The Battle over the Bank: Hamilton v. Jefferson

by Elise Stevens Wilson

BACKGROUND

After months of battling and compromises, the US Constitution was finally sent to Congress by the Constitutional Convention on September 17, 1787. Through the ratification process and the first decade under the new government, America was embroiled in heated arguments over exactly how the government would work and what powers it could really exercise. Political parties soon developed as groups argued about the direction of the country. Alexander Hamilton became a leading voice of the Federalists who believed that the federal government needed to be strong. On the other side, Thomas Jefferson, a Republican, argued that too much power in the hands of the federal government would lead to tyranny.

The necessary and proper clause, part of Article I of the Constitution, allowed for Congress to make laws and provisions that were not part of the enumerated powers. Hamilton and Jefferson debated many times over what was meant by “necessary and proper.” Hamilton took a more liberal reading of the clause and said that Congress should do anything it felt was necessary to carry out national responsibilities. Jefferson held that the clause meant that Congress should only take actions that were absolutely necessary, and no more. In 1791, Hamilton proposed that the United States charter a national bank in order to take care of Revolutionary War debt, create a single national currency, and stimulate the economy. Jefferson argued that the creation of a national bank was not a power granted under the enumerated powers, nor was it necessary and proper. Both gentlemen presented their arguments to Washington, and ultimately Washington agreed with Hamilton.

OVERVIEW

In this lesson students will discuss what the necessary and proper clause means to them. They will also put themselves into the shoes of citizens in 1791 and look at Alexander Hamilton’s and Thomas Jefferson’s opinions on the national bank. Students will also learn about the war debt and currency issues so as to better understand the national bank debate. This lesson may be used in an American history class or civics classes as it will allow students to analyze and use primary sources as part of a continuation in developing their social studies skills.

A PowerPoint is central to this lesson plan as it provides the historical data and critical-thinking questions. When reading the lesson plan it will be helpful to have the PowerPoint running so that you can follow along. The PowerPoint is designed for you to show in class as a lecture tool to give the history of the national bank debate.

OBJECTIVES

Students will be able to

- identify and describe the issues of war debt, national currency, the necessary and proper clause, enumerated powers, implied powers, and the national bank
• assess and utilize primary sources such as the Constitution and the opinions of Hamilton and Jefferson
• critique the use of the necessary and proper clause
• describe the debate over the formation of the national bank

MATERIALS

• The National Bank Debate PowerPoint by Elise Stevens Wilson
• Battle Over the Establishment of a National Bank, a film clip from PBS’s American Experience
• The US Constitution, Article One, Section 8 (PDF)
• Alexander Hamilton and Thomas Jefferson excerpts (PDF)
• The National Bank Debate Worksheet (PDF)

PROCEDURE

Day One (45–60-minute class)

1. Put students in mixed-ability groups of 3 or 4. Ask them to draft a constitution for their school government. Tell them to include the powers they would grant their student government. Then share as a class. Be sure to ask why they might have listed specific powers. Ask them what would happen if a situation occurred in school where they might want to have the student body participate, but their constitution does not allow it. What might they do to make sure all situations are accounted for? What are fears they have of student government having too much power? (15–20 minutes)

2. Hand out a copy of the US Constitution, Article One, Section 8 to each student. Ask the following questions of the entire class to analyze the document together. Alternatively you can write these questions on the board and have the students work in pairs to answer the questions and then discuss as a class. (10–15 minutes)

• What are some examples of enumerated powers?
• What are the benefits to having enumerated powers? (Possible responses may include: It is clear what Congress can do; It restricts the power of Congress.)
• What are some of the drawbacks to having enumerated powers? (Possible answers may include: If we only have these powers, what happens when we develop new technology or grow as a country? Congress cannot adapt to what society may need.)
• Find the necessary and proper clause.
• Why do you think the Founding Fathers included the necessary and proper clause in the Constitution? (Possible answers may include: It allows the government to adapt to new technology; The government can grow with society.)
• Why might someone be wary about the necessary and proper clause? (It is not specific and the wording is vague; Because the wording is unclear, there can be many opinions.)

3. Use the National Bank Debate PowerPoint to lead an interactive lecture to give students a background on the issue of creating a national bank. At the end of Part I there is a discussion question. Use the think, pair, share method to answer this question. (15–20 minutes)

4. Homework: Have students answer the following question for homework: Based on what you have learned about Alexander Hamilton and Thomas Jefferson, predict who you think will support the formation of a national bank and who will argue against it. Support your answer using evidence from class.

Day Two (45–60-minute class)

1. To prepare for class, make enough copies for mixed-ability pairs of the quotes attached above. Cut
each set of quotes so that each quote has its own slip of paper. Hand out the worksheet and go over
the directions. Walk around and help students as some of the language is difficult. It may be helpful to
write some definitions of words on the board. Their notes from the previous class and their copies of
*Article I* may be helpful as well. (20–30 minutes)
2. Show the film clip from PBS’s *American Experience*. Ask the students to add to their notes on the
worksheet. (7–9 minutes)
3. Debrief the activity and the film. Use Part II of the PowerPoint as an aide. (15–20 minutes)

**EXTENSION AND ASSESSMENTS**

1. Students can write their own opinions on the bank as if they lived in 1791.
2. Have students research the Federal Reserve and compare the purposes of the original national bank
and the reserve’s purposes.
3. Have students research other issues over the *necessary and proper clause* and create a project.
4. Take a look at the Federal Reserve’s education website. There are many useful activities and games.

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Citation Guidelines for Online Resources

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**RELATED SITE CONTENT**

**Multimedia:** Burr, Hamilton, and Jefferson: A Study in Character
**Video Series:** Lifetimes
**Multimedia:** Alexander Hamilton, American
**Video Series:** Essential Questions in American History
**Teaching Resource:** Essential Questions in Teaching American History
**Teaching Resource:** Every Four Years: Introducing Presidential Elections
**Video Series:** Inside the Vault
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**Video Series:** Studying the Constitution