Chapter Three: Federalism
Learning Outcomes

1. Define the terms unitary system, confederal system and federal system.
2. Explain some of the benefits of the federal system for the United States.
3. Describe how the various provisions of the U.S. Constitution provide a framework for federalism.
4. Discuss how, in the early years of the republic, the United States Supreme Court confirmed the authority of the national government.

5. Summarize the impact of the U.S. Civil War and President Franklin Roosevelt’s New Deal on the historical development of federalism.
6. Define cooperative federalism, and discuss its impact on the states.

7. Explain the accomplishments of national authority and the arguments for re-emphasizing states’ rights.

8. Detail recent Supreme Court rulings that affect the distribution of power between the national government and the states.
Three Systems of Government

- Unitary System
  - Central government gives power to sub-national governments
  - Local governments have only powers granted by central government
  - Majority of nations
Three Systems of Government

- **Confederal System**
  - Power retained by local or regional governments
  - League of independent states
  - European Union
Three Systems of Government

- Federal System
  - Authority divided between national and lower level governments
  - Each government has distinct powers that other governments cannot override
  - Australia, Brazil, Canada, Germany, India, Mexico, United States
Why Federalism?

- Retains state powers and establishes strong national government
- Large geographical size (brings government closer to people)
- State governments as training grounds and political laboratories
- Allows for many political subcultures
Why Federalism?

- Arguments Against Federalism
  - Way for powerful states to block plans
  - Domination by single group
  - Inequalities across states
  - Expansion of national powers (at expense of states)
Federalism

**Advantages**
- Permits diversity, diffusion of power
- Local governments can handle local problems
- More access points for political participation
- Protects individual rights
- Fosters experimentation and innovation
- Suits large country with diverse population

**Disadvantages**
- Makes national unity difficult to achieve, maintain
- State governments may resist national policies
- May permit economic inequality, racial discrimination
- Law enforcement and justice are uneven
- Smaller units may lack expertise and money
The Flow of Power in Three Systems of Government

Figure 3-1
The Constitutional Basis for American Federalism

Powers of the National Government

- Enumerated powers
- Implied powers
- Inherent powers (all sovereign nations)
Powers of State Governments

- Tenth Amendment guarantees
- Reserved powers
  - Police power
The Constitutional Basis for American Federalism

- **Prohibited Powers**
  - Applies to both national and state governments

- **Concurrent Powers**
  - Mostly implied
  - Power to tax, borrow funds, establish courts, charter banks and corporations
  - Some police powers
Supremacy Clause

- Article VI mandates national government actions as supreme
- National government legislation preempts state or local regulations
The Constitutional Basis for American Federalism

- Vertical checks and balances
  - Relationships between states and national government
  - Reserved powers of the states
- Interstate relations
  - “Full faith and credit”
  - Citizen privileges and immunities
  - Agree to return fugitives from justice
The Supreme Court Defines the Powers of the National Government

- **McCulloch v. Maryland** (1819)
  - National supremacy doctrine
- **Gibbons v. Ogden** (1824)
  - Defines commerce clause
  - Regulating interstate commerce is exclusive national power
Shift back to States’ Rights

- Jacksonian Era (1829-1837)
- Major issue: regulation of state commerce
- Divisions grow between North & South
- Confederate States of America forms
War and the Growth of National Government
- Increase in political power of national government
- First national government budget & income tax
- Civil War Amendments
Dual Federalism and the Retreat of National Authority

- Nation and state as co-equal sovereign powers (layer cake federalism)
- Revival of states’ rights
- Limited national power
The Supreme Court barred the national government from regulating matters that the Court considered to be purely local issues.
From the Civil War to the New Deal

- The New Deal and the End of Dual Federalism
  - New Deal legislation expands national authority
  - Supreme Court challenges fail to limit national government growth
Cooperative Federalism and Its Impact on the States

- Cooperative federalism
  - Roosevelt’s programs funded by federal government, but administered by state and local governments
  - Marble-cake federalism
Cooperative Federalism and Its Impact on the States

- Federal grants to the states
  - Categorical grants
  - Block grants
- Fiscal federalism and state budgets
  - Strings attached to federal grants
  - Federal mandates
  - Competitive federalism
The Shift toward Central Government Spending

Sources: *Historical Statistics of the United States*, Bureau of the Census, and authors’ calculations.
The Rise in Federal Transfers to State and Local Governments

Figure 3-3

The Politics of Federalism

- What has national authority accomplished?
  - States’ rights have been associated with *conservatism*, and national authority has been associated with *liberalism*. Why?

- New Deal
- Great Society and War on Poverty
The Politics of Federalism

- The “New Federalism”
  - Devolution
  - Revenue sharing
- Federalism today
  - Welfare reform (Clinton)
  - No Child Left Behind (Bush)
  - Conservatives vs. Obama administration
Federalism and Today’s Supreme Court

- Trend toward states’ rights
  - Commerce clause
  - Protects states’ rights under Tenth and Eleventh Amendments
- Court sends mixed messages
  - Discrimination suits based on gender or disability
  - Medical marijuana
  - Assisted suicide
Federalism and Today’s Supreme Court
Does Congress have the power to mandate that states set aside a percentage of its surplus in an interest accruing account, only to be used in economic emergencies?
Has the Courts’ interpretation of Necessary and Proper Clause gone beyond the scope of its original intent?
If states are responsible for the health of its citizens, how can the national government force states to implement national health care legislation?
Which model of federalism is the best model to address current issues facing localities, states, and the national government?
Should the federal government be responsible for sharing the costs associated with unfunded mandates?
In your opinion, what lies ahead for immigration reform? What is the solution to problems associated with national immigration policy?