

Main idea: Over the last 200 years, conflicts over the balance of power btwn nat'l: st govts have led to different trends in federalism.

Section Summary

ROLE OF THE SUPREME COURT

The Framers of the Constitution were aware that the system of federalism would eventually lead to conflicts between the national and state governments. They disagreed over which level of government should have more power and so addressed that decision indirectly. In Article III of the Constitution, the Supreme Court is given the power to act as referee by hearing cases involving the Constitution, U.S. laws, and disputes between states. The Framers also included Article VI, or the supremacy clause, which states that the Constitution and national laws and treaties are "the supreme law of the land."

Who referees disputes between states?

DUAL FEDERALISM

The United States first followed a system of **dual federalism**, under which both state and national governments were equal authorities operating within their own spheres of influence. The national government used the powers assigned to it in the Constitution and the states exercised all other powers, per the Tenth Amendment. This form of federalism lasted from about 1789 to the 1930s, first coming into national debate in a dispute over whether the national government had the authority to establish a national bank. In *McCulloch v. Maryland* (1819), the Supreme Court ruled that the Constitution's necessary and proper clause gave the national government the power to take actions necessary and proper to carrying out its expressed powers, in this case starting a national bank to regulate commerce and currency.

In *McCulloch v. Maryland*, why did the Supreme Court rule that the government had the power to establish a national bank?

In the tense years leading up to and during the Civil War, the struggle between states' rights and national power intensified. Southern states proclaimed their belief in the **doctrine of nullification**, the idea that states had the right to nullify, or cancel, national laws that they believed contradicted or clashed with state interests. Under the doctrine, if a state did vote to nullify a law, three-quarters of the other states would then have to ratify an amendment to enact the law; the original state could then follow the law or secede. This latter action fell under the **doctrine of secession**, the idea that states had the right to separate themselves

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from the Union. South Carolina did nullify a law in 1832, and 11 southern states seceded from the Union at the start of the Civil War in 1861. Yet the outcome of the war resolved that states could *not* secede from the Union when they disagreed with its policies, as well as broadened the national government's power, exemplified by the passage of the Reconstruction Amendments.

EXPANDING NATIONAL POWER

The national government's power continued to increase into the twentieth century, as states became unable to handle all of the social and economic issues that accompanied a huge influx of immigrants and technology. Congress passed several pieces of important legislation, including bills to regulate the now-mammoth railroad industry's rates and to prevent monopolies and encourage competition.

During the Great Depression, national power expanded yet again under President Franklin Roosevelt's New Deal programs, although the states worked hand-in-hand with federal policymakers to address the crisis—a form of federalism called **cooperative federalism**. In the 1960s, under President Lyndon Johnson, this system transformed into **creative federalism**—a system of federalism in which the national government released grants to state and local communities to achieve national goals. Johnson's Great Society plan convinced states to address poverty and social inequality by withholding funding if states did not cooperate.

Explain creative federalism in your own words.

NEW FEDERALISM

President Ronald Reagan took office at the beginning of the 1980s and immediately carried through on a promise to return authority to the state governments, a system now known as **new federalism**. President Reagan believed that the states were better equipped to deal with citizens' needs than the national government and adjusted federal grants accordingly. In the 1990s, the Republican Party also promised to scale down federal spending and return power to the states, a concept known as **devolution**.

What was the purpose of new federalism?

In the margin, create a "American federalism" timeline with major periods and corresponding major events.

Section Summary

FISCAL FEDERALISM

Today the national government influences state policies—and its own priorities—through **fiscal federalism**, a system of spending, taxing, and providing aid in the federal system. The national government has been assisting states as far back as the Articles of Confederation, often giving states grants of land to sell or do with as they like. In the twentieth century, the national government’s power increased with the use of **grants-in-aid**—money and other resources that the national government provides to pay for state and local activities, ranging from low-income housing to disaster preparedness programs. These grants are funded by federal income taxes.

What makes up the system of fiscal federalism?

GRANTS AND MANDATES

The national government frequently uses **categorical grants**, or federal grants that can only be used for a specific purpose, or category, of state and local spending, to give aid to states. These kinds of grants can fund a variety of programs, from the construction of a new airport to relief efforts in a region affected by a natural disaster. States are often expected to also contribute money toward the project being funded, and the quantity of the categorical grant may depend on the state’s population.

Block grants are federal grants that are given for more general purposes than a categorical grant or for broad policy areas, such as welfare or education. States can spend the money as they see fit. When the era of new federalism began in the 1980s, many categorical grants were changed to block grants.

Federal mandates are the third way the national government gives monetary aid to states. Leaving much less spending control to the states than categorical or block grants do, **federal mandates** are demands to carry out certain policies as a condition of receiving grant money. In the past, the mandates have been applied—and justified by the equal protection clause of the Fourteenth Amendment—to establish affirmative action and certain environmental regulations, including the Clean Air Act of 1970. States who do not meet the demands of a mandate

What is the main difference between block grants and federal mandates?

may lose the funding. Additionally, some federal mandates are unfunded—a source of contention between the two levels of government.

ISSUES IN FEDERALISM TODAY

Federalism is at the center of many national debates today. One such debate involves welfare systems, over which the states have had control through federal block grants since 1996. Although the number of people on welfare decreased for several years, some people argue that this was due to a strong economy. Others say it was the flexibility gained when control was passed to the state level. While the number of Americans on welfare remained steady from 2001-2007, an economic downturn made numbers rise again.

The environment is another source of conflict between the national and state governments. While protecting the environment has traditionally been the responsibility of the national government, many Americans believe that state and local governments are better able to address environmental issues, as they are familiar with regional needs and threats.

While states have assumed many costs of immigration-related issues, Americans are turning to their state and national governments for solutions to rising health care costs. To help address the problem, the national government passed the Affordable Care Act in 2010. The law, also called Obamacare, provided all Americans with new benefits and some with subsidies to help pay for health insurance.

According to supporters, why would it be better to address environmental issues at the state level?

1. What is fiscal federalism?

2. How does the nat'l gov't use grants : mandates to influence state policies?

3. What issues most influence American federalism today?