

# First Congress Unit - Lesson 7: National Bank Bill

## Promoting the General Welfare: The National Bank Debate

Alexander Hamilton's proposal to create a national bank was designed to help build confidence in the financial stability of the new nation. The proposal was littered with several thorny problems however. The creation of a national bank was seen as a threat to those who preferred to see power situated more locally, i.e. in the state governments rather than the national government. Furthermore, the proposal to create a national bank in Philadelphia was seen as an obstacle to those who hoped to see the capital moved to a more southerly location. Finally, the power to create a bank was not granted explicitly in the Constitution. In this lesson, students will engage in a mock congressional simulation to debate the plan to create a national bank.

**Targeted Audience:** Students of early American history and government.

**Goals:** This lesson is designed to help students understand **(a)** the roles that Congress plays in resolving questions related to federalism, **(b)** the role that Congress plays in helping to unify the nation, and **(c)** the implied powers of Congress and the reasons for the controversy that often surrounds efforts to assert such powers.

## Focus Questions

- In what way did the proposal to create a national bank cause the debate over federalism to resurface?
- On what Constitutional grounds did the critics of the national bank base their opposition?
- Why did the bank bill add to sectional tensions?

**Time to Complete:** 1-2 class periods.

## Standards Addressed

### 1. Delaware

- **Civics Standard 2: (Grades 9-12)** Understand that the functioning of the government is a dynamic process, which combines the formal balances of power incorporated in the Constitution with traditions, precedents, and interpretations, which have evolved over the past 200 years. [implied powers]; **(Grades 6-8)** Understand the principles and content of American state papers, such as the United States Constitution." ["necessary and proper" clause]
- **Economics Standard 2: (Grades 4-5)** Understand the role of banks in the economy; **(Grades 6-8)** Understand the role of banking in the economy.

## 2. National

- **Grades 9-12:** Students should be able to evaluate, take, and defend positions on issues regarding the distribution of powers and responsibilities within the federal system.

## Materials Needed

1. Copies of Handout 1 - modified parliamentary procedure (see Unit Resources)
2. Copies of Handout 7-2 - legislative brief (see Unit Resources)
3. Copies of Handout 7-3 - role cards (see Unit Resources)

**Terms to Know:** implied powers, explicit, elastic clause, interest, investor, creditor, “necessary and proper” clause, stock, charter.

## Procedures

**1. Assign Roles:** Students debate within roles. There are two ways this can be done. On the one hand, you may want to assign students to play the roles of specific representatives. A second possibility is one in which you simply assign students to represent a state. The Bank Bill passed in the House by a margin of 39-20. Of the 20 representatives who voted against the bill, 19 were from southern states. Therefore, it is recommended that approximately one-third of the class be assigned roles in opposition to the Bank Bill with the vast majority of them representing southern states.

**2. Parliamentary Rules:** Distribute copies of Handout 1 (see Unit Resources) so that the students can refer to them during the debates.

**3. Distribute Legislative Brief 1 (Handout 7-2 - see Unit Resources):** Ask students to read their briefs then clarify any questions they may have about the contents of the brief.

**4. Distribute Role Cards (Handout 7-3 - see Unit Resources):** Ask students to read their role cards then clarify any questions they may have about their roles.

### 5. Debate

### 6. Vote

### 7. Debrief

**(a) Reteach.** One of the problems that can occur when using simulations as a method of instruction is that students may “learn” that what they did during the simulation actually occurred in history. Be sure that the students conclude the lesson with the understanding that the FFC approved the proposal to create a national bank by granting a 20-year charter that ran from 1791-1811.

**(b) Reflect.** Ask students:

- to explain how the debate over the bank bill illustrates the problems related to the distribution of power under the federal system.
- what roles banks play in the U.S. economy?
- to explain the importance of the "necessary and proper" clause in American history.
- what students learned about the role that Congress plays in the American system of government?

## **Extension Activities**

The national bank debate will persist in the current of American sectionalism through the 1830s. Teachers may want to follow-up the debates on the national bank with lessons that can stand alone or be incorporated into a thematic unit by:

- Holding a mock Congressional debate on chartering a 2nd Bank of the United States.
- Conducting a moot court focusing on the case of *McCulloch v. Maryland*
- Conducting a mock Congressional investigation on the topic of President Andrew Jackson's "destruction" of the 2nd National Bank.

## **Teaching Tips**

The constitutional issues surrounding the chartering of the national bank surfaced very late in the Congressional debates. Some historians contend that the constitutional challenge was actually a disingenuous tactic used by some southerners to thwart Philadelphia's increasing influence in national affairs. Specifically, they feared that the chartering of the bank in Philadelphia would cement that city's image as the nation's capital and unravel the Compromise of 1790, which targeted the Potomac as the future, permanent capital.

An alternative lesson could feature debates on the bank without discussion of the constitutional question. This could be followed by a role-play in which students are placed in triads (Hamilton, Jefferson, and Washington). The "President" can seek the advice of members of his cabinet for advice on the constitutionality of the bank before signing. This would illustrate the system of checks and balances that is set up within the federal government.

Also, although the terms were not used at the time, the debate on the Bank Bill also offers a golden opportunity to introduce students to the terms "loose" and "strict constructionism."

## **Recommended Readings/Works Cited**

- Bickford, Charlene Bangs and Bowling, Kenneth R. Birth of the Nation: The First Federal Congress 1789-1791. Madison House Publishers. Madison, WI. 1989.
- The Annals of America: 1784-1796 Organizing the New Nation. Volume 3. Encyclopedia Britannica, Inc. Chicago. 1968.