

Who Abandoned Whom: Consistency of Constitutional Interpretations of Hamilton and Madison

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Both Hamilton and Madison claim to have been abandoned by the other when it comes to their interpretation of the constitution as written in the *Federalist Papers*. Until now, no author has attempted to answer whether their constitutional positions on economic questions is consistent with their interpretation of the constitution in the *Federalist Papers*. To answer this question, this paper examines claims of constitutionality related to trade policy and central banking made by both Hamilton and Madison and compare such positions to *Federalist Papers* written by each author. Both authors are broadly consistent over time and therefore cannot justly claim to have been abandoned by the other.

Section I: Introduction and Method

The United States Constitution does not only lay out the structure and rules of the American government, but it also sets the institutional framework for the legislation of the Congress and the directives of the executive. That is, the Constitution outlines not just how the Congress is to be formed, but what kind of laws the Congress is to pass. While there have been debates over what parts of the Constitution mean with respect to structures, such as the allegation that the Constitution gave the president the authority to appoint senators (vociferously denied by supporters of the Constitution; 1), the fiercest debates have been over the types of legislation that can be made by the Congress. The debates over which laws the Congress can and cannot pass cover a wide array of topics, but debates over the constitutionality of economic legislation have raged from the first Congress to today. The first debates included the debate over the first Bank of the United States and Alexander Hamilton's *Report on the Subject of Manufactures*. On one side of the issue was Hamilton, who argued that the Constitution allowed for both a national bank and for subsidies to manufacturers, and on the other was, among others, James Madison, who argued that the Constitution does not explicitly allow a central bank and that the economy must be left to pursue its natural course.

Over the course of their disagreement, each man accused the other of abandoning his original cause with regard to the Constitution. Despite these allegations, it is not known who abandoned

whom, or if their differences were explicit from the beginning. To the extent that the timing and origins of their disagreement are uncertain, this paper uses the writings of Madison and Hamilton in *The Federalist Papers* to establish what each author believed the economy should look like given the passage of the Constitution and the joining of the colonies under one federal government. Before so doing, this paper introduces the positions of Hamilton and Madison with respect to the constitutionality of the *Report on Manufactures* and the Bank of the United States to examine whether their positions during the debate match their positions in *The Federalist Papers*. Hamilton's understanding of the "Necessary and Proper Clause" remains consistent between his writing in *The Federalist Papers* and his support of the central bank, while his admonishment against excessive tariffs in his *Report on Manufactures* echoes his remarks in *The Federalist Papers*. Madison's preference for the economy to follow its natural course and be free of the legislative wiles of commercial interests also appears in both his writing in *The Federalist Papers* and in his disagreement with Hamilton. However, Madison is less consistent with his interpretation of the Necessary and Proper Clause, taking a broader approach in *The Federalist Papers* than he does in his later debates with Hamilton. To this extent, neither author can claim to have been abandoned by the other, and the economic setting of the Constitution remains muddled by the different interpretations of two of its most ardent supporters.

Section II: Hamilton's Positions

Hamilton's position on using the legislature to support manufacturing interests is clear from his *Report on Manufactures*. The *Report* admits that free trade might be ideal if all other countries practice free trade, but since the United States can export only with great difficulty, it needs its own trade policies to remedy this defect. In Hamilton's own words, "To secure such a market, there is no other expedient, than to promote manufacturing establishments" (2). What Hamilton is arguing here is that the government must use its legislative powers to benefit manufacturers. This is not to say that Hamilton is trying to benefit manufacturers at the expense of other trades or professions, as he notes that "But it does by no means follow that the progress of new settlements would be retarded by the extension of Manufactures" (2). Hamilton's intention is not the factious use of legislative authority to deprive agriculture so that manufacture might gain, but is instead to support manufacturing interests so as to develop the economy of the entire United States. It is not enough to follow the view of Hamilton's opponents, who assert:

that Industry, if left to itself, will naturally find its way to the most useful and profitable employment: whence it is inferred, that manufactures without the aid of government will grow up as soon and as fast, as the natural state of things and the interest of the community may require (2).

As will be demonstrated later in the paper, this view lines up almost exactly with the view taken by Madison in *The Federalist Papers*. Hamilton's own views are somewhat more nuanced, for he argues that the promotion of manufacturing interests are a necessity since other nations exclude the United States from foreign commerce, and so it will be up to the other nations to see if "they do not lose more than they gain" for so aggressively blocking trade coming from the United States. Hamilton therefore is not strictly autarchic, but rather is attempting to place the United States on more equal footing with the rest of the world with regard to trade.

More important than Hamilton's view on the necessity of supporting manufactures is his view on the constitutionality of such legislation. Hamilton treats the constitutionality explicitly by writing:

The National Legislature has express authority "To lay and Collect taxes, duties, imposts and excises, to pay the debts and provide for the *Common defence* [sic] and *general welfare*" [...] the power to *raise money is plenary*, and *indefinite*; and the objects to which it may be *appropriated* are no less comprehensive, than the payment of the public debts and the providing for the common defence [sic] and "*general welfare*."

The term "*general welfare*" was doubtless intended to signify more than was expressed or imported in those which preceded; otherwise numerous exigencies incident to the affairs of a Nation would have been left without a provision (2).

Therefore, Hamilton based his defense on the constitutionality of appropriating funds and levying tariffs to benefit manufacturers on the power of the legislature to levy taxes to fund the "general Welfare." Hamilton's justification of this on the grounds of general welfare also showed that he believed that actions benefitting manufacturing interests would benefit the entire United States. Moreover, Hamilton finishes his defense of the constitutionality of his report by noting, "it was not fit that the constitutional authority of the Union, to appropriate its revenues shou'd have been restricted within narrower limits than the 'General Welfare'" (2). He also argues that the power to promote general welfare is explicitly guaranteed and would not allow them to promote things denied by the Constitution either explicitly or implicitly. This shows that Hamilton has a broad view of the Constitutional authority granted by the legislature, and he notes later that the only other possible interpretation is that general welfare requires money to be spent nationally rather than locally. For Hamilton, the constitutional power to promote the general welfare grants Congress wide latitude to do anything not forbidden, rather than only allowing it to promote the general welfare in the ways explicitly allowed in the Constitution.

This is not the only example of Hamilton appealing to a broad interpretation of constitutional language in order to argue for the passage of legislation. He takes a similarly broad approach to the Constitution in his defense of the First Bank of the United States. For Hamilton, the central bank would be necessary for the development of the American economy by providing greater access to

credit for both private individuals and government, as well as assisting with taxation (3). The benefit of the national bank would be to allow for the creation of money and capital beyond whatever physical currency is being held by American citizens or foreigners. Hamilton couched his support for the central bank in terms of its benefit to the national economy and the ability of the national bank to supply credit and therefore enlarge the economy of the United States. Such a rationale behind the support of the central bank is in line with the work of Walter Bagehot in *Lombard Street*, which extolled the virtue of the Bank of England as able to coordinate the capital of the nation and allow it to fund many more industrial activities than could be funded in the absence of such an enlarged and fortified banking system.

As with his *Report on Manufactures*, Hamilton is not supporting the First Bank of the United States out of factious interest; that is, he is not explicitly supporting a monied interest over the general welfare of the American citizenry. Rather, he instead supports it to benefit the entire American economy and to build economic stability. In Hamilton's mind, such economic stability was necessary because it would neutralize and defuse class tensions in the United States; to the extent that the central bank enabled the financing of more and varied business ventures, the economic diversification of the American Union could continue and provide a greater voice for legal professionals in Congress who could legislate without specific business interests in mind (3). The use of a central bank helped to avoid the problem of factions exploiting the legislature for its own ends, and benefitted the general welfare while also strengthening trust in the government. In the absence of a central bank, the United States would have a much more difficult time transitioning out of its agrarian phase and into an industrialized nation with diverse economic interests. In the absence of this diversity, Hamilton feared that geographic- and occupation-based factions, which he believed to be the most dangerous, would be more rampant without economic diversification, and therefore the ability of the government to govern would be greatly weakened (3). Hamilton supported the First Bank of the United States out of necessity, believing that it would grow the economy in a way that allowed the fledgling government to function adequately—and free from factions.

It is the necessity of the central bank that led Hamilton to believe that it was constitutional. While Hamilton agreed that the Constitution said

nothing explicit about the power of Congress to create the First Bank of the United States, he also argued that the Congress had the power to do what was necessary and proper to ensure the ends at which the government aimed. Hamilton argued that while the Constitution indeed delegated the powers the federal government did not have back to the states and the people, the Constitution did allow both implied and explicit powers, writing, "It is not denied, that there are implied, as well as express powers, and that the former are as effectually delegated as the latter" (4). Therefore, the Constitution did not have to explicitly say that the government could set up a central bank so long as it was implied that such a bank was necessary and proper for the general welfare of the people and the functioning of the government. He continues, "a power of erecting a corporation may as well be implied as any other thing; it may as well be employed as an instrument or mean of carrying into execution any of the specified powers" (5). What Hamilton's position means is that so long as the legislation being enacted applied to a subject over which the federal government had jurisdiction, then the legislation was perfectly constitutional. Moreover, Hamilton believed that such legislation was necessary to achieve the ends of the federal government, writing that even the person most opposed to a central bank would come to believe in the constitutionality of the First Bank of the United States if they were to spend just one month in the Department of the Treasury, which Hamilton was running at the time (3). Hamilton's constitutional defense of the central bank therefore rested on the Necessary and Proper Clause, which he argued gave the federal government the power to pursue whatever means were necessary to achieve the ends over which it was given jurisdiction in the Constitution.

Section III: Madison's Positions

James Madison opposed Hamilton on both the necessity and constitutionality of both proposals. Madison and Thomas Jefferson both preferred much harsher tariffs as a response to the unfair trade practices of the British, and they also both opposed the subsidies to domestic manufacturers (6). As opposed to Hamilton, who favored the promotion of industry and the move away from an economy based around agrarianism, Madison preferred to let the economy linger with agriculture as its base, due to both his fears of government interference in the natural flow of the economy

and of too large a rise in manufacturing interests (6). Constitutionality of the *Report on Manufactures* aside, Madison opposed it, specifically the subsidies, because of what they would do to the American economy. As far as tariffs were concerned, Madison argued that the tariffs proposed by Hamilton did not go far enough because they would lead to too much importation from Britain. Instead, the tariffs needed to be more punitive in order to lead to economic independence from Britain, which had so far lagged behind the political independence won in the revolution (6). The economic positions of Madison and Hamilton with regard to the *Report on Manufactures* were diametrically opposed even without considering their constitutional positions.

In terms of proposed subsidies, Madison argued vehemently that the Constitution did not grant Congress the power to promote certain industries. By arguing that the subsidies promoted certain interests over others, he reveals a break with Hamilton, who argued that the subsidies would benefit the general welfare as opposed to solely the industries receiving government support. For Madison, these subsidies were unconstitutional because they were not a power expressly delegated to Congress in the Constitution; supporting these tariffs would subvert the character of the government in a foundational way and would change the government from having clearly delineated powers to a government with indefinite authority. For his part, Jefferson agreed with this interpretation, noting that it would give the government authority to apply money to anything they thought benefitted public welfare as opposed to those which were expressly included in the Constitution (6). This is a much narrower application of the doctrine of the general welfare than can be found in Hamilton's defense of his *Report on Manufactures*. For Madison, the way in which Congress and the federal government can promote the general welfare only include those powers expressly delegated to it by the Constitution. On the other hand, Hamilton argued that the duty to promote the general welfare gave Congress the latitude to promote such welfare in whatever way the Congress saw fit to do so.

For many of the same reasons that Madison opposed the tariffs and subsidies economically, he opposed the First Bank of the United States. In Madison's mind, the central bank was being proposed to emulate the British system and provide for the creation of a substantial monied interest in the United States (3). The agricultural interests would lose out compared to more urban

interests which would be more tightly connected with the central bank. In this way, the bank did not promote the general welfare and instead would allow for monied interests to gain at the expense of agriculture. Such an emulation would drastically change the economic character of the United States and would certainly not be the natural development of the American economy which would have occurred in the absence of government involvement and interference.

Madison's constitutional opposition to the First Bank of the United States is remarkably similar to his constitutional objection to Hamilton's *Report on Manufactures*. Madison's objection came primarily from the fact that the Constitution did not explicitly authorize the erection of a central bank, and, since the Constitution was silent in granting approval for the creation of a central bank, the First Bank of the United States was therefore unconstitutional since it was not explicitly allowed (7). This focus on what the Constitution explicitly allowed Congress to legislate rather than a focus on the ends toward which Congress is supposed to legislate reveals a preference for a much narrower interpretation of constitutional authority than the interpretation taken by Hamilton. For Madison, the Constitution does not only tell Congress which ends it is supposed to pursue, but also lays out the means by which Congress is allowed to pursue such ends. Hamilton, on the other hand, viewed the First Bank of the United States as necessary to achieving the ends of government, namely political stability and economic prosperity, and because the central bank was a means necessary for pursuing those ends, it was perfectly constitutional. Madison disagreed, believing that allowing Congress to pass any unauthorized means to pursue authorized ends would give the government nearly unlimited power beyond the powers delegated to it by the citizens of the United States through ratification.

Jefferson lays out a concurring opinion, writing, "To take a single step beyond the boundaries thus specially drawn [in the 10th Amendment] around the powers of Congress is to take possession of a boundless field of power, no longer susceptible of any definition (8)." In the minds of the Virginians, then, the fact that the Constitution returned all powers not granted to it back to the people and the states meant that power had to have been explicitly granted to Congress by the Constitution, rather than a power merely implied by the ends which the central government was constitutionally mandated to achieve. Because the power to establish a central bank is not explicitly included in the powers

delegated to Congress, the First Bank of the United States is not constitutional. In their minds then, the Necessary and Proper Clause, which for Hamilton implied the ability to erect a central bank, meant that Congress was allowed to pass any bills necessary and proper to utilize the means provided to it in the Constitution, not the ability to pass any laws necessary and proper to aiming at the ends provided to it in the Constitution. It is therefore this distinction between means and ends that makes Hamilton's position on the constitutionality of the *Report on Manufactures* and the First Bank of the United States much broader than that taken by Madison. Because Hamilton believed that these legislative measures were necessary for securing political stability and economic prosperity, they were therefore constitutional, because Congress needed political stability to operate and was charged with promoting the general welfare. For Madison, these bills represented the influence of factions on the federal government and also were not explicitly authorized by the Constitution, and were therefore improper.

Section IV: Consistency of Positions

Having established the positions of Hamilton and Madison, it is now necessary to investigate whether such positions are consistent with their writings in *The Federalist Papers*. Hamilton's economic preferences—and the power of the government to legislate these preferences into reality—are apparent in several papers he wrote. In *Federalist 15*, he writes, “Is commerce of importance to national wealth? Ours is at the lowest point of declension” (9). For Hamilton, the establishment of the federal government and the ratification of the Constitution were important because these steps would enhance the commerce of the United States. Hamilton writes in the same paper that “the government of the United States is destitute of energy” (9). The ratification of the Constitution would create a national government with more energy and power to pass and enforce legislation. Hamilton is not discussing the importance of commerce and the need to reinvigorate the national government in the same paper by accident. It is clear by his inclusion of both topics in the same paper that he believes the new government should and must promote commerce in order to increase national wealth. By specifying that commerce is important to national wealth rather than the wealth of one industry or set of industries, Hamilton is consistent in his belief that

supporting commerce benefits the general welfare and by placing his concerns over the state of commerce so near to his concern with the lethargy of the old central government, he is consistent in believing that benefitting commerce is a task that must be undertaken by a more energetic national government.

Hamilton's position with respect to tariffs is also similar to the position he took in *The Federalist Papers*, namely *Federalist 21*, which echoes the writings of David Hume fairly substantially. He writes:

It is a signal of advantage of taxes on articles of consumption that they contain in their own nature a security against excess. They prescribe their own limit, which cannot be exceeded without defeating the end proposed—that is, the extension of the revenue (10).

This notion that tariffs can be too onerous for their own good is echoed in the *Report on Manufactures* when Hamilton notes that the European nations may lose more than they gain by laying too heavy a tariff on American goods, which explains his opposition to the more punitive tariffs suggested by Madison and Jefferson. Hamilton approves of the use of tariffs for the achievement of certain political ends, but warns that tariffs can be set so high as to be harmful rather than beneficial to the government imposing them. As the ability to levy tariffs is explicitly authorized in the Constitution, his position on the constitutionality of such imposts is, unsurprisingly, also unchanged.

Hamilton's desire for economic diversification and the ability of learned professions to represent such diverse economic interests is also apparent in his writing in *Federalist 35*. In *Federalist 35*, he writes:

Will not the man of learned profession, who will feel a neutrality to the rivalships between the different branches of industry, be likely to prove an impartial arbiter between them, ready to promote either so far as it shall appear to him conducive to the general interests of the society? (11)

As the economy diversifies, the different professions will not be able to join into large factions representing only their own interests and will therefore realize that the learned professions, who have no distinct interest, can be neutral

representatives ruling with an eye to the common interest instead of the interest of any one faction in particular. This view of the importance of the learned profession as an avoider of faction would therefore make the government run more smoothly and less corruptly. In the next paragraph, he writes that those who are able to devote time and “inquiry and information” will be better able to legislate than those “whose observation does not travel beyond the circle of his neighbors and acquaintances (11).” It is clear then that Hamilton wanted more diversity in the views being represented rather than just representing a local or occupational interest, a view that led him to desiring the use of legislation to promote commerce through both the *Report on Manufactures* and his support of the creation of a central bank.

Economic positions aside, the more important question is whether or not Hamilton’s position on the constitutional power of Congress to pass legislation not explicitly authorized by the Constitution, but that is instead implied by the ends Congress is supposed to pursue, is consistent with his writings in the *Federalist Papers*. It is Hamilton’s position that the Necessary and Proper Clause did not need to be included to grant the power to pursue means necessary to the achievement of the ends toward which the government aims. He wrote, “They are only declaratory of a truth which would have resulted by necessary and unavoidable implication from the very act of constituting a federal government and vesting with it certain specified powers (12).” Here, Hamilton says explicitly that any government would be able to do whatever was necessary and proper to achieve its ends if it was not explicitly granted the power to do so. Despite not viewing it as necessary to have such clauses in the Constitution, Hamilton is vociferous in his defense of that clause as meaning the power to pass any means necessary for the pursuance of the ends mandated by the Constitution. He writes,

What is a power but the ability or faculty of doing a thing? What is the ability to do a thing but the power of employing the means necessary to its execution? What is legislative power but a power of making laws? What are the means to execute a legislative power but laws? [...] What are the proper means of executing such a power but necessary proper laws? (12)

Hamilton is explicit here in arguing that the Necessary and Proper Clause gives Congress the power to pass any laws necessary to achieve the ends laid out in the Constitution. Laws, as Hamilton argues, are not the ends of congressional actions, but rather they are the means by which Congress pursues its ends. And as for what laws are necessary and proper, Hamilton writes that “the national government” and “its constituents” will judge the “necessity and propriety” of these laws first and last respectively (12). By having the government judge for itself first what is necessary shows Hamilton’s broad interpretation because it argues that the government is able to determine what means it needs to pass in order to achieve its ends rather than being dependent on the Constitution to provide for it the means which it is allowed to pursue. By saying that the constituents have the last appeal, he is saying that the citizens cannot limit what means the government is allowed to pursue, but is allowed to put new people in government who will chose to use different means. Granting the government such broad authority is in line with his argument in favor of both the *Report on Manufactures* and his support for the First Bank of the United States, both of which he argued were constitutional because they were laws necessary for the achievement of the government’s ends of promoting the general welfare and generating political stability. Therefore, Hamilton’s constitutional position in this paper is consistent both in his debate with Madison and in his writing in *The Federalist Papers*.

Hamilton’s writing in *Federalist 78* appears contradictory to this position at first glance, but ultimately can be proven to still fall in line with the argument pursued in *Federalist 33*. Hamilton argues that

No legislative act, therefore, contrary to the Constitution can be valid. To deny this would be to affirm that [...] the representatives of the people are superior to the people themselves; that men acting by virtue of powers may not do only what their powers do not authorize, but what they forbid (13).

By arguing that the men acting merely for power can do what is both not permitted and forbidden, he appears to be leaning into the more narrow interpretation which would argue that Constitution being silent on an issue would mean that Congress does not have this power, and

arguing that the Representatives cannot be before their constituents seems counter to the idea he expressed in *Federalist 33* where the government has first authority to determine what is necessary and proper. However, what Hamilton is arguing here is not that the constituents determine what laws Congress may pass to achieve its ends, but that the central government is not allowed to give power and enforcement to acts that violate the Constitution, since it was the people who are the ultimate sovereigns. This passage is followed by Hamilton's discussion of judicial review, where he writes:

If there should happen to be an irreconcilable variance between the two, that which has the superior obligation and validity ought, of course, to be preferred; or, in other words, the Constitution ought to be preferred to the statute, the intention of the people to the intention of their agents. (13)

Hamilton is therefore being explicit that those acts are unconstitutional which are explicitly at odds with the powers granted to Congress by the Constitution. The people therefore have supremacy over the representatives because it is the people that give the power to the legislature; once this power is given to the legislature, then the government gets the first say in choosing what means it is going to use with this power which has already been given to it. When these means prove unsatisfactory, then the constituents get another say by voting incumbents out of office to elect new representatives. Even taking into account what he wrote in *Federalist 78*, his position is still consistent.

In terms of his position on the proper course of economic development in the United States, Madison remains mostly consistent across time. While Madison does not spend a great deal of time discussing the growth and development of the American economy in *The Federalist Papers*, he does write, "As long as agriculture continues the sole field of labor, the importation of manufactures must increase as the consumers multiply" (14). Here, Madison is noting that agriculture is the dominant mode of economic activity in the United States, and that as long as that is the case, the United States will be dependent on importing manufactured goods. This is consistent with his worry about economic dependence on Britain owing to the need to rely on them for finished goods. He continues, "In a more remote stage, the

imports may consist in a considerable part of raw materials, which will be wrought into articles for exportation, and will, therefore, require rather encouragement of bounties than to be loaded with discouraging duties" (14). Madison's statement shows even more consistency with regard to a desire to impose punitive tariffs on foreign manufactured goods, as evinced by his explicit use of the word "discouraging" to describe the tariffs being imposed, but his argument that bounties will be required to encourage industry is inconsistent with most of his objections to the *Report on Manufactures* at first glance. However, Madison revealed that he economically supported bounties to the fishing industry despite believing outright bounties to be unconstitutional, which indicates that Madison may not have been economically opposed to subsidies for industries that were arising naturally, but rather opposed using subsidies to encourage industries that had not already arisen naturally. If that is what Madison means in *Federalist 41*, then Madison is being consistent; it is just that his position is more nuanced than blanket opposition to subsidies. Madison finishes the paragraph by noting, "A system of government meant for duration ought to contemplate these revolutions and be able to accommodate itself to them" (14). It is the inclusion of this phrase that suggests Madison is not being inconsistent, but is merely holding a more nuanced opinion than blanket disapprobation of subsidies. Madison is arguing that the government ought to shape its policy to the economic conditions surrounding it rather than use government policy to artificially engineer economic outcomes. It is this preference to have the government make accommodations rather than force accommodations on the economy that is consistent for Madison across time. Madison's support for bounties in *Federalist 41* then is consistent with his support for the fisheries as an already existing industry and his opposition to manufacturing subsidies as promoting an industry that was not yet economically viable.

Madison's distrust of the power of business interests and their undue influence on the legislature is also apparent in his writings in *The Federalist Papers*, with *Federalist 62* serving as the best example of Madison's discussions of apprehensions about the influence of business interests. When discussing the necessity of a Senate to keep stability in the government, Madison writes, "Another effect of public instability is the unreasonable advantage it gives to the sagacious, the enterprising, and the moneyed few over the industrious and uninformed

mass of the people (15).” Here, Madison argues that a government which is too liable to change its laws and is shocked by sudden changes in political interests is likely to pass laws benefitting the wealthy interests. This is similar to his opposition to both the *Report on Manufactures* and the First Bank of the United States, since he argued that they would benefit monied interests at the expense of agrarian interests. Madison continues, “Every new regulation concerning commerce or revenue, or in any manner affecting the value of the different species of property, presents a new harvest to those who watch the change and can trace its consequences” (15). Madison here is concerned that any law affecting the nation’s economy cannot benefit the general welfare in a pure sense, since there are those who will benefit from the law by tracing out its effects and those who will be harmed by having the economy distorted against them. Although Madison’s constitutional argument against Hamilton’s economic policies is not that they are unconstitutional because they are not explicitly authorized and unnecessary, and therefore cannot be accepted even under a broad interpretation of the Necessary and Proper Clause, his position that such laws do not help to achieve the ends of economic prosperity are consistent across time. Putting his argument against too many interferences in the economy into the bluntest possible terms, Madison says, “This is a state of things in which it may be said with some truth that laws are made for the few and not for the many” (15). It is therefore clear that Madison’s position against the *Report on Manufactures* and the central bank are consistent across time with regard to factious influence because in both cases he does not believe that a government should be making too many regulations concerning the nature and course of the economy, and that a government that too heavily and mercurially interferes with the economy will necessarily be advantaging one group, namely the wealthy, at the expense of the citizenry as a whole, who in Madison’s time were mainly farmers.

However, where Madison appears inconsistent is with his interpretation of the Necessary and Proper Clause in *Federalist 44*, which is substantially broader than his constitutional interpretation with regard to the First Bank of the United States. In defending the Necessary and Proper Clause, Madison writes,

Few parts of the Constitution have been assailed with more intemperance

than this [the necessary and proper clause]; yet on a fair investigation of it, as has been elsewhere shown, no part can appear more completely invulnerable. Without the substance of this power, the whole Constitution would be a dead letter (16).

Here, Madison argues that the Necessary and Proper Clause is what gives the Constitution its real authority, and that the government cannot truly exist in its absence. Madison exposes what his interpretation implies more clearly when he argues, “They might have copied the second article of the existing confederation, which would have prohibited the exercise of any power not expressly delegated” (16). By noting that the Constitution could have said that the government could only use any power explicitly delegated to it, he is implicitly saying that this is not the case. By arguing that the government cannot only pass laws explicitly allowed, he is taking the polar opposite position that he had when arguing against the First Bank of the United States. He even foresees his own argument against the central bank by writing,

Had the convention taken the first method [...] it is evident that the new Congress would be continually exposed [...] to the alternative of construing the term ‘expressly’ with so much rigor as to disarm the government of all real authority” (16).

Madison, then, clearly interprets the Necessary and Proper Clause in line with the way Hamilton did during the debate over the central bank, revealing that Madison changed his position from the time of *The Federalist Papers* to the 1790s. Madison confirms his belief in this broad interpretation by writing explicitly that “No axiom is more clearly established in law or in reason than that whenever the end is required, the means are authorized (16).” There could be no clearer exposition of Madison’s broad interpretation of the Necessary and Proper Clause. The central bank, far from being condemned to unconstitutionality because the Constitution did not explicitly authorize it, is therefore constitutional if it can be proven that it is necessary and proper for the undertaking of constitutional ends, which Hamilton argued fervently that it was.

However, this inconsistency is muted by Hamilton’s arguments in *Federalist 41* when he counters the objection to the clause on the general

welfare. To the objection that the clause on common defense and the general welfare amounts to the ability of the government to “exercise every power which may be alleged to be necessary for the common defense or general welfare,” Madison writes, “Had no other enumeration or definition of the powers of Congress been found in the Constitution than the general expression just cited, the authors of the objection might have had some color for it” (14). By noting that the Constitution explicitly lays out what powers Congress has, Madison argues therefore that the government is not simply authorized to do whatever is necessary for the general welfare. This closing of the general welfare clause makes his constitutional opposition to the *Report on Manufactures* consistent, as this is precisely opposite Hamilton’s defense and is in line with Madison’s fear that such a broad interpretation would change the nature of government into having no defined powers beyond what it thinks is necessary. Madison makes the case more explicitly when he says, “But what color can the objection have, when a specification of the objects alluded to by these general terms immediately follows and is not even followed by a longer clause than a semicolon? (14). Madison’s rebuttal to the argument that the Constitution authorizes Congress to do whatever is necessary for the general welfare could not be clearer. Madison does not agree with the broad interpretation of that clause and instead argues that Congress can pursue the general welfare though the powers delegated to it in the Constitution. This narrow interpretation of the general welfare clause is therefore consistent, even if his defense of the Necessary and Proper Clause is broader than his interpretation when opposing the First Bank of the United States.

Section V: Conclusions

Economically, both Hamilton and Madison are consistent in their preferences across time, with Hamilton believing economic diversification and a lack of punitive tariffs to be beneficial to the development of the United States, with Madison preferring to let the economy take its natural course. Moreover, Hamilton is consistent in believing that diverse interests represented in Congress will alleviate factious influence, while Madison is consistent in believing that business interests may attempt to influence Congress too strongly. However, while Hamilton’s understanding of the Necessary and Proper Clause is the same both in *Federalist 33* and in his writing regarding

the *Report on Manufactures* and his defense of the central bank, Madison’s opposition to both subjects is remarkably dissimilar to his writing in *Federalist 44*, where he outlines his own understanding of the powers allotted to the government. Therefore, Hamilton should not have been surprised that Madison opposed him economically. Madison’s opposition was not political opportunism, as Hamilton first thought (3), but was born of deep economic differences, although his constitutional position seems different in the 1790s than it was in *Federalist 44*. However, his writing in *Federalist 41* attenuates somewhat the inconsistency brought up just three papers later in *Federalist 44*. Nor can Madison justly claim that he was “abandoned” by Hamilton in the 1790s (17). Hamilton’s views had not changed from his writing in *The Federalist Papers*, and Madison would have been able to know them just by reading the work on which they had collaborated. Despite working on *The Federalist Papers* together, Madison and Hamilton never truly had the same vision for American politics and their eventual disputes during the Washington Administration should have come as a surprise to neither of them.

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