCulloch appears to indicate”. (Flaherty, 2002) This article indicates that the overriding impact of McCulloch v. Maryland on the society of the time as well as society today is that the people are stronger en masse than the states in which they happen to reside. This impact of empowerment carries through to the modern day, both in the case of individual people and of the collective people of the Federal government.

Although the decision in McCulloch v. Maryland was made almost 190 years ago, it is as significant now as it was then. Between establishing, firmly, the concept of implied powers as well as clearly holding the superiority of the Federal Government over state governments, it's reach is far and long. Going far beyond the issue of banking, McCulloch's legacy may be the

empowerment of the phrase " We the People" and the impact that phrase has had on the citizens of this country for the past two hundred years.

References

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McCulloch v. Maryland. 17 U. S. 316 (1819).

U. S. Const., amend XIV, §5.