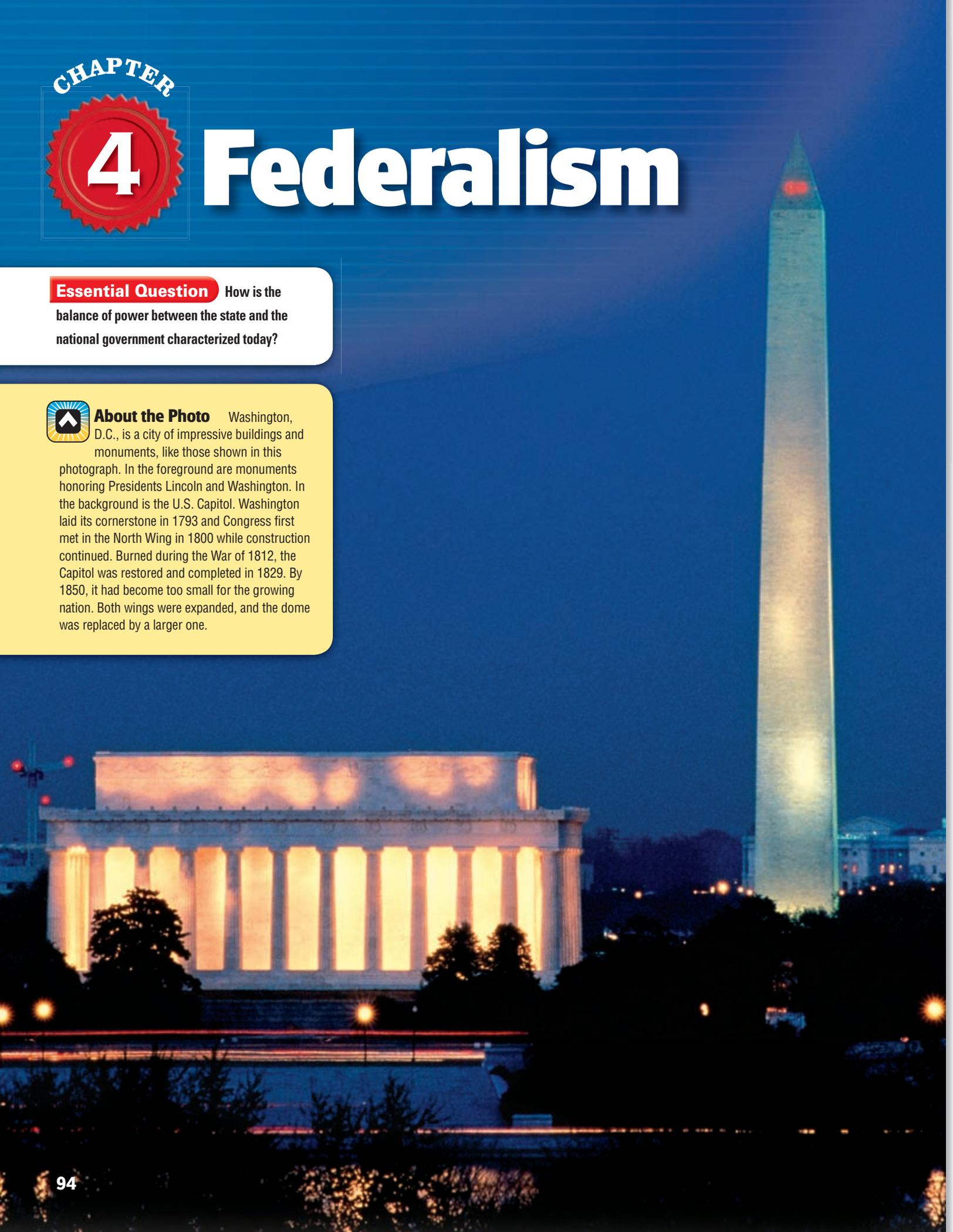


Federalism

Essential Question How is the balance of power between the state and the national government characterized today?



About the Photo Washington, D.C., is a city of impressive buildings and monuments, like those shown in this photograph. In the foreground are monuments honoring Presidents Lincoln and Washington. In the background is the U.S. Capitol. Washington laid its cornerstone in 1793 and Congress first met in the North Wing in 1800 while construction continued. Burned during the War of 1812, the Capitol was restored and completed in 1829. By 1850, it had become too small for the growing nation. Both wings were expanded, and the dome was replaced by a larger one.



CHAPTER AT A GLANCE

SECTION 1 Dividing Government Power

- After much debate, the Framers designed a federal system that they hoped would strengthen the national government and protect states' rights.
- The Constitution divides power between two levels of government: national and state governments.
- The Constitution delegates certain powers to the national government.
- The powers granted to state governments are called reserved powers.
- Concurrent powers may be exercised by the national and state governments.
- States must give full faith and credit to the laws of other states.

SECTION 2 American Federalism: Conflict and Change

- Federalism has changed over time to meet new political needs.
- The Supreme Court acts as a referee in the division of power between the national and state governments.
- Before the Civil War, American federalism was guided by the principle of dual federalism, or the idea that the national and state governments were equal in authority.
- Over the course of U.S. history, American federalism has experienced a steady expansion in national power.
- In recent years, a trend in American federalism called devolution has attempted to return power to the states.

SECTION 3 Federalism Today

- Fiscal federalism is a system in which the national government uses grants and mandates to influence state policy to achieve national ends.
- Grants-in-aid from the national government to the states have increased the influence of the national government.
- Today American federalism continues to evolve in the face of new issues.

CONNECTING TO THE CONSTITUTION



Our nation's system of government is based on constitutional law established by the United States Constitution. See the "We the People: The Citizen and the Constitution" pages in this chapter for an in-depth exploration of how states serve as "laboratories of democracy" in the American federal system.

SECTION
1

Dividing Government Power

BEFORE YOU READ

Main Idea

The Framers of the Constitution established a federal system that divides powers and responsibility between the national and state governments.

Reading Focus

1. Why did the Framers choose federalism?
2. What powers does the national government have?
3. What powers do state governments have?
4. What powers are shared by both the national government and the state governments?
5. How does the Constitution limit the powers of the state and national governments?
6. How does the Constitution guide the relationships between the nation and the 50 states?

Key Terms

enumerated powers
implied powers
inherent powers
reserved powers
concurrent power
full faith and credit clause

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TAKING NOTES

Use the graphic organizer online to take notes on the powers of government.

WHY IT MATTERS

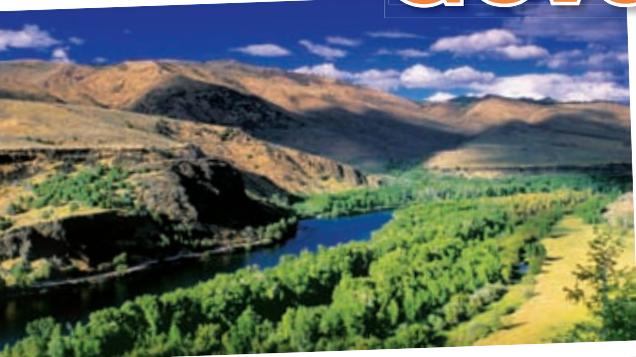
Federalism in Action What do fish swimming in Idaho's Snake River have to do with American federalism? The Snake River runs more than 1,000 miles through Idaho. It provides water for power plants and local communities, irrigation for 3.8 million acres of farmland, and a vital habitat for endangered salmon.

For the last 20 years, the Snake River has been the subject of one of the longest-standing water disputes in the western United States. In May 2007 the state of Idaho, the U.S. government, and the Nez Percé finalized the terms of the Snake River

Water Agreement. The agreement aimed to sort out more than 150,000 water claims, including those made by the Nez Percé, who in 1855 signed a treaty with the U.S. government that granted the tribe fishing rights in the river.

In exchange for giving up their claims, the Nez Percé will receive more than \$95 million in U.S. funding. Idaho will be able to settle disputes and safeguard its water. Such complex, multi-level government action may be a far cry from what the Framers imagined, but it still takes place within a basic structure for federal government the Framers outlined in the Constitution. ■

A Basic Structure for Government



In 2004, Nez Percé tribal chair Anthony Johnson announced the proposed settlement of the Snake River Basin at a joint press conference held with then Idaho governor Dirk Kempthorne and former U.S. Secretary of the Interior Gale Norton.



Why Federalism?

American federalism was invented in Philadelphia in 1787. When delegates to the Constitutional Convention met to consider strengthening the national government, federalism was an obvious choice. As you have read, under the Articles of Confederation, the new nation struggled to function as a confederation, and it was failing. Without the power to raise funds, the national government was simply not strong enough to deliver the stability and economic unity that the young nation needed.

Moreover, unitary rule—rule in which all power is held by a strong central authority—was out of the question. This was the system the American colonies had known under the British monarchy. It left the nation’s founders deeply suspicious of a powerful central government. Some found the idea so distasteful that they outright declined to attend the Philadelphia Convention. They worried that delegates were plotting to put in place a strong national government that would diminish states’ rights. Virginian Patrick Henry claimed that he “smelt a rat.”

The Framers did have in mind a few ways to prevent government abuse of power. As discussed in Chapters 2 and 3, the Framers sought to forge a republic. In so doing, they relied heavily on the writings of a number of philosophers—such as Thomas Hobbes, John Locke, Jean-Jacques Rousseau, and Adam Smith—who advocated self-rule and limited government.

They also drew ideas from the French philosopher Baron de Montesquieu. In Montesquieu’s *Spirit of the Laws* (1748), he wrote extensively on the virtues of dividing power between different parts of government. According to Montesquieu, dividing power was the best way to defend people’s freedom from a too-powerful government. This idea would be thoroughly absorbed by the Framers of the Constitution.

The Framers faced a difficult balancing act. How could the national government address the needs of the nation, preserve states’ rights, and ensure a republican government? In the spring of 1787, echoing Montesquieu, James Madison described his idea for the new government.

PRIMARY SOURCE

“I have sought for some middle ground, which may at once support a due supremacy of the national authority, and not exclude the local authorities wherever they can be subordinately [secondarily] useful.”

—James Madison, letter to George Washington, 1787

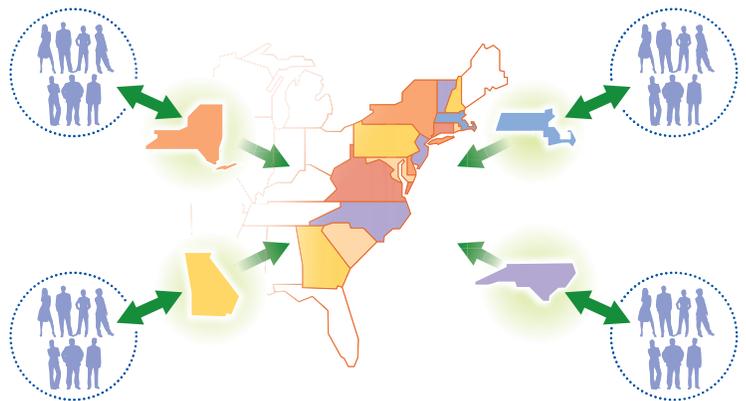
After much debate and a series of compromises, the Framers devised a plan for government that balanced authority between the nation and the states. In other words, the new government was federal in form. The Framers carefully divided powers between two levels of government—state and national.

THE UNITED STATES: FROM CONFEDERATION TO FEDERAL SYSTEM

QUICK
FACTS

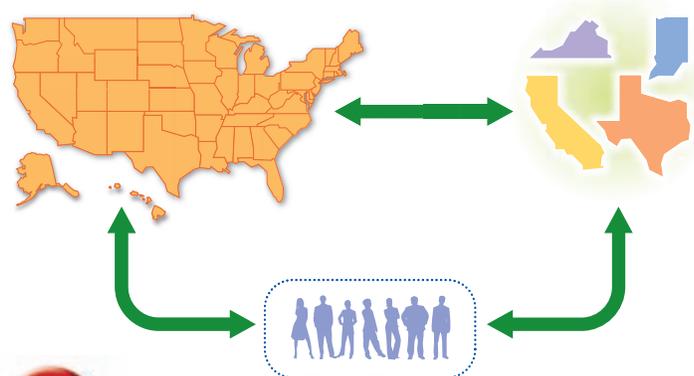
The United States as a Confederation

From 1781 to 1788, the states were united as a confederation under the Articles of Confederation. The national government received its power from the states, but it had no direct authority over the people.



The United States as a Federal System

Under the U.S. Constitution, the national and state governments are based on the consent of the people and exercise authority directly over the people.



Skills
FOCUS

INTERPRETING CHARTS

In what ways was the United States as a confederation similar to and different from the United States as a federal system?

Powers of the National Government

The U.S. Constitution gives the national government the power to:

- Borrow and coin money
- Levy taxes
- Conduct foreign relations
- Raise armies, declare war, and make peace
- Regulate commerce with foreign nations and between states
- Establish post offices
- Regulate immigration and naturalization
- Establish and operate the federal court system
- Make laws necessary and proper to execute national powers



The Constitution specifically grants the national government the power to raise armed forces, such as the Coast Guard.

The Framers assigned all powers having to do with the states' common interests, such as national defense and control over currency, to the national government. All other powers remained with the states.

The arrangement was a practical solution to the nation's needs. In 1787 the nation's people were spread far apart, and its transportation and communications systems were far too primitive to make governing from a central location feasible. In the Framers' eighteenth century world, matters of local concern really were best left to the states.

The Framers deliberately avoided detailed provisions. They recognized that general rules stated briefly would give the nation and the states flexibility to meet the needs of the people. In this regard, the Framers were right. The basic structure of federalism crafted in Philadelphia remains in place today.

READING CHECK Identifying Supporting

Details Why did the Framers choose federalism?

National Powers

The Constitution outlined a federal system that would provide strong national government and protect states' rights. In the U.S. federal system, some powers belong to the national government, others are reserved for the states, and still others are shared by both. Much of the Constitution deals with the expressed, implied, and inherent powers of the national government.

Enumerated Powers The Constitution lists powers granted to the national government. These powers are called **enumerated powers** and are sometimes referred to as expressed powers. For example, Article I, Section 8, lists the enumerated powers of the legislative branch. Congress has the power to issue money, collect taxes, pay government debts, regulate trade among the states and with other nations, declare war, and raise and maintain armed forces.

The enumerated powers of the other two branches are listed in Articles II and III. Article II gives the president the power to command the armed forces and to conduct foreign relations. Article III gives the judicial branch the power to rule on constitutional issues, cases involving the U.S. government, and disputes among the states.

Implied Powers The national government also possesses **implied powers**. In contrast to expressed powers, implied powers are not specifically listed in the Constitution, but they are logical extensions of expressed powers. The constitutional source for implied powers is the last clause of Article I, Section 8, which is often referred to as the necessary and proper clause.

PRIMARY SOURCE

“[Congress has the power] To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by this Constitution in the Government of the United States.”

— U.S. Constitution, Article I, Section 8

The necessary and proper clause is also referred to as the elastic clause because it has been used to stretch the powers of Congress. Many congressional policies, ranging from

Powers of the State Governments

The U.S. Constitution gives state governments the power to:

- Draw electoral district lines
- Conduct elections
- Maintain state militias (the National Guard)
- Regulate commerce within the state
- Establish and operate state court systems
- Levy taxes
- Ratify amendments to the Constitution
- Exercise powers not specifically delegated to the nation or prohibited to the states



States have the power to draw electoral lines, like these proposed by Georgia state senator Tom Price in 2004.

building highways to regulating food are justified as implied powers. For example, the Sixteenth Amendment gives Congress the power to collect income taxes, but nowhere does the Constitution explain how taxes should be collected. Using its implied powers, Congress established the Internal Revenue Service, the agency that collects your taxes.

Inherent Powers The national government also has **inherent powers**, or powers that historically have been recognized as naturally belonging to all governments that conduct the business of a sovereign nation. In other words, the U.S. government has inherent powers simply because it is a national government. These powers include the power to acquire new territory and to conduct foreign affairs. The United States has done all of these things since its earliest years, even though these powers are not specifically granted by the Constitution.

READING CHECK Contrasting How do expressed, implied, and inherent powers differ from one another?

State Powers

The Constitution has considerably less to say about state powers. In the days leading up to the ratification of the Constitution, James Madison suggested that, although state powers were not listed in the Constitution, that did not mean they did not exist. In *Federalist Paper* No. 45, Madison explained that the constitutional powers granted to the national government were “few and defined.” By contrast, the powers that remained with the states were “numerous and indefinite.”

To protect states’ rights, Madison’s idea was worked into the Constitution in 1791 as part of the Bill of Rights.

PRIMARY SOURCE

“The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

— U.S. Constitution, Tenth Amendment

This provision is often called the reserved powers clause. **Reserved powers** are not specifically mentioned in the Constitution, but they belong to the states because the

Constitution neither delegates these powers to the national government nor prohibits them to the states.

State governments have drawn heavily on their reserved powers to regulate the health, public safety, morals, and general welfare of their citizens—the areas that most directly impact the day-to-day lives of people. For example, state laws tell you when you can get your license to drive a car and how fast you can drive on a highway.

Among the states’ other reserved powers are the ability to regulate marriage, form local governments, conduct elections, control public school systems, and establish and enforce criminal laws. States also have the power to regulate businesses operating within their borders and to issue licenses to doctors, lawyers, and even the person you pay to cut your hair.

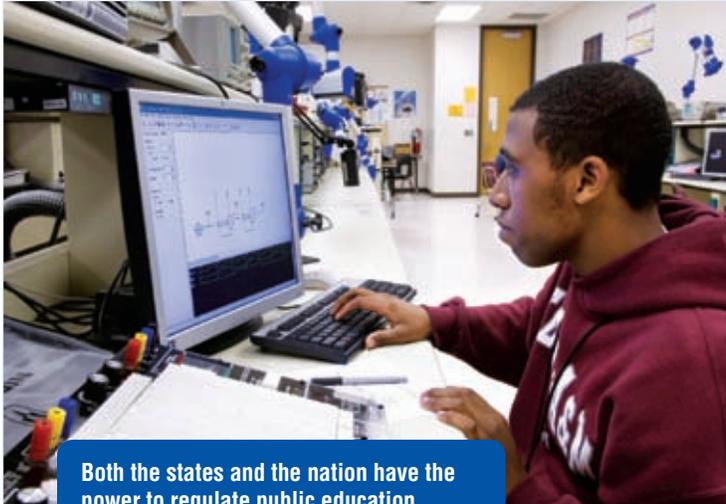
READING CHECK Summarizing What powers does the Tenth Amendment give to the states?

Powers Shared by the Nation and the States



The Constitution gives some powers to both state and national governments. These powers are called concurrent powers.

- Collect taxes
- Provide for the health and welfare of the people
- Build roads
- Conduct commerce
- Establish courts
- Borrow money
- Take private property for public use, with just compensation
- Pass and enforce laws
- Charter banks and corporations
- Regulate education



Both the states and the nation have the power to regulate public education.

that citizens are subject to two levels of authority. In the state of Texas, for example, you must follow both Texas laws and national laws.

What happens, though, if a national law and a state law come into conflict? Who prevails? The Framers considered these questions very carefully. They laid out their answer in Article VI of the Constitution. Often called the supremacy clause, Article VI states that the Constitution, national laws, and treaties form the “supreme Law of the Land.” The clause specifically says that judges in every state have to obey the Constitution, even if it contradicts state laws.

The supremacy clause establishes that national laws are supreme over state laws, so long as the national government acts within its constitutional limits.

READING CHECK Identifying Supporting

Details Name three powers that are held by both the national government and the state governments.

The Limits of Power

In addition to granting powers, the U.S. Constitution denies certain powers to the national and state governments. As you have read, the Framers believed strongly in limited government. By placing limits on both levels of government, they hoped to prevent tyranny and protect individual liberties.

Limits on National Government Fearful of tyranny, the Framers included provisions in the Constitution to prevent the national government from growing too-powerful. These provisions aimed to protect the people of the United States from specific injustices that the colonists had experienced at the hands of the English monarchy.

For example, Article I, Section 9, states that the government cannot deny a citizen the right to trial by jury, grant titles of nobility, tax exports between states, pass laws favoring the trade of one state over another, or spend money unless authorized to do so by Congress. The national government also may not exercise powers that are reserved to the states, and it may not pass laws that threaten the federal system as established by the Constitution.

Shared Powers

In addition to their reserved powers, states may also share powers with the national government. If the Constitution does not specifically state that a power belongs *exclusively* to the national government, then the states may exercise that power, too. For example, when Americans file their income tax returns every April, many people file two forms, one for their state government and another for the national government. This is because the power to collect taxes is a **concurrent power**, or a power held by the national government and the state governments at the same time.

In addition to collecting taxes, both levels of government can establish courts, make and enforce laws, build roads, provide education, and borrow and spend money. Both the states and the national government perform these tasks, often at the same time and for the same people. In short, this means



Read the supremacy clause in Article VI, Section 2, and the Tenth Amendment to the Constitution. How do the two provisions help explain why the national government and the states seem to be locked in a perpetual struggle for power?

The power of the national government is further limited by the Bill of Rights. The Bill of Rights guarantees that the government cannot interfere with basic liberties such as freedom of speech and freedom of the press.

Limits on State Governments To prevent conflict between the states and the national government, Article I, Section 10, denies specific powers to the state governments. For example, states are not allowed to coin money or tax imports and exports from other states. States are also prohibited from having their own armies, separately engaging in wars, and entering into treaties with other states or nations. If states did such things, they would undermine national unity.

Powers Denied to Both Levels Other powers are specifically denied by the Constitution to both the national and state governments. Neither level, for example, can deny people accused of crimes the right to a trial by jury or grant titles of nobility. The Constitution also forbids both levels from passing *ex post facto* laws, or laws made “after the fact.” This protects people from being convicted of an offense that was not a crime at the time the offense was committed.

READING CHECK Summarizing What limits did the Framers place on state governments?

Nation and State Relations

The Constitution does more than divide government power. It also describes the responsibilities that the national government and the states have toward one another. American federalism might never have worked had the Framers not included these guidelines for interaction.

The Nation and the Fifty States The Framers wanted to be sure that state governments would themselves be republics, democracies led by elected representatives of the people. Toward this end, Article IV, Section 4, of the Constitution states that the national government must “guarantee to every State in the Union a Republican form of government.” In other words, the national government will only officially recognize representative state governments.

The national government is also responsible for protecting the states, both from foreign invasion and domestic uprisings. For example, when terrorists attacked the World Trade Center in New York City and the Pentagon in Washington, D.C., on September 11, 2001, the national government responded with military force to the crisis.

In addition, the Constitution ensures that the states be treated as equals by the national government. The national government must grant states equal representation in the Senate, and it cannot tax the people of one state more than another. Finally, although the national government can admit new states, it cannot split up states that already exist or change state boundaries in any way.

Relations between the States The Constitution gives states the right to manage affairs within their borders, and it also encourages states to cooperate with one another. Imagine the chaos that could result if states did not recognize each other’s laws. A person could break a law in one state but escape punishment by fleeing to another state. The Constitution was designed to prevent this from happening. Although state laws differ and states are not required to enforce the criminal laws of other states, the Constitution says that states are required to extradite, or return, a person charged with a crime to the state in which the offense was committed for prosecution.

Article IV of the Constitution, often referred to as the **full faith and credit clause**, ensures that extradition can take place. Article IV requires that states give “full faith and credit,” to the public acts, official records, and judicial proceedings of every other state. For example, this means that a contract signed in one state must be recognized and honored by officials in other states. It also means that state drivers’ licenses are valid in any state, from Maine to California. Similarly, the full faith and credit clause ensures that if you marry someone in one state, the other states must recognize that marriage.

The Constitution also takes measures to prevent states from discriminating against the citizens of other states. It does this in a clause of Article IV, Section 2, that is often called the privileges and immunities clause.

This clause specifies that citizens of each state should receive all the “privileges and immunities” of any state in which they happen to be. This ensures, for example, that a New Yorker living in or visiting the state of North Carolina will pay the same sales tax and enjoy the same police protection as North Carolinians do.

Still, there are many exceptions to the privileges and immunities clause. A state can offer reduced state university tuition to residents, and it can charge its own residents less for services funded by taxes, such as public health facilities.

What about Local Government? The U.S. Constitution does not include a single word about local government. Thus, creating local governments is a power reserved for the states. Each state outlines a plan for local government in a state constitution. The relationship between state and local government, however, is quite different from the relationship between the national and state governments. The most important difference is that state government has the power to reorganize local government at any time to better address state needs.

Native American Sovereignty The Constitution says little about the sovereign Native American nations that existed in the United States long before the arrival of Europeans. However, Article I, Section 8, does grant the national government the power “to regulate Commerce . . . with the Indian Tribes.” The national government used this power to make treaties with Native American nations.

When a Native American nation signed a treaty, it often agreed to give up some or all of its land as well as some of its sovereign powers. Signing also meant entering into a trust relationship with the United States, in which the U.S. government promised benefits and rights, such as fishing and hunting rights, to Native Americans in exchange for land.

In most cases, the treaties resulted in loss of land, sovereignty, and individual rights for native peoples. Moreover, Native Americans were not granted full citizenship until 1924. In Chapter 11 you will learn about how Native Americans have since worked to attain full civil rights.

READING CHECK Summarizing How does the full faith and credit clause affect relations among states?

SECTION

1

ASSESSMENT



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ONLINE QUIZ

Reviewing Ideas and Terms

1. **a. Recall** What philosopher influenced the Framers' vision of a federal system?
b. Analyze Why did the Framers of the Constitution choose a federal system of government?
2. **a. Define** What are **inherent powers**?
b. Evaluate Do you think the necessary and proper clause was a good idea? Why or why not?
3. **a. Identify** What does the Tenth Amendment have to do with American federalism?
b. Contrast How does the Constitution delegate powers to the nation differently from how it gives powers to the states?
4. **a. Recall** Name two powers that are denied to both the states and the national government.
b. Explain Why did the Framers want to limit the powers of the national and state governments?
5. **a. Define** What is a **concurrent power**?
b. Predict Could the American federal system survive without the supremacy clause? Explain.

6. **a. Define** What is the **full faith and credit clause**?
b. Predict What might happen if the national government taxed citizens of one state more than others?

Critical Thinking

7. **Compare** Use the graphic organizer below to list the powers of the national government and the powers of the state governments. Which level of government do you think most affects your daily life? Provide support for your answer.

National Government	State Government
1.	1.
2.	2.

FOCUS ON WRITING



8. **Expository** Write a paragraph explaining the constitutional powers of the national government. Describe how expressed, implied, and inherent powers differ and give examples of each.

SECTION
2

American Federalism: Conflict and Change

BEFORE YOU READ

Main Idea

Over the past 200 years, conflicts over the balance of power between the national and state governments have led to changes in American federalism.

Reading Focus

1. What role does the Supreme Court play in American federalism?
2. How was government power divided in dual federalism?
3. What events caused the expansion of national power in the twentieth century?
4. What is new federalism?

Key Terms

dual federalism
doctrine of nullification
doctrine of secession
cooperative federalism
creative federalism
new federalism
devolution

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TAKING NOTES

Use the graphic organizer to take notes on the changes in American federalism.

WHY IT MATTERS

Crisis at Fort Sumter In the early hours of April 12, 1861, shots rang out at Fort Sumter, a U.S. fort in South Carolina, and continued for 34 hours. The attack did not come from a foreign army but from armed forces raised by a group of southern states that had decided to separate from the Union.

Calling themselves the Confederate States of America, the southern states claimed that since Fort Sumter lay in the South, it rightfully belonged to their Confederacy. On April 14, Fort Sumter surrendered to Confederate forces. President Abraham Lincoln readied U.S. troops to fight back. The War between the States—the Civil War—had begun.

Could the nation survive this challenge to its very union? In the end, the Union survived, but it was forever changed. Over the course of American history, the states and the national government had come into conflict many times. This was the first—and the only time since—that such a conflict escalated into war. The Union's victory restored the nation and redirected the course of American federalism.

One of the final outcomes of the war that pitted states against nation was that the nation emerged victorious over the states. The war put to rest the most extreme arguments for states' rights and established the supremacy of the national government in the American federal system. ■

States against Nation

As much as the Civil War was a struggle over slavery, it was also a contest between state and national authority.



Role of the Supreme Court

Long before the Civil War, the Framers anticipated that the government they created might lead to conflicts between the states and the national government. They were concerned, for example, that states might pass laws that conflicted with laws passed by the national government. How did the Framers plan to resolve such conflicts?

In the previous section, you read about how the Framers disagreed over which level of government—the states or the nation—should have ultimate authority in the new nation. For this reason, they made no attempt to outline solutions for specific types of conflicts in the wording of the Constitution. Instead, the Framers came up with a problem-solving strategy. They gave the Supreme Court the power to resolve conflicts between the nation and the states.

Article III of the Constitution gives the judicial branch the authority to hear cases involving the Constitution, U.S. laws, and disputes between states. This gives the judicial branch, especially the Supreme Court, the power to act as a referee, sorting out conflicts between the nation and the states. In sports, referees make decisions based upon the rules of a game. Similarly, in the federal system, the courts make decisions based on the rules in the Constitution.

The Framers also addressed the question of how to resolve conflicts between the states and the national government in Article VI of

the Constitution. As you read in Section 1, this article of the Constitution includes the supremacy clause, which declares that the Constitution, national laws, and treaties made by the national government are “the supreme law of the land.”

Acting in the role of referee, the Supreme Court has influenced how power is divided between the nation and the states. For 200 years, the Court’s interpretation of the supremacy clause and other articles of the Constitution has gradually increased the power of the national government. This trend would not be broken until the 1990s.

Over time, American federalism has continually changed to meet the needs of new generations. The changes in our federal system may best be understood in terms of four historical eras: dual federalism, cooperative federalism, creative federalism, and new federalism.

READING CHECK Summarizing How does the Supreme Court serve as a referee in the federal system?

Dual Federalism

The first era of American federalism, dual federalism, lasted from about 1789 to the 1930s. Under **dual federalism**, both state and national governments were equal authorities operating within their own spheres of influence, as defined by a strict reading of the Constitution. The powers of the national government included only those powers

hmhsocialstudies.com **INTERACTIVE**

Eras of Federalism

American federalism has evolved over time. Until recently, one general trend has characterized American federalism—the expansion of national power.



Dual Federalism 1789–1930s

Dual federalism was guided by the idea that both the national and state governments were sovereign within their own spheres. During this era, leaders such as Supreme Court Chief Justice John Marshall (left) helped to gradually increase the power of the national government.



Cooperative Federalism 1930s–1960s

Cooperative federalism was marked by the belief that all levels of government should work together to solve problems, such as poverty. During the Great Depression, the national government created the Works Progress Administration (WPA) to give unemployed workers jobs. WPA workers (left) dig a well at Big Bend National Park in Texas.

listed in the Constitution. The Tenth Amendment reserved all other powers to the states. Political scientists often compare dual federalism to a layer cake, with each layer representing a distinct level of government.

The Great Debate From our nation's very beginning, dual federalism was at the center of a great debate. On one side of the debate stood nationalists, or advocates of a strong, centralized national government. They counted among their numbers George Washington and Alexander Hamilton. On the other side were proponents of states' rights, such as Thomas Jefferson, who held that the national government should not unduly intrude in state affairs.

In 1790 nationalists faced off against supporters of states' rights when President George Washington's secretary of the treasury, Alexander Hamilton, urged Congress to create a national bank. Thomas Jefferson objected to the bank, claiming it was unlawful because the national government had no constitutional power to establish banks. In response, Hamilton argued that because the national government had a constitutional power to regulate currency, it had an implied power to create a bank.

Congress sided with Hamilton and granted a 20-year charter for the First Bank of the United States. But the question of whether the bank was constitutional remained. When the bank's charter expired, Congress refused to renew it.

The dispute resurfaced in 1816 when Congress chartered the Second Bank of the United States. Maryland had imposed a tax on all banks operating within the state, but James McCulloch, an officer at a Maryland branch of the national bank, refused to pay the tax. Maryland pressed its case in court.

The Marshall Court The bank dispute reached the Supreme Court in the case of *McCulloch v. Maryland* (1819). At the time, the Court was under the leadership of Chief Justice John Marshall, a judge with strong nationalist leanings. Starting with *McCulloch*, the Court's rulings did much to expand the powers of the national government.

The Court ruled decisively in favor of the nation's authority to start a bank. Marshall argued that the bank's charter was justified by the Constitution's necessary and proper clause, which gives Congress the power to take actions necessary and proper to carrying out its expressed powers. In this case, Marshall concluded that it was reasonable for the nation to exercise an implied power to start a bank since it would help the nation properly execute its powers to regulate commerce and currency.

Furthermore, Marshall argued that Maryland could not tax the bank because "the power to tax involves the power to destroy." If states could tax a national institution, then they could weaken or destroy it. This, Marshall asserted, violated the supremacy clause of the Constitution.



Creative Federalism

1960s–1980s

In this era, the national government funded state and local programs that met national goals, such as fighting poverty. In the 1960s, First Lady Lady Bird Johnson (above) visited a school program funded by national grants.



New Federalism

1980s–2001

In the 1990s supporters of New Federalism and devolution, such as Newt Gingrich (above), argued that decreased national spending and returning power to the states would improve government.

**ACADEMIC
VOCABULARY**

nullify to cancel

“A House Divided” In the years leading up to the Civil War, the United States became bitterly divided over the issue of slavery, a debate that was wrapped up in arguments about states’ rights and the extent of national power. The slave states—the southern states—resisted all measures taken by the national government to outlaw slavery in new states and territories. They held fast to the notion that the states were sovereign and could make such decisions for themselves.

Politicians in some southern states believed that states had the right to nullify national laws that they believed contradicted or clashed with state interests. This was known as the **doctrine of nullification**. The idea of nullification was not new. From the nation’s earliest years, proponents of states’ rights—including James Madison and Thomas Jefferson—had argued that states could refuse to follow national laws they found objectionable and could even declare such laws “null and void.”

In 1832, for example, the South Carolina legislature voted to nullify specific national tariffs, or taxes. The effort was led by South Carolinian John C. Calhoun, who believed the tariffs favored northern industry over southern plantations. Calhoun argued that because the national government was created by the states, the states had the right to challenge federal laws.

According to the doctrine of nullification, if a state challenged a national law, three-quarters of the other states would have to ratify an amendment allowing Congress to enact the law. At that point, the state that had challenged the law could either choose to follow the law or separate from the Union. The idea that states had the right to separate themselves from the Union was known as the **doctrine of secession**. Secession was the most extreme option for those who believed in state sovereignty.

The issue of state sovereignty would soon come to a head. In 1860 Abraham Lincoln was elected president. Southerners feared that President Lincoln would try to limit slavery or stop the practice altogether. Just a few years earlier, as the Republican nominee in a race for an Illinois Senate seat, Lincoln had made his views on the divisive nature of slavery clear.

PRIMARY SOURCE

“A house divided against itself cannot stand. I believe this government cannot endure permanently half slave and half free. I do not expect the Union to be dissolved—I do not expect the house to fall—but I do expect it will cease to be divided.”

—Abraham Lincoln, Senate nomination acceptance speech, 1858

After Lincoln’s presidential election, events quickly led to secession and war. South Carolina was the first to secede, followed by 10 other states. These states united to form a confederation, a group of sovereign states, officially called the Confederate States of America. By 1861 the United States was divided by the Civil War. For four years, the Union and the Confederacy battled each other in the bloodiest war in U.S. history.

After the Civil War In 1865 the Confederacy surrendered and the Union was restored. The defeat of the Confederacy settled the matter of slavery in the United States once and for all. The war also profoundly changed the relationship between the states and the national government. The Union’s victory firmly established national supremacy and put to rest the most radical interpretations of state sovereignty. No longer could states claim a right to nullify national laws or withdraw from the union.

The Civil War also led to expanded constitutional powers of the national government. After the war, Congress passed the Thirteenth, Fourteenth, and Fifteenth amendments to the Constitution, known collectively as the Reconstruction Amendments. These amendments abolished slavery, defined citizenship, prohibited the states from denying citizens’ rights, and extended voting rights to African American men.

The Reconstruction Amendments were significant because they set national standards that states had to follow. In time, the national government would use its new constitutional powers to protect the rights of African Americans, women, and other groups of people from discrimination by state and local governments.

READING CHECK **Identifying Cause and Effect**

How did the Civil War resolve the issue of secession?

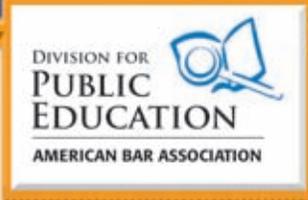
**ACADEMIC
VOCABULARY**

secession a formal withdrawal or separation



“LANDMARK SUPREME COURT CASES”

Constitutional Issue: Federalism



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McCulloch v. Maryland (1819)

WHY IT MATTERS

*In **McCulloch v. Maryland** the Supreme Court had the first of many opportunities to influence the division of power in the federal system. The Court's decision led to the expansion of national power.*

Background

In 1791 Congress passed a law that established the First Bank of the United States. However, in 1811 an attempt to renew the bank's charter failed. At that time, a number of states took advantage of this situation by chartering their own banks.

After the War of 1812, the nation needed money to repay its war debts. Because there was no longer a national bank, Congress borrowed money from several state banks. As a result, Congress set up the Second Bank of the United States in 1816. The states generally opposed the National Bank. Some state banks, including the state bank of Maryland, placed a tax on all banks operating within their borders. When the Maryland branch of the National Bank refused to pay the tax, the state of Maryland sued the National Bank's cashier, James McCulloch.

In 1819 the legal battle reached the U.S. Supreme Court. According to Chief Justice John Marshall, the Court had two crucial questions to resolve. The first question was whether or not the Constitution gives Congress the power to establish a national bank. The second question involved whether or not the Constitution gives states the power to tax a national bank.

Arguments for McCulloch

The question of whether Congress had the power to establish a bank was not new. It had been asked in 1790, when President George Washington's secretary of the treasury, Alexander Hamilton, pushed Congress to establish the First Bank of the United States. Supporters of the First Bank claimed that, even though the Constitution did not specifically grant the national

government the power to create a bank, Congress had an implied power to do so because it had the constitutional authority to regulate commerce.

Arguments for Maryland

Opponents of the National Bank argued that the Bank was unlawful because the national government had no constitutional power to start banks. Moreover, they argued that because the states are sovereign, self-governing entities, each state should have the right to impose taxes on businesses and institutions operating within its borders.

THE IMPACT TODAY

Led by Chief Justice John Marshall, the Supreme Court unanimously ruled in favor of the Bank. Marshall asserted that Article I, Section 8, of the Constitution gave Congress the power to make all laws “necessary and proper” for carrying out its responsibilities, such as regulating commerce. Moreover, Marshall argued that Maryland's tax was invalid. “The power to tax,” Marshall wrote, “involves the power to destroy.” If a state could tax one of the national government's activities, then it would have power over the national government. The *McCulloch* decision set a precedent for the expansion of national power and for the role of the Court as a referee in the federal system.

CRITICAL THINKING

What Do You Think? Chief Justice Marshall's decision in *McCulloch v. Maryland* expanded the power of the national government. What might have happened if Marshall had ruled in favor of Maryland? What part of the Constitution could he have drawn upon to support his argument?

Expanding National Power

The Civil War reinforced the supremacy of the national government over the states. In the years following the war, new challenges—including those posed by business interests, the economy, and unfair social conditions—continued to shift the balance of power in favor of the national government.

Turn-of-the-Century Reforms The turn of the twentieth century was a time of tremendous change in the United States. New technology, such as railroads, the telegraph, and industrial machinery changed how Americans lived and worked. In addition, the country experienced unprecedented growth. Between 1870 and 1916 the population of the United States more than doubled, and hundreds of thousands of people flocked to the nation's cities.

These dramatic changes were accompanied by a range of social and economic problems. Cities grew overcrowded, and crime rates rose. Many laborers suffered from long workdays and dangerous working conditions. Powerful corporations developed great

economic influence, often at the expense of working-class Americans. These issues grew so widespread that it became difficult to address them at the state level. The national government eventually stepped in, passing legislation to reform social conditions and business practices.

In 1887 Congress passed the Interstate Commerce Act to regulate the railroad industry. As new railroad lines crisscrossed the nation, railroad companies gained unprecedented power. In some areas, railroads were the only effective means of transportation, and companies realized that they could charge higher prices for their service. The Interstate Commerce Act set restrictions on the rates these companies could charge.

The government undertook other forms of regulation as well. In 1890 Congress passed the Sherman Antitrust Act to prevent monopolies, or the exclusive control of a good or service in a particular market, and to encourage fair competition in all industries. In the early 1900s the Sherman Antitrust Act was used to break up a number of large monopolies, including that of the American Tobacco Company.

PRIMARY SOURCES

Monopoly Busting

By the twentieth century, powerful  companies had formed monopolies by establishing exclusive control over a good or service. As a result, they could eliminate competition and control prices, often at the expense of consumers. During the Great Depression, monopolies were of particular concern to the national government. In 1937 President Franklin Roosevelt vowed to make “every effort to end monopoly in business.” This 1937 cartoon illustrates Roosevelt’s determination to curb the power of monopolies.

**Skills
FOCUS**

INTERPRETING PRIMARY SOURCES

Analyzing Political Cartoons Why do you think the artist portrayed a monopoly in this way? Explain.

See **Skills Handbook**, p. H8.



Courtesy Estate of Rollin Kirby

Although these new laws did expand the national government's power to regulate business, several Supreme Court cases limited the reach of national power. For example, in *United States v. E.C. Knight Company* (1895) the Court ruled that a combination of sugar refining companies was not a monopoly under the Sherman Antitrust Act. The Court's decision explained that since the sugar companies operated locally, they could not be regulated by the national government.

The New Deal In the 1930s an economic crisis led to another expansion of the authority of the national government. In 1929 the American stock market crashed, triggering a major economic downturn known as the Great Depression.

As a result of the Great Depression, poverty and unemployment soon became widespread. Previously the job of helping the poor had fallen to the states and to local community groups. So great was this crisis, however, that local organizations were unable to respond adequately. It soon became clear that more help was needed.

In 1933 newly elected President Franklin Roosevelt responded with a plan to bring immediate relief. His program, known as the New Deal, created a series of national programs to address the needs of Americans. Some programs provided for the unemployed. For example, the Social Security program was established to assist the unemployed and the elderly. Other programs provided food, protected homeowners, and created jobs.

The New Deal marked a major change in the role of the national government. For the first time, the national government assumed responsibility for the social and economic welfare of the people. Since the national and state governments worked together to meet the crisis, federalism under the New Deal was known as **cooperative federalism**.

Because the New Deal was such a major shift, legislation was often challenged in the courts, and several cases reached the Supreme Court. Opponents argued that the constitutional powers to tax and regulate commerce did not give the national government the power to enact many New Deal programs. In time, however, the Supreme Court upheld most New Deal legislation.

PROFILES IN GOVERNMENT

Franklin Delano Roosevelt 1882-1945



Franklin D. Roosevelt holds the distinction of being the only president elected to four terms of office. During his 12 years as president, he led the nation through

two of its greatest crises, the Great Depression and World War II.

During his first term as president, the nation was in a severe economic depression and unemployment was at an all-time high. In response, Roosevelt proposed a series of far-reaching programs, collectively known as the New Deal. Although Roosevelt and the New Deal were popular, some argued that his programs extended the reach of the national government too far into state affairs. Roosevelt fought against critics that questioned the constitutionality of certain New Deal laws. He claimed the national government should have the authority to regulate industry and the economy. Eventually, many New Deal reforms achieved widespread national acceptance.

Making Inferences Why might the length of Roosevelt's presidency have concerned proponents of states' rights?

The Great Society In the 1960s President Lyndon Johnson further expanded the powers of the national government with his Great Society program, a series of initiatives aimed at eliminating poverty and social inequality. Johnson called his approach to solving national problems **creative federalism**. It involved releasing national funds, in the form of grants to state and local communities, to achieve national goals. For example, in July 1965, Congress authorized funds for states to set up Medicaid, a program that provides free health care for poor people.

These grants came with strings attached. If the national government thought that states were not fully cooperating, it would withhold funding. The threat of losing money was a powerful tool that spurred states into action against racial discrimination, hunger, unemployment, and pollution.

The grant system greatly increased the size and cost of national government. Grants for subsidized housing and urban renewal, for example, increased from \$212 million in 1964 to more than \$1 billion in 1970. Such spending soon raised concerns about the power of national government.

READING CHECK Summarizing How did New Deal and Great Society programs change federalism?



VIDEO

FDR's New Deal

hmhsocialstudies.com

New Federalism

Throughout much of U.S. history, the powers of the national government expanded. Beginning in the 1980s, many political leaders worked to reverse this trend by returning authority to state governments. This era is known as **new federalism**.

The Reagan Years During the 1980s, President Ronald Reagan supported returning power to the states. He believed that the national government was less effective than state governments in providing services to the people. In his first inaugural address, Reagan promised to change the American federal system.

PRIMARY SOURCE

“It is my intention to curb the size and influence of the federal establishment and to demand recognition of the distinction between the powers granted to the national government and those reserved to the states or to the people. All of us need to be reminded that the national government did not create the states; the states created the national government.”

—Ronald Reagan, First Inaugural Address, January 20, 1981

As president, Reagan worked to reduce the size of government by cutting national grant money to the states. He relaxed national requirements that specified how

states could use national grant money. States, he believed, were more effective than the national government in identifying the specific needs of their citizens.

The Devolution Revolution Following Reagan’s example, Republican candidates in the 1994 congressional elections ran with a political message they called the Contract with America. The contract was a promise to achieve specific goals within 100 days of taking office. Central to the Contract with America was the idea of returning power to states, a concept known as **devolution**.

The Contract with America pledged to reduce the size and power of the national government by eliminating costly federal programs and by combining others. The Republicans also promised to force the government to review federal spending.

Some people, however, opposed devolution. They feared that it might result in increased social and economic inequality, or that states might be unable to adequately fund social programs. Still, concerns about the scope of the national government’s powers extended across party lines, leading then Democratic President Bill Clinton to declare: “The era of big government is over.”

READING CHECK Identifying Supporting

Details How did Ronald Reagan attempt to reduce the influence of the national government?

SECTION 2 ASSESSMENT

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ONLINE QUIZ

Reviewing Ideas and Terms

- a. Identify** What is the supremacy clause?

b. Explain How did the Framers plan to resolve conflicts that might arise between the states and the national government?
- a. Recall** What is dual federalism?

b. Analyze How did the southern states use the doctrine of nullification to support secession?
- a. Recall** Why was the Interstate Commerce Act passed?

b. Elaborate How did the Supreme Court limit the scope of the Sherman Antitrust Act?
- a. Define** What is devolution?

b. Contrast How did new federalism differ from previous trends in federalism?

Critical Thinking

- Analyze** Use a graphic organizer like the one below to identify the effects of historical events on the American federal system.



FOCUS ON WRITING

- Expository** Write a letter to one of the Framers of the Constitution describing the relationship between the states and the national government during a specific era of American federalism.



Federalism and Hurricane Katrina

What roles should local, state, and national governments play in responding to natural disasters such as Hurricane Katrina?

THE ISSUE

In August 2005 Hurricane Katrina devastated New Orleans, Louisiana, and the Gulf Coast. As the storm approached, officials at all levels of government prepared. Mayor Ray Nagin of New Orleans ordered a mandatory evacuation of the city. The governors of Louisiana and Mississippi declared a state of emergency. The national government authorized the Federal Emergency Management Agency to respond to the storm. On August 29, Katrina made landfall as a strong Category 4 storm. The results were catastrophic. Katrina and storm-related flooding took more than 1,800 lives and caused an estimated \$81 billion in damages. In the storm's aftermath, there was widespread debate over government response to the disaster.

VIEWPOINTS

The national government should have done more. Many people blame the national government for not doing more to protect people from the storm. Some take issue with the failed flood protection system designed by the army and with officials who knew the system might fail if faced with a major hurricane. They argue that more could have been done to prevent New Orleans from flooding. Others argue that during the crisis, supplies, troops, and FEMA-sponsored buses for evacuees were slow to move into areas in need of assistance. They cite a lack of coordination among government agencies for confusion and delay. Lastly, critics of the Bush administration say that he and his advisers did not act quickly enough to respond to the disaster and save lives.



Storm-related flooding covered more than 80 percent of New Orleans. Above, people make their way through high water in front of the Superdome, one of the designated storm shelters in New Orleans.

Photo by Mark Wilson/Getty Images

Local and state governments should be responsible for disaster relief. On the other side of the debate, people believe that the bulk of the responsibility lay with the state and local governments. These people argue that state and local officials should have been better prepared ahead of time and had more comprehensive plans in place to minimize danger to citizens. Moreover, the national government has traditionally only sent its military into a state at the request of that state's governor. Some people have criticized the governors of Louisiana and Mississippi for not immediately requesting such action. They also criticize the governors for not moving state National Guard troops into the hardest hit areas soon enough and for not coordinating efforts effectively.

What Is Your Opinion?



1. What might supporters of devolution say about the governmental response to Katrina?
2. Which level of government do you think should be primarily responsible for disaster relief? Explain your answer.



SECTION
3

Federalism Today

BEFORE YOU READ

Main Idea

Today the balance of power between the states and the national government is characterized by a system of grants and mandates, as well as by a number of key policy areas.

Reading Focus

1. What is fiscal federalism?
2. How does the national government use grants and mandates to influence state policies?
3. What issues most influence American federalism today?

Key Terms

fiscal federalism
grants-in-aid
categorical grants
block grants
federal mandates

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TAKING NOTES

Use the graphic organizer online to take notes on federalism today.

WHY IT MATTERS

A Need for National Power September 11, 2001, marked a new day in American federalism. The international terrorist attacks on the

World Trade Center in New York City and on the Pentagon in Washington, D.C., that occurred on September 11 sparked calls for increased national security.

The American people and their representatives in Congress called on the national government to take the lead in securing the homeland. Under the leadership of President George W. Bush, the national government proposed a massive economic package to aid in homeland security.

Since the September 11 attacks, the national government has released billions of dollars to the states to fund a range of homeland security training measures, including disaster preparedness and emergency response training. The states also assumed enormous responsibilities on their own to protect electrical lines, ports, and the food and water supply.

The nation's response to terrorism is characteristic of today's brand of federalism. This newest phase in American federalism depends heavily on a complex web of financial ties to meet the needs of the nation. At the same time, our federal system remains flexible to deal with new issues as they arise. ■

Since September 11, 2001, the national government has increased its spending on disaster preparedness training.

Facing New Challenges



Fiscal Federalism

The beginning of the twenty-first century marked yet another shift in relations between the states and the nation. In the wake of the September 11, 2001, terrorist attacks, the need for increased national security led to an expansion in the powers of government. This latest trend in federalism runs against the standard set by new federalism—the return of power to the states. Today the power of the national government to influence state policies occurs within a context of **fiscal federalism**, a system of spending, taxing, and providing aid in the federal system.

Fiscal federalism as we know it took shape during the 1900s. Examples of the national government providing aid to the states, however, may be found farther back in time. For example, under the Articles of Confederation, the Land Ordinance of 1785 set aside land for public schools in the Northwest Territory.

After the Constitution was ratified, the national government continued to give aid to states. The Morrill Act (1862) granted large tracts of land to states. In turn, the states sold the land and used the money to establish colleges. Seventy state universities, including Texas A&M and Ohio State University, originated from the Morrill Act.

During the twentieth century, the power of the national government expanded with increased use of grants-in-aid. **Grants-in-aid** include money and other resources that the national government provides to pay for state and local activities. This money is used to fund a range of services and policy areas, including low-income housing, community arts programs, energy assistance for the elderly, and disaster preparedness programs.

How does the national government get the money to pay for grants-in-aid? The Sixteenth Amendment, ratified in 1913, gave Congress the authority to set a federal income tax. Federal income taxes are the main source of the nation's income. The ability to give this money back to states, in the form of aid, is the national government's chief tool for aiding and influencing states.

READING CHECK Making Inferences How might grants-in-aid increase the national government's power?

Grants and Mandates

Fiscal federalism allows the national government to influence state policies in such a way that they support national priorities. Categorical grants, block grants, and federal mandates are among the national government's most important tools for influencing state policy.

Categorical Grants Most federal aid is distributed to the states in the form of **categorical grants**. These grants can only be used for a specific purpose, or category, of state and local spending, such as the building of a new airport or crime-fighting in a certain area. The national government also uses categorical grants to provide money to areas affected by natural disasters. The amount of money released in a categorical grant often depends on a state's population, and states may be required to contribute money in addition to the national money.

Block Grants In contrast to categorical grants, **block grants** are federal grants that are given for more general purposes or for broad policy areas, such as welfare, public health, community development, or education. States usually prefer block grants because they are designed to allow state officials to spend the money as they see fit. At the same time, Congress loses some control over how the money is spent.

In the 1980s President Ronald Reagan used block grants in an attempt to decrease the size and influence of the national government. In 1981, as part of a major revision of the federal budget, Congress combined many categorical grants into nine block grants to the states.

Federal Mandates State and local governments are usually pleased to receive money from the national government, but the national government often distributes money with strings attached. For example, the U.S. government may impose **federal mandates**, or demands on states to carry out certain policies as a condition of receiving grant money. In some cases, Congress has even imposed “unfunded mandates,” or demands without funding.



How would you explain American federalism to a non-American?



The national government uses grants-in-aid to influence state and local policies. Why might it be a mistake for state and local leaders to depend on grants-in-aid for funding?

Tools of Fiscal Federalism

Categorical Grants

Categorical grants are national grants that state and local governments use for specific purposes. For example, categorical grant money is being used to protect the habitat of the whooping crane in Port Aransas, Texas.



Block Grants

State and local governments use block grants from the national government to address broad policy areas, such as home energy efficiency programs and health services. Block grants usually come with few or no strings attached.



Federal Mandates

The national government uses federal mandates to encourage state and local governments to comply with national policy. The Clean Air Act was an unfunded mandate that set automobile emissions standards in order to improve air quality.



Federal mandates have been particularly important in enacting civil rights and environmental policies. For example, a number of government actions taken during the civil rights movement, such as school busing, desegregation, and affirmative action resulted from federal mandates. In such cases, the national government often used the equal protection clause of the Fourteenth Amendment to justify its use of mandates.

Likewise, since air pollution, contaminated water, and acid rain can spill across state lines, many environmental regulations come from the national government. The Clean Air Act of 1970 was a national mandate that required states to meet national air-quality levels. In exchange for grant money, the states were required to create programs to reduce pollution. States that did not meet the air quality levels after a certain period of time risked losing federal funding.

As you can probably imagine, unfunded mandates have often been a source of conflict between the national government and the states. For example, in 1993 a federal mandate required states to change their voter registration procedures in an effort to increase the number of voters. Yet some states argued that they should not have to pay for a program they have not approved.

READING CHECK Making Generalizations What types of federal aid do the states generally prefer? Why?

Issues in Federalism Today

Along with the ongoing debates concerning the division of power and funding, new issues challenge American federalism. Today political debates over how the United States will best address key policy areas—poverty, homeland security, environmental protection, immigration, and health care—drive changes in our federal system.

Poverty In 1996 Congress passed a welfare reform law that gave the states the authority to manage their own welfare systems using federal block grants. This marked a major change from the previous welfare program—in existence since the New Deal—in which the national government had paid welfare recipients directly.

Since the 1996 reforms, the number of people on welfare in the United States has decreased. Some people credit this to the added flexibility and creativity that can come when programs to help the poor are handled at the state level. Others argue that the decrease only represents a strong economy and question whether the states will be able to continue to meet the needs of the poor.

Homeland Security Another policy area shaping federalism today is homeland security. The Department of Homeland Security was formed after the attacks of

September 11, 2001, to protect the nation from terrorism, natural disasters, and other emergencies. When Hurricane Katrina hit the Gulf Coast in 2005, local and state governments worked alongside the Department of Homeland Security to respond to the disaster. In the aftermath of the storm, people questioned whether better leadership and better cooperation between the levels of government might have saved lives.

Environment Government efforts to protect the environment are often seen as the responsibility of the national government. There are many practical reasons for this. For one, the environmental policies of one state might affect other states. In addition, a state government might hesitate to enact environmental regulations that might cause businesses to relocate to a different state that has fewer restrictions.

Still, some leaders believe that environmental protection is better handled at the state and local level. Members of Congress representing this view have asked to limit the reach of the national government's Environmental Protection Agency in favor of local recycling and conservation efforts.

Immigration In recent years, immigration has become an important issue testing our federal system. Although the national government handles immigration policies,

such as citizenship and border protection, immigration is not just a national issue. Many states, including California, Texas, New Mexico, and Arizona, have international borders. Moreover, state governments often take on responsibility for a number of immigration-related issues, including increased education costs, health and social services, employment-related issues, and low-cost housing. For the past several years, Congress has considered various immigration reforms, but they have yet to resolve the issue at a national level.

Health Care More than ever, Americans are turning to their state and national governments for creative solutions to the rising costs of medical services, health insurance, and hospitalization. Many are concerned, for example, that in 2003 as many as 45 million Americans did not have health insurance. Some see the trend as an indicator that the United States may be on the verge of a health care crisis. If Americans cannot afford to pay for their own health care, should the government pick up the tab? Which level of government should take the lead, state or national? The answers to these questions will no doubt redirect the course of American federalism in the years to come.

READING CHECK Making Inferences Why do you think some people seek a federal solution to poverty?

SECTION



ASSESSMENT

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ONLINE QUIZ

Reviewing Ideas and Terms

- a. Define** What are **grants-in-aid**?

b. Evaluate Do you think **fiscal federalism** gives the national government too much power? Why or why not?
- a. Identify** For what purposes are **categorical grants** used?

b. Contrast In what ways are categorical grants and **block grants** different?

c. Elaborate How can the national government use categorical grants, block grants, and **federal mandates** to influence state policies? Which do you think is most effective?
- a. Identify** How has welfare reform affected the way state and national governments work together to fight poverty?

b. Evaluate Which issue facing the United States today do you think poses the greatest challenge to the American federal system? Explain your answer.

Critical Thinking

- Analyze** Use the graphic organizer below to analyze how grants and mandates have been used to increase and decrease the influence of the national government.



FOCUS ON WRITING

- Persuasive** Write a grant proposal from the viewpoint of a city official. In the proposal, ask the federal government for a block grant that will have a positive impact on your community.

We the People

THE CITIZEN & THE CONSTITUTION

Laboratories of Democracy

From health care to taxes and education, the states have a high degree of control over policy areas that affect the daily lives of their citizens. In American federalism, the states are often testing grounds for new approaches to meeting the needs of the people. Over time, many state policies have influenced national policy.

Why have the states been called “laboratories of democracy”?

Supreme Court Justice Louis D. Brandeis observed that one of the principal values of American federalism is that “a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country.” There are many examples of governance experiments in states and localities. Some innovations catch on in other states or in the nation as a whole. For instance, many states, starting with Wyoming, began permitting women to vote at least in local and state elections well before 1900. Those experiments set the stage for the adoption of the Nineteenth Amendment in 1920, which guaranteed women the right to vote in all elections.

What democratic methods have been tested in the states?

Initiative, referendum, recall. This trio of methods, begun during the Progressive Era of the late nineteenth century, allows citizens to participate in direct democracy in their states. Initiative, referendum, and recall describe discrete actions but they are related by the direct involvement of citizens.

- **Initiative** South Dakota was the first state to permit the initiative. There are two forms of initiative: direct and indirect. In a direct initiative an individual or a group proposes and drafts a law or a state constitutional amendment. Then the initiator gathers a prescribed number of signatures to place the proposal on the ballot for approval or rejection by the voters. In the indirect process proposals first go to the legislature. If legislators reject the proposal or take no action on it, then the proposal goes on the ballot. Twenty-four states today use the initiative.
- **Referendum** The referendum involves placing a measure that has been approved by a legislature on the ballot for popular vote. Some state constitutions require the legislature to refer certain kinds of measures to the people. Others permit citizens to demand a vote on a law that has been passed by the legislature by gathering a prescribed number of signatures. Twenty-four states now use the referendum.
- **Recall** is a process of removing elected officials from office. In the eighteen states that permit recall it is used most frequently at the local level. However, in 2003 enough California voters signed petitions to call an election to recall their governor and elect a new one.

How have states experimented with innovative environmental policies?

In 1997 some 164 countries signed the Kyoto Accords, an international treaty aimed at reducing the level of carbon dioxide and five other greenhouse gasses



in the air. President Bill Clinton signed the treaty, but the U.S. Senate did not ratify it. When President George W. Bush took office, he withdrew the United States from the Kyoto Accords. In 2006 seven northeastern states entered into the Regional Greenhouse Gas Initiative aimed at achieving most of the emission standards set by the Kyoto Accords. The coalition of states also hoped to put pressure on the national government to commit the United States to the Kyoto Accords.

Also in 2006 California became the first state to impose a cap on the emission of carbon dioxide and other gasses. The Global Warming Solutions Act aims to cut California's emissions by 25 percent by 2020. Many of the nation's cities, from Seattle to New York, also are adopting measures aimed at reducing air pollution and global warming.

How have the states contributed to health care initiatives? By the mid-1990s soaring health care costs and increasingly large numbers of people without health insurance had become a major issue of public concern. Congress had not adopted legislation to address the problem. However, by 2006 several states had adopted programs seeking to offer nearly universal access to health insurance for all their residents, regardless of ability to pay. Several other states were considering programs at that time. A former Oregon governor, John Kitzhaber, initiated the Archimedes Movement in 2006, which aimed at mobilizing people at the grassroots level to find a solution to the health care problem that eventually would be accepted nationwide.

Supporters of the Oregon based Archimedes Movement work to improve health care in their state and for the nation as a whole.



Reviewing Ideas

- 1. Recall** What is a referendum?
- 2. Explain** Why have the states been called "laboratories of democracy"?

Critical Thinking

- 3. Evaluate** Conduct research to find an example of an initiative, referendum, or recall effort in your state. Explain how this effort was a social, political, or economic experiment.

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Comprehension and Critical Thinking

SECTION 1 (pp. 96–102)

1. a. Review Key Terms For each term, write a sentence that explains its significance or meaning: expressed powers, implied powers, inherent powers, reserved powers.

b. Make Inferences Why do you think the Constitution denies both the state governments and the national government the power to grant titles of nobility?

c. Evaluate What are the main reasons that the Framers chose a federal system rather than a confederation?

SECTION 2 (pp. 103–110)

2. a. Review Key Terms For each term, write a sentence that explains its significance or meaning: dual federalism, doctrine of nullification, doctrine of secession, cooperative federalism, creative federalism, new federalism.

b. Analyze Why do you think the period of dual federalism was characterized by tension between the levels of government?

c. Rank Which event had a greater impact on federalism: the Civil War or the Great Depression? Support your answer with details.

SECTION 3 (pp. 112–115)

3. a. Review Key Terms For each term, write a sentence that explains its significance or meaning: fiscal federalism, grants-in-aid, categorical grants, block grants, federal mandates.

b. Summarize How does the federal government provide money and resources to the states?

c. Predict What trend do you think will characterize federalism in the near future—an expansion in national power or a return of power to the states? Explain your answer.

Critical Reading

Reread the passage in Section 2 that begins with the heading “The Marshall Court.” Then answer the questions that follow.

4. On what two clauses of the Constitution did Supreme Court Chief Justice John Marshall base his decision in *McCulloch v. Maryland*?

A the commerce clause; the full faith and credit clause

B the necessary and proper clause; the supremacy clause

C the full faith and credit clause; the necessary and proper clause

D the privileges and immunities clause; the full faith and credit clause

5. What effect did John Marshall's Supreme Court have upon American federalism?
- A It expanded the powers of the state and local governments.
 - B It determined that the full faith and credit clause was unconstitutional.
 - C It expanded the powers of the national government.
 - D It put an end to the process of judicial review.

RESPONSIBILITIES OF LEADERSHIP



6. To understand **important eras of American federalism**, create a time line that includes dual federalism, cooperative federalism, creative federalism, new federalism, and devolution. Begin your time line with the Articles of Confederation and end it with a recent event that illustrates how the relationship between the states and the national government is changing. Use your time line to prepare a brief presentation for the class. Be sure that your presentation answers the following questions: How has the American federal system changed over time? In what areas, if any, do you think the nation or the states should have more power and responsibility today?

CONNECTING TO THE CONSTITUTION

7. The term *federalism* is not defined in a single passage of the Constitution. Instead provisions for a federal form of government are scattered throughout the document. Use information from this chapter and from the Constitution presented at the end of your textbook to complete a three-column chart for "The Constitutional Foundations for Federalism." In the first column record information about provisions in the Constitution that deal with federalism, such as provisions for national powers, state powers, shared powers, and limits on the powers of each level of government. In the second column, record information about where you found each provision in the Constitution. Lastly, in the third column, write a brief description of what you think each provision means.

ANALYZING PRIMARY SOURCES



Political Cartoon In 2005 the U.S. Supreme Court, against the wishes of many in Congress, upheld a Florida State Supreme Court decision in a controversial right-to-die case.



8. **Analyze** What is happening in this cartoon?
9. **Draw Conclusions** How does the cartoonist portray the relationship between the state and the national governments in this cartoon?

FOCUS ON WRITING



Think about the following issue:

Many people argue that American federalism, as it exists today, would be unrecognizable to the Framers of the Constitution.

10. **Assignment** Do you think the Framers of the Constitution would approve of American federalism today? Write a three-paragraph essay from the point of view of one the Framers of the Constitution that evaluates American federalism today. Be sure to identify whether your Framers was a supporter of states' rights or of a strong national government.