

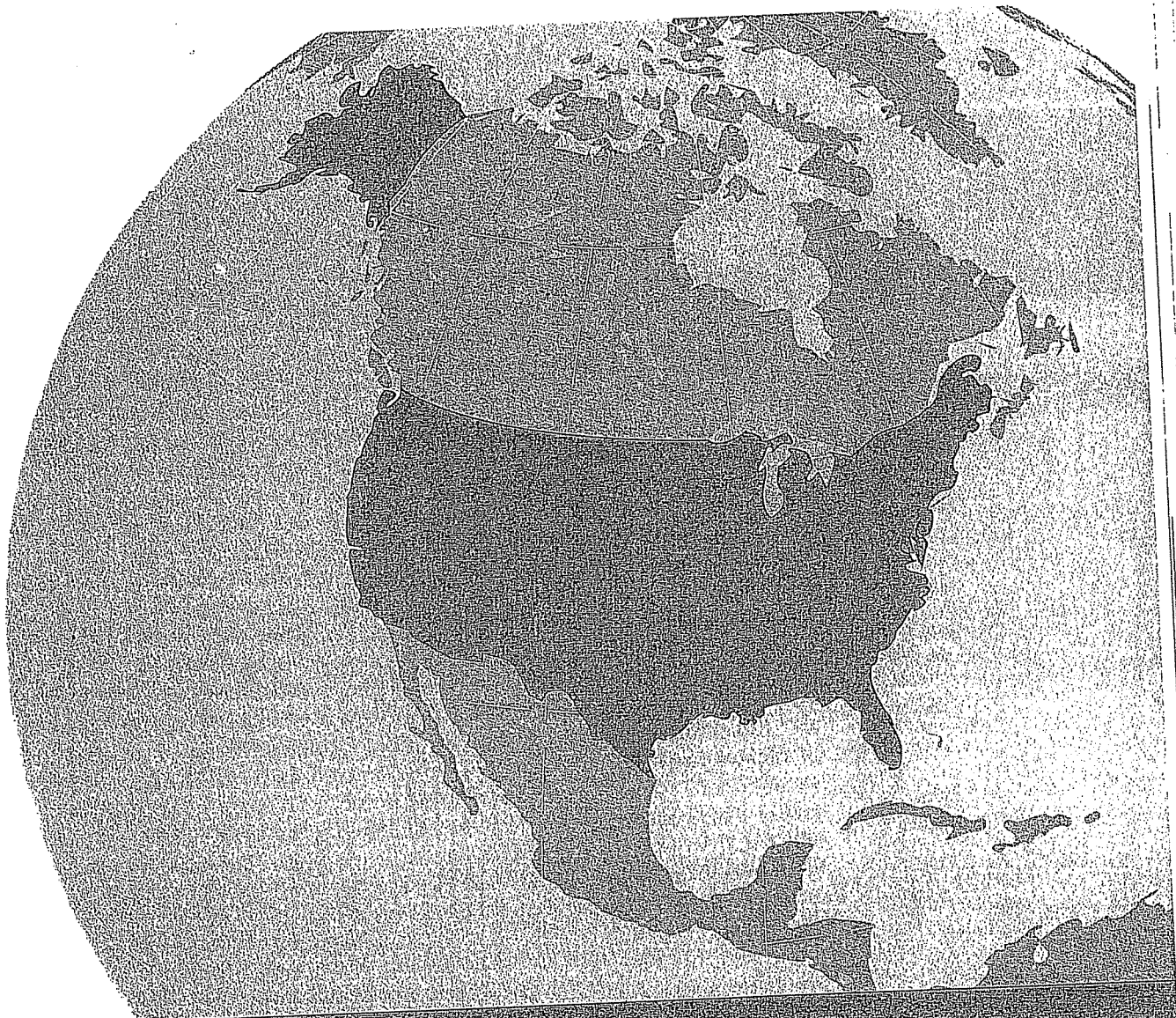
**Official Name:** United States of America

**Location:** North America, between Canada and Mexico

**Capital City:** Washington, D.C.

**Population (2010):** 308.7 million

**Size:** 9,826,630 sq. km.; about half the size of South America; slightly larger than China



# CHRONOLOGY of U.S. Political Development

						1861–1865 U.S. Civil War
		1788 U.S. Constitution replaced Articles of Confederation.		1803 Supreme Court establishes judicial review in <i>Marbury v. Madison</i> .		
1700	1780	1800	1820	1840	1860	1880
	1776 Independence from Great Britain declared.	1803 Louisiana Purchase.		1830s Mass political parties emerge, and electorate expands to include a majority of white men.		1865–1876 Reconstruction era. The United States establishes but fails to guarantee voting rights for freed slaves.

## SECTION 1

## THE MAKING OF THE MODERN AMERICAN STATE

### Focus Questions

The outcomes of several of the previous critical junctures have seen an expansion in the powers and responsibilities of the federal government relative to the states. The political mood in the United States as evidenced by the outcome of the 2010 elections, however, would appear to suggest that many in the electorate desire a diminished role for the federal government. Based on your reading of the issues that led to the previous critical outcomes and their resolutions, what do you think will be the trigger of the next critical juncture and its outcome?

How does geographic setting shape the governing structures that have emerged in the United States over the past 225 years?

Barack Obama's election in 2008 saw the largest presidential victory margin in recent elections. His victory was accompanied by increases in the size of the Democratic majorities in the U.S. House and Senate. Having one party in control of both houses of Congress and the presidency was unusual in contemporary politics. The sizes of Democratic majorities in the House and Senate were also substantial. Obama used these majorities to pass a series of major bills including a large economic stimulus bill, national health insurance (discussed later), civil rights legislation focusing on workplace discrimination, and reform of the financial services industry. The Senate also confirmed two members of the U.S. Supreme Court nominated by President Obama.

The 2010 election dramatically changed the balance of political power in Washington and reduced the likelihood that the Obama administration would be able to continue to promote its agenda. The Democrats lost 63 seats in the House of Representatives (out of 435), 6 Senate seats, 6 governorships, 134 state Senate seats (out of 1,971), and 547 state House seats (out of 5,411). The losses in the U.S. House gave control of that body to the Republicans. Although Democrats maintained a slight majority in the U.S. Senate, it seems unlikely that they will be able to hold onto that majority in the 2012 elections (in which they have many more party members up for reelection than do the Republicans).

### Politics in Action

In the words of President Obama, the 2010 election was a "shellacking" for his administration and the Democrats. As important as the number of offices that changed from Democrat to Republican was the fact that many of the defeated candidates were moderates in both parties. After the election, Republican officeholder

		1933-1940 The New Deal responds to the economic distress of the Great Depression.	1974 Richard Nixon resigns the presidency in the face of certain impeachment.		2001 The World Trade Center and the Pentagon are targets of terrorist attacks using hijacked civilian airliners.
1900	1930	1960	1980	1990	2010
1896 Voter turnout in elections begins century-long decline.	1941-1945 U.S. participates in World War II.	1964 Tonkin Gulf Resolution authorizes military actions in Vietnam.		1996 Federal government ends the guarantee of social welfare programs to the poor established during the New Deal.	2008 Barack Obama elected President of the United States.

were more conservative than their predecessors and Democrats more liberal, adding to the polarization between the parties in Congress and in many state legislatures. The meanings of *liberal* and *conservative* are far from consistent in U.S. politics; in the context of the 2010 elections, conservatives called for lower taxes and a diminished role of the federal (national) government relative to state governments. They opposed many initiatives of the Obama administration, and some argued that Obama was far outside of the American mainstream. Of particular concern for conservatives in 2010 was the national health insurance plan passed by Congress and signed into law by President Obama earlier in 2010.

The Democrat's success in terms of passing so much and such far-reaching legislation spurred widespread mobilization to change course. The electorate in 2010 was sufficiently different than the 2008 electorate to ensure the dramatic change in officeholders; there is less evidence that voters who supported Obama and the Democrats in 2008 shifted their support in large numbers to the Republicans in 2010.

The consequences of these electoral changes will be felt well beyond the next election. The Republican majority in the U.S. House of Representatives returns the country to what has been the norm since 1968: divided government with different parties controlling different branches of the government. Divided government increases the need for compromise. Compromise, however, is more difficult in the absence of moderate Republicans and Democrats. States have become increasingly resistant to some federal programs, a power they have as a result of the constitutional division between federal and state governments: **federalism**. This assertion of a heightened state role in governance will expand with new Republican majorities in state houses and governorships. State legislatures assume a constitutional role each decade in the year ending in 1; to account for population changes, they redistrict U.S. House and state legislative seats, changes that will be in place for the next decade.

Looking to the future, the voters who gave the Democrats House and Senate majorities and the presidency after 2008 and the Republicans House and state legislative majorities after 2010 will be further frustrated by what they perceive as gridlock and a failure of elected leaders to live up to their 2008 or 2010 promises. The 2012 presidential race will shift the electorate, in part, to that of 2008, likely undercutting some of the 2010 Republican gains. These major shifts obscure the larger phenomenon of American politics, since at least 2000, of an evenly divided electorate with increasing numbers dissatisfied with both parties and frustrated that government institutions fail to speak to their needs.

### **federalism**

A system of governance in which political authority is shared between the national government and regional or state governments. The powers of each level of government are usually specified in a federal constitution.

### North American Free Trade Agreement (NAFTA)

A treaty among the United States, Mexico, and Canada implemented on January 1, 1994, that largely eliminates trade barriers among the three nations and establishes procedures to resolve trade disputes. NAFTA serves as a model for an eventual Free Trade Area of the Americas zone that could include most nations in the Western Hemisphere.

### manifest destiny

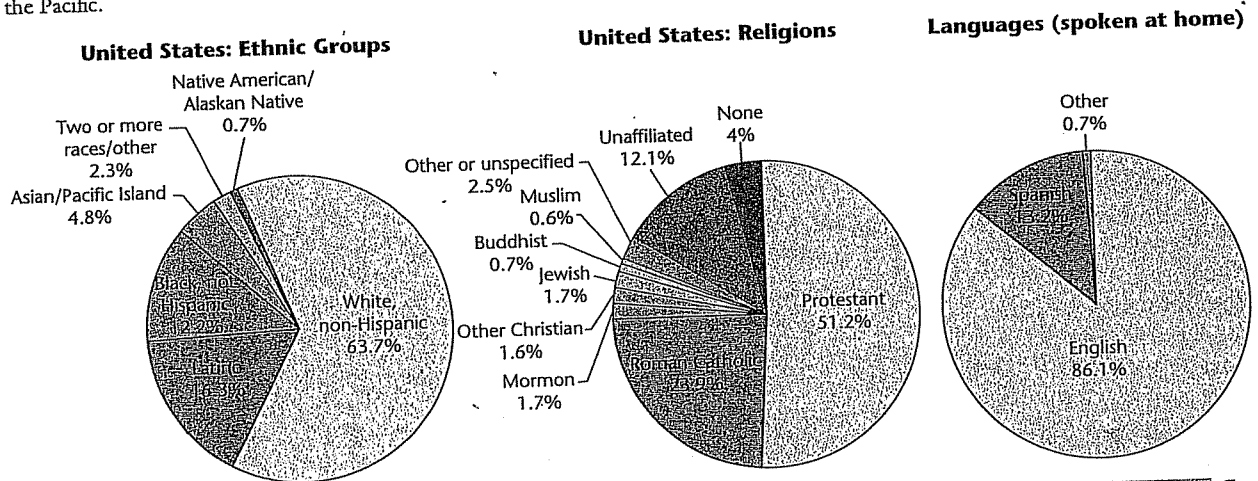
The public philosophy in the nineteenth century that the United States was not only entitled but also destined to occupy territory from the Atlantic to the Pacific.

## Geographic Setting

The United States occupy nearly half of North America. Its only two neighbors, Mexico and Canada, do not present a military threat and are linked in a comprehensive trade agreement: the **North American Free Trade Agreement (NAFTA)**. U.S. territory is rich in natural resources, arable land, navigable rivers, and protected ports. This abundance has led Americans to assume they will always have enough resources to meet national needs. Finally, the United States has always had low population densities and has served as a magnet for international migration.

European colonization led to the eventual unification of the territory that became the United States under one government and the expansion of that territory from the Atlantic to the Pacific Oceans. This process began in the early 1500s and reached its peak in the nineteenth century, when rapid population expansion was reinforced by an imperialist national ideology (**manifest destiny**) to expand all the way to the Pacific. Native Americans were pushed aside. The United States experimented with colonialism around 1900, annexing Hawaii, Guam, the Northern Marianas Islands, and Puerto Rico.

Puerto Rico is a colony of the United States with autonomy in local governance, but only limited autonomy in trade and foreign policy. Puerto Ricans are U.S. citizens by birth and can travel freely to the United States. Although some in Puerto Rico seek independence, most want either a continuation of Commonwealth status or statehood. Guam is an "unincorporated territory" (a U.S. territory that is not on the road to statehood and does not have all of the protections of the U.S. Constitution).



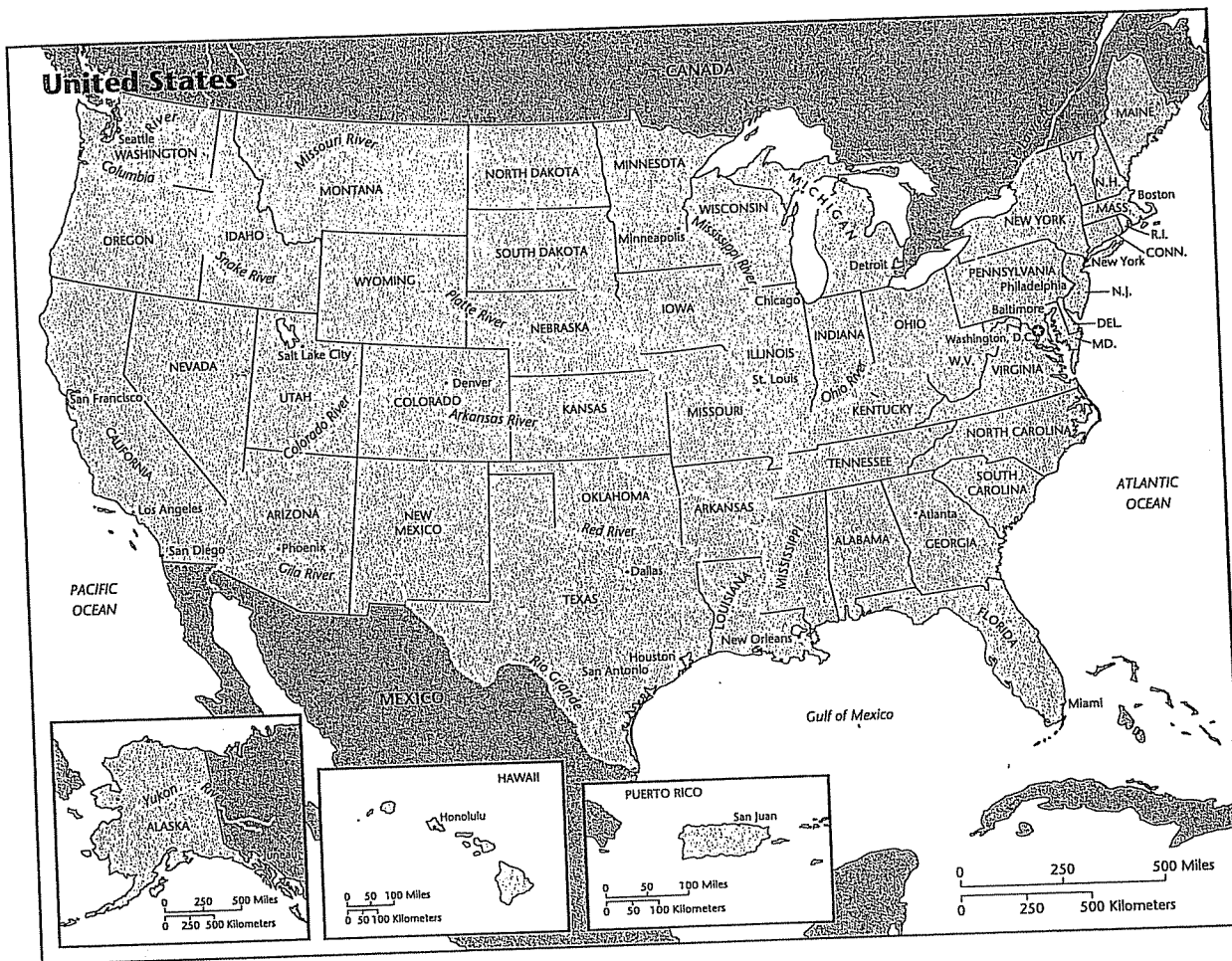
**American Currency**  
 Dollar (\$)
   
International Designation: USD
   
100 Dollar Note Design:
   
Benjamin Franklin (1706–1790)



**FIGURE 3.1** The American Nation at a Glance

Source: Pew Forum on Religion and Public Life, U.S. Religious Landscape Survey, 2007.

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## Critical Junctures

The first four critical junctures in U.S. political history appeared at points when mass discontent organized itself enough to change governing institutions or relationships. Each juncture challenged dominant ideas about who should have a voice in democratic government and what the relationship between government and citizen should be. Four periods of focused popular demand are explored here:

1. From the beginning of the American Revolution through the ratification of the Constitution and Bill of Rights
2. The Civil War and Reconstruction
3. The New Deal
4. The contemporary period of routinely divided national government and frequent shifts in which party controlled the presidency, the Senate, and the House of Representatives that began with the 1968 national elections

It was into this ongoing period of divided national government that the United States experienced the attacks of September 11, 2001.

### The Revolutionary Era (1773–1789)

Mass and elite discontent with British colonial rule sparked the American Revolution and the signing of the **Declaration of Independence**. Mass interests wanted to keep

### Declaration of Independence

The document asserting that the British colonies in what is now the United States had declared themselves independent from Great Britain. The Declaration of Independence was signed in Philadelphia on July 4, 1776.

Table 3.1	Political Organization
Political System	Presidential system.
Regime History	Representative democracy, usually dated from the signing of the Declaration of Independence (1776) or the Constitution (1787).
Administrative Structure	Federalism, with powers shared between the national government and the fifty state governments; separation of powers at the level of the national government among legislative, executive, and judicial branches.
Executive	President, "directly" elected (with Electoral College that officially elects president and vice president) for four-year term; cabinet is advisory group of heads of major federal agencies and other senior officials selected by president to aid in decision-making but with no formal authority.
Legislature	Bicameral: Congress composed of a lower house (House of Representatives) of 435 members serving two-year terms and an upper house (Senate) of 100 members (two from each state) serving six-year terms; elected in single-member districts (or, in the case of the Senate, states) by simple plurality (some states require a majority of voters).
Judiciary	Supreme Court with nine justices nominated by president and confirmed by Senate, with life tenure; has specified original and appellate jurisdiction and exercises the power of judicial review (can declare acts of the legislature and executive unconstitutional and therefore null and void).
Party System	Essentially two-party system (Republican and Democrat), with relatively weak and fractionalized parties; more than in most representative democracies, the personal following of candidates remains very important.

government close to home, in each colony, and wanted each colony to have substantial independence from the others. Elite interests advocated a national government with control over foreign policy, national assumption of state Revolutionary War debts, and the ability to establish national rules for commerce.

Mass interests won the first round of this battle. From 1777 to 1788, the **Articles of Confederation** governed the nation. Because the national government could not implement foreign or domestic policy, raise taxes, or regulate trade between the states without the cooperation of the individual states, elite interests gained support for replacing the Articles with the Constitution. The limited powers of the national government under the Articles rested in a legislature, but the states had to ratify most key decisions. States also established their own foreign policies, often different from each other. They also established their own fiscal policies and financed state budgets through extensive borrowing.

The Constitution maintained most power with the states but granted the federal (or national) government authority over commerce and foreign and military policy. It also gave the federal government a source of financing independent of the states. And, most important, it created a president, who had powers independent of the legislature. The Constitution delegated specific, but limited, powers to the national government. These included establishing post offices and roads, coining money, promoting the progress of science, raising and supporting an army and a navy, and establishing a uniform rule of naturalization. These powers (Article I, Section 8 of the Constitution) tended to give the federal government the power to create a national economy. Finally, the Constitution limited citizens' voice in government. Presidents were elected indirectly, through the Electoral

### Articles of Confederation

The first governing document of the United States, agreed to in 1777 and ratified in 1781. The Articles concentrated most powers in the states and made the national government largely dependent on voluntary contributions of the states.

College, a body of political insiders from each state who are elected on election day and meet the following month to formally elect the president. As became clear after the 2000 election, the Electoral College ensures that candidates who win the majority of the popular vote do not necessarily win the presidency. Members of the Senate were originally elected by state legislatures. Only the members of the House of Representatives were elected by the people, but the states determined who could vote for members of the House. At first, only property-holding men held the vote in most states. By the 1840s, most white adult men could vote. Women did not receive voting rights nationally until 1920.

As popular support for ratifying the Constitution grew, many who had supported the Articles of Confederation made a new demand: The newly drafted U.S. Constitution should include enumerated protections for individuals from governmental power. Meeting this demand for a **Bill of Rights** was necessary to ensure the ratification of the Constitution. Although the specific rights guaranteed in the Bill of Rights did not mean much for Americans in the 1790s, they later came to offer protections against the excesses of national and state government. Because federal judges had to interpret these rights, the federal courts later played a growing role in the national government, particularly in the twentieth century.

### The Civil War and Reconstruction (1861–1876)

The morality of slavery convulsed the nation before the war, but the war itself began over the question of whether the states or the national government should be dominant. Many states believed they could reject specific federal laws. Any time Congress threatened to pass legislation to restrict slavery in the South, one or more southern state legislatures would threaten to nullify it. Many believed that if any state could nullify federal laws, the union would be put at risk. The Civil War resolved this issue in favor of the indivisibility of the union. The war also established an enforceable national citizenship to supplement state citizenship, which had existed even before the Constitution.<sup>1</sup> Establishing national citizenship began a slow process that culminated in the New Deal, as citizens looked to the federal government to meet their basic needs in times of national crisis.

To establish full citizenship for the freed slaves, Congress revisited the question of individual liberties and citizenship. These post-Civil War debates on the relationship of citizens to the national government established several important principles in the Fourteenth Amendment to the Constitution (1868). First, it extended the protections of the Bill of Rights to cover actions by states as well as by the federal government. Second, it extended citizenship to all persons born in the United States. This made U.S. citizens of freed slaves and also guaranteed that U.S.-born children of immigrants who migrated would become U.S. citizens at birth. Third, Congress sought to establish some federal regulation of voting and to grant the vote to African Americans. When the federal government failed to continue enforcing black voting rights, African Americans, particularly in the South, could not routinely exercise the vote until the Voting Rights Act in 1965. These fundamental guarantees that ensure electoral opportunities today limit prerogatives recognized as the states' responsibilities in the Constitution.

### The New Deal Era (1933–1940)

The third critical juncture in U.S. political development was the New Deal, the Roosevelt administration's response to the economic crisis of the Great Depression. The federal government tapped its constitutional powers to regulate interstate commerce in order to vastly expand federal regulation of business. It also established a

#### Bill of Rights

The first ten amendments to the U.S. Constitution (ratified in 1791), which established limits on the actions of government. Initially, the Bill of Rights limited only the federal government. The Fourteenth Amendment and subsequent judicial rulings extended the provisions of the Bill of Rights to the states.

### **Social Security**

National systems of contributory and non-contributory benefits to provide assistance for the elderly, sick, disabled, unemployed, and others similarly in need of assistance. The specific coverage of social security, a key component of the welfare state, varies by country.

nationally guaranteed safety net, which included such programs as **Social Security** to provide monthly payments to the elderly who had worked, housing programs to provide housing for the working poor, and food subsidies for children in poor households. Finally, the federal government subsidized agriculture and offered farmers protections against the cyclical nature of demand. The legislative and judicial battles to establish such policies represent a fundamental expansion of the role of the federal government.

The federal government now asserted dominance over the states in delivering services to the people. Equally important, during the New Deal the presidency asserted dominance over the Congress in policy-making. The New Deal president, Franklin D. Roosevelt, found powers that no previous president had exercised. All post-New Deal presidents remain much more powerful than any of their predecessors, except perhaps for Abraham Lincoln, who served during the Civil War. Beginning in the 1960s, however, Congress began to challenge growth in executive power.

The expanded role of the federal government in the 1930s appeared amidst demands for even more dramatic changes. Unemployment rates as high as 40 percent, a worldwide decline in demand for U.S. manufactures, and ecological changes that made much agricultural land unproductive spurred widespread demand for wealth redistribution and centralization of power in the federal government. Although the New Deal programs represented a significant change from the policies that preceded the Great Depression, they also reflected underlying American political values (see Section 4). Even in the New Deal era, class-based politics was kept to a minimum.

As the Depression came to a close, the United States geared up for its involvement in World War II. Although the United States had previously been involved in international conflicts beyond its borders, the experience of World War II was different at the beginning of U.S. involvement and at the end. The United States entered the war after U.S. territory was attacked. After the war, the United States was at the center of a multilateral strategy to contain the Soviet Union.

### **Divided Government, Frequently Shifting Partisan Dominance, and Political Contestation of the Scope of Government (1968 to the Present)**

The fourth critical juncture, which began with the 1968 presidential election, is ongoing today. This critical juncture has two dimensions. First, the national government has been routinely divided between the two political parties with dominance of each branch of government shifting regularly. This division exacerbates the inefficiency that was designed into the American constitutional order and increases popular distrust of government (see Section 3).

In 1968 Richard Nixon (a California Republican) became president. Through Nixon's term and that of his Republican successor, Gerald Ford, the Democrats maintained control of both houses of Congress. In the period since 1968, one of the parties has controlled the presidency, the U.S. Senate, *and* the U.S. House of Representatives only five times. The Democrats controlled all three from 1977 to 1980, from 1993 to 1994, and from 2009 to 2010. The Republicans controlled all three from late January to June 2001 and again from 2003 to 2007. One party has replaced the other in the presidency five times since 1968. This division of the federal government between the parties and the routine shift in party control of the Congress or the presidency slow government response to controversial policy issues.



The second ongoing dimension of the contemporary critical juncture emerges from the apparent inefficiency caused by divided government. Many in the United States began to question the steady increase in the scope of governmental services. The electoral roots of this popular discontent can be found in the passage of Proposition 13 by California voters in 1978, which limited California's ability to increase **property taxes**. The passage of Proposition 13 began an era that continues today, in which many citizens reject the expansion of government.

Popular discontent in the contemporary era is not limited to taxes; it also focuses on the scope of government. This period saw popular mobilization to reshape government's involvement in "values" issues, such as abortion, gay marriage, and the role of religion. Advocates on all sides of these issues want government to protect their interests, while condemning government for allegedly promoting the interests of groups with opposing positions. Ultimately, the courts become the venue to shape government policies on social issues.

While divided government had become the norm in 1968, the division became even more razor thin in the late 1990s. Each election raises the possibility of a switch in partisan control of the Senate or the House and the intense focus of both parties and **interest groups** on winning the handful of seats that could switch from one party to the other.

### September 11, 2001, and Its Aftermath

It is in this environment, that the United States responded to the terrorist attacks of September 11. Initially, Congress and the populace rallied behind the president to increase the scope of federal law enforcement powers and to provide financial assistance for New York City, the families of the victims of the attack, and the airlines. With Congress closely divided and neither side actively seeking compromise, the United States soon saw the consequences of the structure and scope of government during the fourth critical juncture.

In the weeks after September 11, 2001, the United States experienced a rare period of national consensus and international support. Domestically, President Bush's popularity surged to 90 percent. Largely without debate, Congress passed a dramatic expansion of government's ability to conduct surveillance, to enforce laws, to limit civil liberties, and to fight terrorism, especially through the **USA PATRIOT Act** of 2001.

Popular support for President Bush and his administration's initial efforts to respond to the challenges of September 11 continued as the administration prepared for an invasion of Afghanistan. The United States also experienced a period of international support immediately following the September 11, 2001, attacks. In addition to immediate offers of humanitarian assistance, initial U.S. military responses to the attacks won widespread backing around the world.

The initial domestic cohesion and international support for the United States dissipated quickly. U.S. efforts to extend the war on terrorism to Iraq became the focus of many of the objections to growing U.S. power and unilateralism in international affairs.

Domestically, Bush saw steadily declining popular support. It dropped below 50 percent in 2005 and below 30 percent in 2008. A sizeable minority of the U.S. population opposed the U.S. invasion of Iraq without the support of the United Nations or other international bodies. This opposition grew in the period after the military phase of the war ended when it became evident that the peace would be harder fought than the war. Bush's support also declined when he advocated strongly partisan positions on contentious domestic issues such as tax cuts that benefited high-income earners, the partial privatization of Social Security, and support for the social conservative

### property taxes

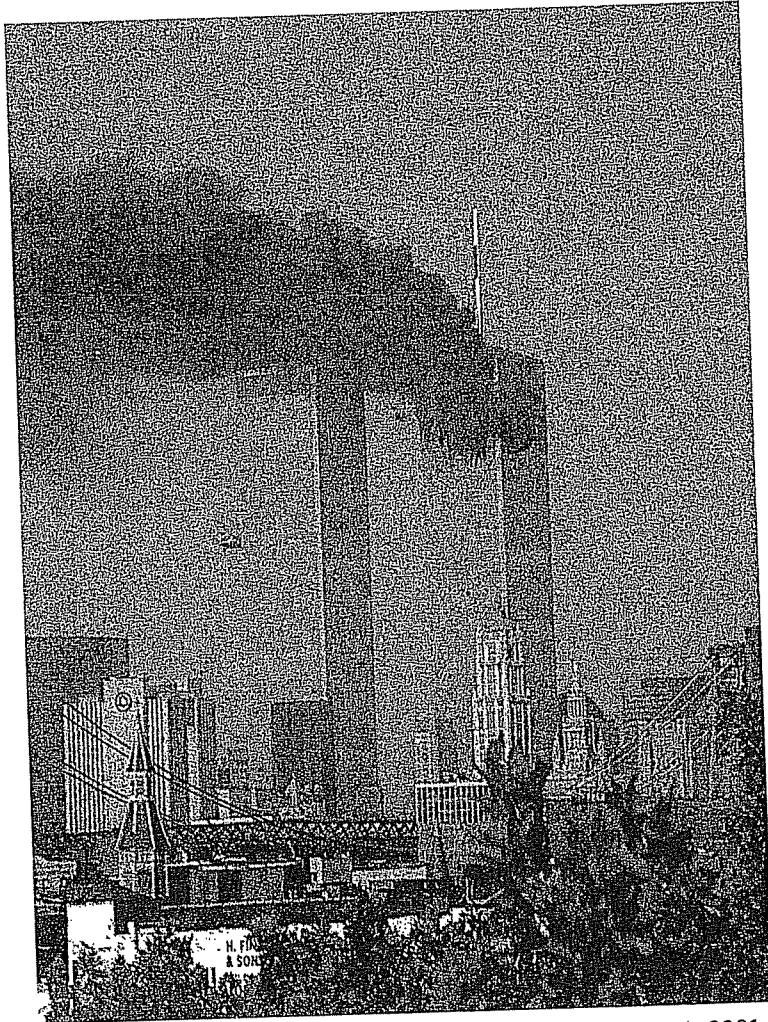
Taxes levied by local governments on the assessed value of property. Property taxes are the primary way in which local jurisdictions in the United States pay for the costs of primary and secondary education. Because the value of property varies dramatically from neighborhood to neighborhood, the funding available for schools—and the quality of education—also varies from place to place.

### interest groups

Organizations that seek to represent the interests—usually economic—of their members in dealings with the government. Important examples are associations representing people with specific occupations, business interests, racial and ethnic groups, or age groups in society.

### USA PATRIOT Act

Legislation passed by the United States Congress in the wake of the September 11, 2001 attacks on New York and Washington. The legislation dramatically expanded the federal government's ability to conduct surveillance, to enforce laws, to limit civil liberties, and to fight terrorism.



A jet crashes into the World Trade Center on September 11, 2001.

Source: AP Images/Moshe Bursuker.

agenda. Many had expected that Bush would govern more consensually during a period of national crisis. The Bush administration also paid a political price for the multiple failures in the federal government's response to Hurricane Katrina's destruction of New Orleans and the Gulf Coast. Bush's policies and overall stridency in domestic and foreign policy returned the country to the near-even partisan division that had characterized the country in the 1990s.

The United States also faced significant opposition from its allies. Germany and France, in particular, opposed U.S. intervention in Iraq and prevented both United Nations and NATO support for U.S. military activities. The growing opposition to U.S. unilateralism in international affairs resulted in a dramatic decline in positive feelings for the United States among residents of other countries.

In the years immediately after September 11, 2001, the United States won and squandered international support, and the Bush administration lost some of its domestic support. In retrospect, neither of these outcomes is surprising. Allies of the United States have increasingly sought multilateral solutions to international affairs and are suspicious of U.S. unilateralism.

## Themes and Implications

### Historical Junctures and Political Themes

#### separation of powers

An organization of political institutions within the state in which the executive, legislature, and judiciary have autonomous powers and no one branch dominates the others. This is the common pattern in presidential systems, as opposed to parliamentary systems, in which there is a fusion of powers.

The conflict between the president and Congress, the centralization of federal power in the twentieth century, and the growing concern about the cost and scope of government represent ongoing themes in U.S. politics. These are not quickly or easily resolved because the Constitution slows resolution by creating a system of federalism and **separation of powers** (see Section 3). The framers of the Constitution were wary of allowing the federal government to intervene too readily in matters of individual liberties or states' prerogatives, so they created a governing system with multiple powers. These limits remain today even as the United States has achieved sole superpower status, and other countries, as well as U.S. citizens, expect the United States to lead.

With such a system of government, the United States may now be at a disadvantage relative to other governing systems that can react more quickly and decisively

to societal needs and shifts in public opinion. In parliamentary systems, even when they are burdened by the compromises necessary to maintain coalition governments, prime ministers can exercise power in a way that a U.S. president or Congress can never expect to do. In the United States, elections are held on a regular cycle, regardless of the popularity of the president. The presidency and Congress are routinely controlled by the two opposing parties. Federalism further slows government action.

Until the New Deal and World War II, the United States pursued a contradictory policy toward the rest of the world of states: It sought isolation from international politics but unfettered access to international markets. World War II changed the first of these stances, at least at elite levels (see Section 2): The United States sought to shape international relations through multilateral organizations and military force. It designed the multilateral organizations so that it could have a disproportionate voice (for example, in the United Nations Security Council). The United States used military force to contain communism around the world. With the end of the Cold War, some now call for a reduced role of the U.S. government in the world of states or, at a minimum, a greater willingness to use a unilateral response to international military crises. This decline in interest in the U.S. role in the world among some U.S. citizens reflects the fact that foreign policy has never been central to the evolution of U.S. politics and governance.

The federal government and the states have sought to manage the economy by building domestic manufacturing, exploiting the nation's natural resources, and regulating the banking sector, while interfering little in the conduct of business (see Section 2). This hands-off attitude toward economic regulation can come at a price.

To build industry and exploit resources, the government built roads and other infrastructure, educated citizens, and opened its borders to guarantee a workforce. It also sought access to international markets. Only in exceptional circumstances has it limited the operations of business through antitrust or environmental regulation.

The democratic idea in the U.S. context was one of an indirect, representative democracy with checks on democratically elected leaders. The emergence of a strong national government after the New Deal era meant that national coalitions could often focus their demands on a single, federal government, rather than always having to target a host of state governments as well. The decline in mediating institutions that can channel these demands reduces the ability of individual citizens to influence the national government (see Section 4).

As a nation of immigrants, the United States must unite immigrants and descendants of immigrants from Europe, Africa, Latin America, and Asia with the established U.S. population. Previous waves of immigrants experienced only one to two generations of political and societal exclusion. Whether today's immigrants (particularly those who enter the United States without legal immigrant status) experience the same relatively rapid acculturation remains an open question. Preliminary evidence indicates that the process may be even quicker for immigrants who possess skills and education but slower for those who do not.<sup>2</sup> National economic decline or the rise of a virulent anti-immigrant sentiment could slow or even stop the acculturation process. The United States has never fully remedied its longest-lasting difference in collective identities with full economic and political incorporation of African Americans.

### Implications for Comparative Politics

Scholars of U.S. politics have always had to come to terms with the idea of American exceptionalism—the idea that the United States is unique and cannot easily be compared to other countries. In several respects, the United States *could* be considered

### single-member-plurality (SMP) electoral system

An electoral system in which candidates run for a single seat from a specific geographic district. The winner is the person who receives the most votes, whether or not they amount to a majority. SMP systems, unlike systems of proportional representation, increase the likelihood that two national coalition parties will form.

exceptional: Its geography and natural resources offer it advantages that few other nations can match; its experience with mass representative democracy is longer than that of other nations; it has been able to expand the citizenry beyond the descendants of the original citizens; and U.S. society has been much less divided by class than have the societies of other states.<sup>3</sup>

The U.S. Constitution, for all of its limitations, has served as the model for the constitutions of many newly independent nations. Some form of separation of powers (see Section 3) has become the norm in democratic states. Similarly, district-based and **single-member-plurality (SMP) electoral systems** (see Section 4) have been widely adapted to reduce conflict in multiethnic states, of which the United States was the first large-scale example. Through its active role in multilateral institutions such as the United Nations (UN) and international financial institutions such as the International Monetary Fund (IMF), the United States also attempts to impose its will on other nations.

### Summary

In the post–New Deal and post–World War II era, the United States faces increasing demands from its own people as well as from other nations and multinational organizations with a system of governance that was designed to impede government and check the powers of each branch of government. The 2010 elections reflected ongoing popular concerns among some that the United States was moving too quickly away from core American values. Yet the American people expect rapid response from government in times of crisis. The ongoing critical juncture raises the question of how the United States will evolve its systems of governance and political culture to meet its citizens' needs and to play its ongoing central role in the system of states while maintaining government's traditionally limited role.

## SECTION 2

# POLITICAL ECONOMY AND DEVELOPMENT

### Focus Questions

What principles guide U.S. governmental decisions about economic regulation?

How does federalism shape U.S. decision-making on protections for workers and social welfare programs for citizens?

What challenges does the euro pose for the dollar and for the U.S. role in the international political economy?

## State and Economy

When national leaders present the accomplishments of the United States, they often claim that by governing the economy less, the United States allows the private economy to thrive. In this simplified version of this story, the private sector is the engine of national growth, and this private sector is most successful when left alone by government. Economic success, then, is tied to the **free market**—*the absence of government regulation* and the opportunity for entrepreneurs to build the nation's economy.

Relative to other advanced democracies, the U.S. economy is much less regulated. The U.S. government has traditionally taken a **laissez-faire** attitude toward economic actors. This absence of regulation allowed for the creation and expansion of many new types of production that subsequently spread throughout the world, but it also can come at a cost. U.S. policymakers cede power to private actors who are not concerned with the impact of their activities on the broader economy, such as the

mortgage lenders who built the subprime lending industry or the investment banks that bought the subprime loans.

The Constitution reserves for the federal government authority to regulate *inter-state* commerce and commerce with foreign nations. As a result, state and local governments are limited in their ability to shape the economy. Over time, however, states have established the ability to regulate workplace conditions as part of their **police powers** or of jurisdiction over public health and safety.

Except for agriculture, higher education, and some defense-related industries, the size of various sectors of the economy is almost entirely the result of the free market. The federal government does try to incubate some new industries, but it primarily uses grants to private agencies—often universities—to accomplish this end. This stimulation of new economic activity makes up a very small share of the nation's gross national product. The United States also occasionally supports ailing industries.

Since the New Deal, the federal government has guaranteed minimum prices for most agricultural commodities and has sought to protect agriculture by paying farmers to leave some land fallow. It has also considerably reduced the costs of production and risks associated with agriculture by providing subsidized crop insurance, canals and aqueducts to transport water, and flood control projects. It has subsidized the sale of U.S. agricultural products abroad and purchased some surplus agricultural production for storage and distribution in the United States. Although a less explicit form of subsidy, weak regulation of U.S. immigration laws has ensured a reliable, inexpensive labor supply.

The federal government has also limited its own ability to regulate the economy. With the formation of the **Federal Reserve Board** in 1913, it removed control of the money supply from elected officeholders. Today, unelected leaders on the Federal Reserve Board, many with ties to the banking industry, control the volume of money in the economy and the key interest rates that determine the rates at which banks lend money to businesses and individuals. As the United States slid toward recession in 2008, the Federal Reserve was the central U.S. policy-making agency seeking to avert recession. The Federal Reserve also assumed new responsibilities that may signal an expansion of its role in U.S. society (while making it more subject to Congressional oversight). It provided direct subsidies and low-cost loans to banks, allowing them to survive, but also allowing them to pay their executives high salaries and bonuses. As the recession continued, the Federal Reserve purchased government bonds owned by banks to keep interest rates low, but also in the expectation that the banks would use their newly available cash to lend to private borrowers. Many in U.S. society expressed concerns that the resources used to make these bond purchases were simply money created out of whole cloth by the Federal Reserve that will eventually lead to inflation. The Federal Reserve will likely face levels of scrutiny in the 112th Congress (2011–2013) that it has not since the 1960s. These congressional challenges to the Federal Reserve's autonomy will likely raise concerns among other nations that the United States will be less able to act as a global banker and lender of last resort in the future.

The U.S. government does not regulate the flow of capital. As a result, many large U.S.-based firms have evolved into multinational corporations, removing themselves from a great deal of U.S. government regulation and taxation.

It is important to recognize that from the nation's earliest days, the federal government promoted agriculture and industry, spurred exports, and (more recently) sought to stabilize the domestic and international economy. These promotional efforts included tariffs, which sought to disadvantage products that competed with U.S. manufactures; roads and canals, so that U.S.-produced goods could be brought to market cheaply and quickly; the distribution of federally owned lands in the West

### free market

A system in which government regulation of the economy is absent or limited. Relative to other advanced democracies, the United States has traditionally had a freer market economically.

### laissez-faire

A term taken from the French, which means, "to let do," in other words, to allow to act freely. In political economy, it refers to the pattern in which state management is limited to such matters as enforcing contracts and protecting property rights, while private market forces are free to operate with only minimal state regulation.

### police powers

Powers that are traditionally held by the states to regulate public safety and welfare. Police powers are the form of interaction with government that citizens most often experience. Even with the growth in federal government powers in the twentieth century, police powers remain the primary responsibility of the states and localities.

### Federal Reserve Board

The U.S. central bank established by Congress in 1913 to regulate the banking industry and the money supply. Although the president appoints the chair of the board of governors (with Senate approval), the board operates largely independently.

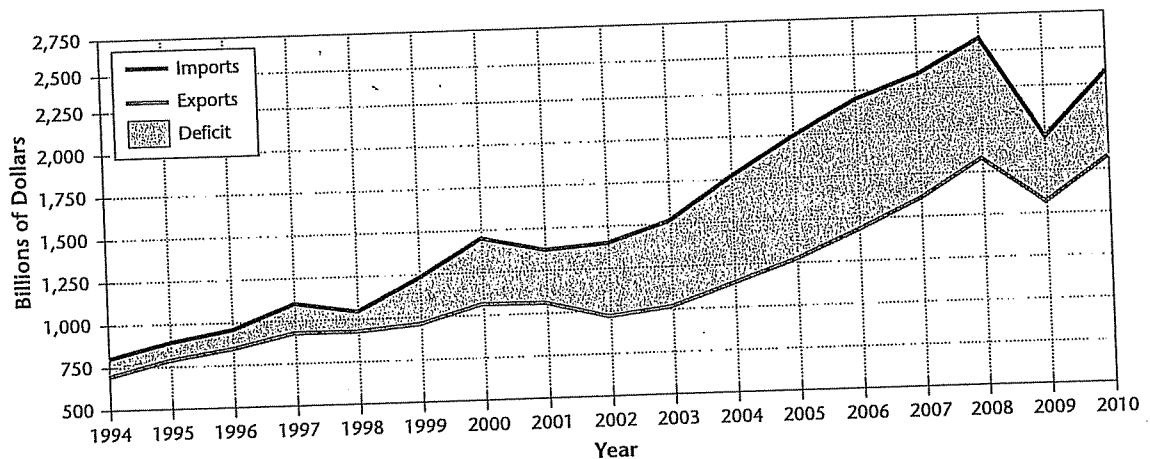
to individuals and to railroads, so that the land could contribute to national economic activity; and large-scale immigration, so that capital would have people to produce and consume goods (see Section 3).

Efforts to promote U.S. industry often came at the expense of individual citizens, who are less able to organize and make demands of government. Tariffs, for example, kept prices high for domestic consumers.

Through much of the nation's history, the United States used its diplomatic and military resources to establish and maintain markets for U.S.-produced commodities and manufactures abroad. The United States, for example, uses its position in the world economy and on multilateral lending institutions to open markets, provide loans for nations facing economic distress, and protect some U.S.-produced goods from foreign competition. Despite national rhetoric to the contrary, the United States has consistently promoted economic development, though not by regulating production or spurring specific industries.

The U.S. economy has increasingly come to rely on two unintentional forms of international subsidy. First, it has built up a steadily increasing international trade deficit. In other words, the United States has bought much more abroad than it has sold. Although some aspects of these trade deficits could well reflect a strength in the U.S. economy (for example, being able to purchase goods produced inexpensively abroad), continuing deficits of this level act as a downward pressure on the U.S. dollar (see Figure 3.2). Slowing this downward pressure for the time being is the second form of international subsidy: The U.S. dollar is the international reserve currency. This means that many nations and individual investors keep their reserves (their savings) in dollars. By doing this, they keep demand for the dollar up, reducing the downward pressure that comes from trade deficits. By buying U.S. government bonds, they are lending the United States money. The euro, the European common currency, however, is increasingly serving as a reserve currency. The long-term stability of the U.S. economy and the value of the dollar as a reserve currency are being challenged by an increasing national debt (discussed later in this chapter) and market concerns about unfunded liabilities in federal and state pension, health care, and insurance programs.

Beginning in 1890, the United States enacted antitrust legislation that gave it the ability to break up large businesses that could, by their very size, control an entire



**FIGURE 3.2 U.S. Trade Deficit, 1994–2010**

Source: U.S. Bureau of the Census. 2011. "U.S. Trade in Goods and Services—Balance of Payments (BOP) Basis," <http://www.census.gov/foreign-trade/statistics/historical/gands.pdf> (accessed February 15, 2011).

market. These antitrust powers have been used sparingly. Antitrust legislation gives the government a power that is very much at odds with a laissez-faire ideology, but its unwillingness to use this authority except in the most egregious cases reflects the underlying hands-off ideology.

In the twentieth century, the U.S. government took on new responsibilities to protect citizens and to tax businesses, in part, to provide government-mandated services for workers. The government also expanded regulation of workplace safety, pension systems, and other worker-management relations issues (see Section 3). Despite this expansion of the government role in providing protections to workers, the United States offers fewer guarantees to its workers than do other advanced democracies.

The public sector has traditionally been smaller in the United States than in other advanced democracies. Nevertheless, the U.S. government and the states conduct activities that many believe could be better conducted by the private sector. The federal government operates hospitals for veterans, provides water and electrical power to Appalachian states, manages lands in the West and Alaska, runs the civilian air traffic control system, and, after September 11, manages passenger and luggage screening at commercial airports. Roads have traditionally been built and maintained by the state and federal governments, and waterways have been kept navigable (and open to recreational use) by the federal government.

The U.S. government has privatized some activities in recent years. The postal service, for example, became a semi-independent corporation in 1970. The federal government is trying to end subsidies for Amtrak that it inherited when the company's private sector owners went bankrupt in 1971.

Often left out of the story of the development of the U.S. economy is the role of its natural resources and the environment. The nation's territory is diverse in terms of natural resources and environments, stretching from tropical to arctic. The territory includes arable land that can produce more than enough year round for the domestic market as well as for extensive exports. Land has become increasingly concentrated in a few hands, but in the past, it was held in small plots tilled at least in part by the owners. This tradition of equitable land distribution (encouraged by government policies in the nineteenth century that distributed small plots to resident landholders) dampened the class tensions that appeared in societies with entrenched landholding elites. Not all Americans were eligible for this land giveaway, however. Recently freed slaves could not obtain free lands in the West, and some share of the gap in wealth between whites and blacks today can be attributed to the access that whites had to western lands in the last century.<sup>4</sup>

The United States has protected ports and navigable rivers, and few enemies can challenge U.S. control over these transportation resources. For more than a century, it was able to expand trade while not investing in a large standing military to defend its trade routes.

One area in which the United States has taken a limited role in regulating the activities of private actors in the American economy is environmental regulation. When the environment first became an issue in international politics, the United States took aggressive action to clean the air and the nation's oceans and navigable waterways. In each of these regulatory areas, federal legislation had dramatic impacts. Emissions standards have made the air much healthier, even in the nation's most car-focused cities. Waterways that were dangerous to the touch are now open to swimming. New lands were added to the national park system.<sup>5</sup> The visible successes of the early environmental **regulations** reduced the salience of environmental issues. These 1970s-era environmental regulations have not been followed by a continuing national commitment to environmentalism.

### regulations

The rules that explain the implementation of laws. When the legislature passes a law, it sets broad principles for implementation, but how the law is actually implemented is determined by regulations written by executive branch agencies. The regulation-writing process allows interested parties to influence the eventual shape of the law in practice.

The United States has fewer environmental regulations than other advanced democracies and has been less willing to engage in multilateral agreements on environmental issues than on issues such as international security and economic cooperation. The United States, for example, is a signatory to the Kyoto Protocols to limit climate change (primarily through the reduction of greenhouse gases), but the treaty was never ratified by the U.S. Senate and is nonbinding on the United States. Nine U.S. states and 740 U.S. cities have passed emissions caps that broadly follow Kyoto guidelines (though often less rapidly than Kyoto would mandate). Unlike an international treaty, however, these state and city efforts can be amended with a majority vote in a legislature and are more difficult to enforce.

Early in his term, President Obama proposed "cap and trade" energy regulation that would have set limits on carbon emissions while allowing factories and other carbon emitters to sell unused carbon emissions to create incentives for conversion to renewable energy sources. Despite some early bipartisan support, this legislation ultimately failed, losing support from all Senate Republicans and some Democrats. Again, however, states are acting in the absence of federal action. California, New Mexico, and several states in the Northeast have proposed state-level carbon emissions limits that would create a national market to trade the bounty of energy conservation.

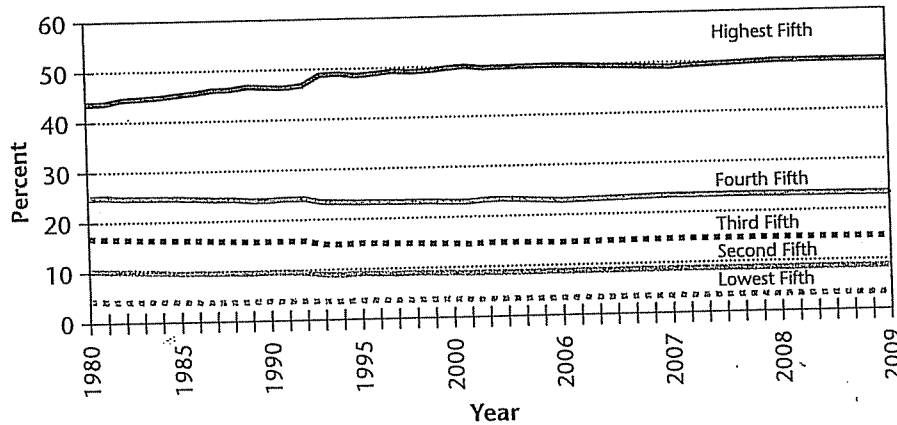
## Society and Economy

The United States adheres more strictly to its laissez-faire ideology in terms of the outcomes of the economic system. The distribution of income and wealth is much more unequal in the United States than in other advanced democracies, and that gap has been steadily widening over the past 30 years. In 2009, the top 5 percent alone earned more than 21.7 percent of the total amount earned. Wide differences exist between women and men and between racial groups. Women, on average, earned \$11,227 annually less than men. Non-Hispanic whites earned an average of \$41,000 in 2005 compared to \$36,000 for Asian Americans, \$29,000 for blacks, and \$27,000 for Hispanics.

The United States has always tolerated these conditions and sees them as an incentive for people at the lower end of the economic spectrum. Wealth and income have become more skewed since 1980, a phenomenon that has not been an issue of national political concern. In fact, the mere mention in an election of the class implications of a policy, particularly tax policy, will usually lead to the charge of fomenting class warfare. This became particularly apparent in the month after the 2010 election. Tax cuts enacted in the early 2000s (early in the Bush administration) were set to expire, and President Obama proposed extending them only for taxpayers earning less than \$250,000 annually. Republicans in Congress sought to extend them for all taxpayers. The economic consequences of these proposals were of little concern in the debate; instead each side alleged the other was promoting class division. In the end, Obama and the Democrats backed down, and the Bush tax cuts were extended for all tax payers for two years. Consequently, they will again be subject to debate in the middle of the 2012 presidential race.

Federal income taxation of individuals is progressive, with higher-income people paying a higher share of their income in taxes. Rates range from 0 percent for individuals with incomes less than \$9,350 to 35 percent for individuals with incomes exceeding approximately \$373,650. The progressive nature of federal taxes is reduced considerably by two factors. Upper-income taxpayers receive a much higher share of





**FIGURE 3.3 Share of Aggregate Income Received by Households, Quintiles, 1980–2009**

Source: U.S. Bureau of the Census. 2011. "Historical Income Table—Households" Table H-2. Share of Aggregate Income Received by Each Fifth and Top 5 Percent of Households. <http://www.census.gov/hhes/www/income/data/historical/household/index.html> (accessed February 15, 2011).

their income from investments, which are taxed at lower rates. Second, all taxpayers with salary income are subject to a regressive tax for Social Security and disability benefits. The tax for Social Security and Medicare is currently 7.65 percent paid by the worker (lowered to 5.65 percent in 2011) and 7.65 percent paid by the employer. The Social Security share of this tax is imposed only on the first \$106,800 of income and not at all on higher incomes.

State and local taxes tend to be much less progressive. Most states levy a sales tax. This is a flat tax, ranging between 2.9 and 8.25 percent depending on the state. For lower-income people, sales taxes act as a flat tax on most or all of their income. Upper-income people pay a smaller share of their income because they do not have to spend all of their income on consumption. Not all states have income taxes. No state has an income tax that is as progressive as the federal income tax. The final major form of individual taxation is property taxes. Property owners pay them directly and can deduct the tax payment from their federal and, in some cases, state income taxes. Renters pay them as part of their rent payment but do not directly get any tax benefits. Governments in the United States have increasingly supplemented taxes with user fees charged for the provision of specific services.

Thus, the gap between rich and poor in the United States is not remedied by progressive taxation. This gap might well have led to the emergence of class-based political movements, but immigration policy, which also promoted economic development, focused workers' attention away from class and toward cultural differences that reduced the salience of class divisions in U.S. society. Unions, which could also have promoted class-based politics and focused workers' attentions on income inequalities, have traditionally been weak in the United States. This weakness reflects individual-level antipathy toward unions, but also state and federal laws that limit the abilities of unions to organize and collectively bargain.

Agriculture and industry could not have grown in the United States without the importation of immigrant labor. The United States has generally sought to remedy labor shortages with policies that encouraged migration. Today, the United States is one of just four countries that allow large-scale migration of those who do not already have a cultural tie to the receiving nation. Contemporary immigration to the United States

numbers approximately 1,100,000 people annually, who immigrate under the provisions of the law to a permanent status that allows for eventual eligibility for U.S. citizenship (see Figure 3.4).<sup>6</sup> Until the economy soured in 2008, these legal immigrants were joined by as many as 500,000 additional unauthorized migrants each year.<sup>7</sup> Despite new enforcement policies, it is likely that the size of the unauthorized immigrant population will likely again begin to grow when the U.S. economy recovers from recession.

Although the United States tolerates the unequal distribution of income and wealth, in the twentieth century, it intervened directly in the free market to establish protections for workers and, to a lesser degree, to guarantee the welfare of the most disadvantaged in the society. The programs for workers, which are primarily **distributive policies**, receive much more public support than do programs to assist the poor, which are primarily **redistributive policies**. Distributive policies allocate resources into an area that policymakers perceive needs to be promoted without a significant impact on income or wealth distribution. Redistributive policies take resources from one person or group in society and allocate them to a more disadvantaged group in the society. Most worker benefits, such as health insurance, childcare, and pensions, are provided by private employers, if they are provided at all, but are regulated by the government.

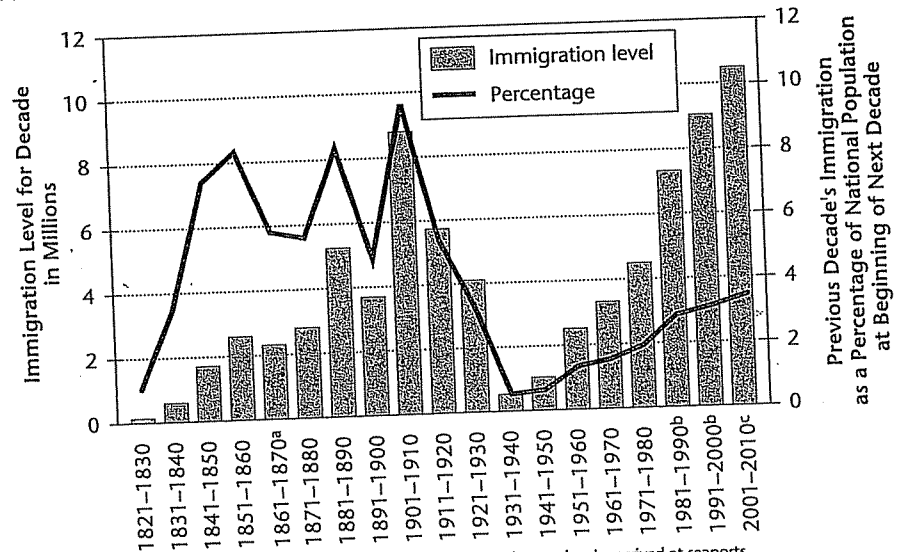
Best known among the federal programs aimed toward workers is Social Security, which taxes workers and their employers to pay for benefits for retired and disabled workers (and nonworker spouses). In the past, retirees almost always received more than they had paid into the system (a form of intergenerational redistribution), but it will take significant reforms to guarantee that this outcome continues when today's workers reach retirement age. Actuarial estimates indicate that the Social Security Trust Fund will be exhausted in 2036 if there are no changes to the tax used to pay for Social Security or the benefit rates or age of eligibility. Medicare—the government health plan for the elderly—will run out of funds in 2024 (an estimate contingent on the full implementation of

**distributive policies**

Policies that allocate state resources into an area that lawmakers perceive needs to be promoted. For example, leaders today believe that students should have access to the Internet. In order to accomplish this goal, telephone users are being taxed to provide money for schools to establish connections to the Internet (which, in large part, uses telephone lines to transfer data).

**redistributive policies**

Policies that take resources from one person or group in society and allocate them to a different, usually more disadvantaged, group. The United States has traditionally opposed redistributive policies to the disadvantaged.



<sup>a</sup> Until 1867, the federal government recorded as immigrants only people who arrived at seaports.  
<sup>b</sup> These figures include recipients of legalization under the Immigration Reform and Control Act of 1986 who immigrated to the United States prior to 1982 but were recorded as having entered in the year in which they received permanent residence.  
<sup>c</sup> Author's estimate based on 2001-2009 data.

**FIGURE 3.4 Immigration to the United States, 1821-2010**

Source: Adopted from DeSipio, Louis, and Rodolfo O. de la Garza, *Making Americans/Remaking America: Immigration and Immigrant Policy* (Boulder, Colo: Westview Press, 1998), Table 2.1.

the national health insurance plan; if it is not implemented the estimates are that the Medicare trust fund will run out of funds at least a decade earlier). The U.S. government faces the dilemma of having to lower benefits for each of these programs, raising taxes, or paying benefits out of general revenues. Changing the tax basis of Social Security and Medicare now (or lowering benefits now) would delay this point of reckoning.

In 2010, in response to growing numbers of uninsured Americans and spiraling health care costs, Congress created a new national health care program for U.S. citizens and permanent residents. The new program is largely distributive in nature with some additional subsidies (redistribution) for low-income individuals. It builds on the private health insurance that many Americans receive through their employers or unions. This national health care plan, which will not be fully implemented until 2014, is controversial for several reasons. Some fear that it will undermine the incentive for employers, particularly small employers, to provide insurance. Governments would then have to provide a higher share of insurance and assume costs currently paid by employers. Others resent that government is not more central to the provision of insurance and that private insurance, with its overhead costs and quest for profits, will absorb health care expenditures that could go to providing better treatments. When the national health care bill was debated, some in Congress called for government to replace the role of private insurers (the so-called single-payer option). States are concerned that they will have to provide insurance to residents who are not otherwise able to get private insurance and that they will have to assume at least 10 percent of the costs of providing this insurance (the federal government will pay the rest). Finally, some feel that the new mandate that all Americans have health insurance after 2014 or be fined violates the Constitution.

The government also established a minimum wage and a bureaucratic mechanism to enforce this wage. Some states and localities have established higher minimum wages than the federal minimum wage. Citizen groups in several cities nationwide over the past decade have promoted a further expansion of the idea of a minimum wage to a "living wage," a wage sufficient to live in high-cost cities and often double the federal minimum wage.

The states regulate worker-employer relations through unemployment insurance and insurance against workplace injuries. Benefits and eligibility requirements vary dramatically by state, although the federal governmental mandates that all workers be eligible for twenty-six weeks of unemployment benefits (assuming the worker has been employed for more than six months).

Beginning in the 1930s, the United States also established social welfare programs to assist the economically disadvantaged. As one would expect in a system organized around the free market, these programs have never been as broad-based or as socially accepted as in other economies. The states administered these programs—which provide food, health care, housing assistance, some job training, and some cash assistance to the poor—with a combination of federal and state funds. Eligibility and benefit levels varied dramatically from state to state. Prior to 1996, there was a federal guarantee of some food and cash assistance for everyone who met eligibility thresholds. This guarantee disappeared in 1996 when recipients were limited in the duration of their eligibility and states were entrusted with developing programs to train recipients for work and to find jobs for them. Although enacted separately from the 1996 welfare reform, the federal government also reduced the availability of federally managed housing for the poor and expanded subsidies for the poor to secure housing in the private market.

In today's economy, public benefits and public employment are increasingly limited to U.S. citizens. Over time, these policies could enhance differences between the non-Hispanic white and black populations, on the one hand, and ethnic groups with large shares of immigrants, such as Latinos and Asian Americans, on the other.

Both the federal and state governments are facing gaps between income and expenditures. The federal government can continue to run a large annual deficit. The sum of these deficits—the national debt—totals nearly \$14.3 trillion. Most states do not have this option and must either raise revenues or cut services annually.

Deficits can have a salutary effect on the national economy during weak economic times because the federal government can more easily borrow and then spend this money to stimulate the economy and support individuals who are out of work. In the long run, however, this federal debt absorbs money that could be invested in private-sector activities and will slow national economic growth. In 2011, the federal government will pay approximately \$250 billion in interest on its debt, an amount that will increase considerably when the economy recovers and interest rates rise.

## The United States in the Global Economy

Since colonial times, the United States has been linked to world trade. By the late twentieth century, the United States had vastly expanded its role in international finance and was an importer of goods produced abroad (often in low-wage countries that could produce goods less expensively than U.S. factories) as well as an exporter of agricultural products.

After World War II, the United States reversed its traditional isolationism to take a leading role in regulating the international economy. The increasing interdependence of global economies was the result, in part, of conscious efforts by world leaders at the end of World War II, through the Bretton Woods Agreement, to establish and fund multinational lending institutions. Chief among these institutions were the World Bank and the International Monetary Fund. Since their establishment in the 1940s, they have been supplemented by a network of international lending and regulatory agencies and regional trading agreements.

The United States is also part of regional trading networks, such as NAFTA with Canada and Mexico. After its passage, the United States also entered into an agreement with neighboring countries in the Caribbean to reduce tariffs on many goods.

The U.S. government plays a central role in the international political economy. It achieves this through its domination of international lending agencies and regional defense and trade organizations. But these efforts are ultimately limited by domestic politics. Thus, while presidents may promote an international agenda, Congress often limits the funding for international organizations. The United States then appears to many outside the country as a hesitant and sometimes resentful economic leader.

In recent years, another multilateral institution has emerged that can potentially challenge U.S. economic dominance. The European Union (EU) is much more than a trading alliance. It is an organization of twenty-seven European nations with growing international influence. Seventeen EU members share a common currency, the euro. As the euro came into widespread use, the dollar faced its first challenge in many years as the world's dominant trading currency. The debit levels of some Eurozone countries, such as Greece and Ireland, as the post-2008 recession deepened, reduced the international appeal of the euro and of European debit. At least temporarily, this worked to the advantage of the dollar.

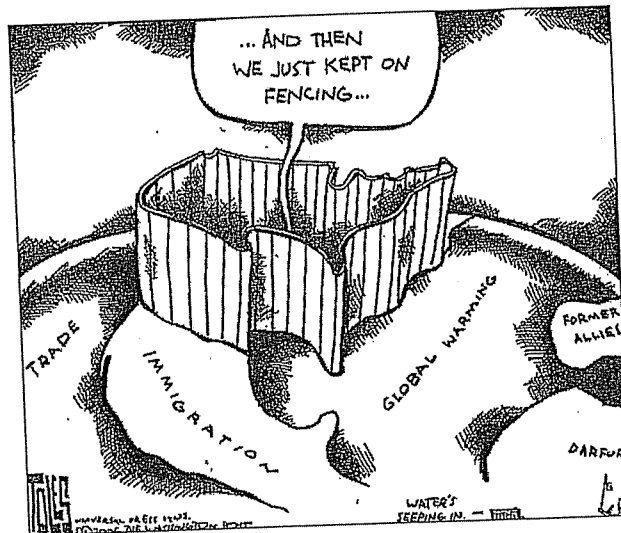
The United States also funds binational international lending through such agencies as the Export-Import Bank and the Overseas Private Investment Corporation. These agencies make loans to countries and private businesses to purchase goods and services

from U.S.-owned businesses. The United States also provides grants and loans to allies to further U.S. strategic and foreign policy objectives or for humanitarian reasons.

The United States has slowly, and grudgingly, adapted to a world where it can no longer simply assert its central role. Thus, the U.S. government and, more slowly, the American people have seen their problems and needs from a global perspective. The separation of powers between the executive and legislative branches, and the local constituencies of members of Congress, ensures continuing resistance to this new international role (see *The Global Connection: Arizona SB 1070 and U.S. relations with Mexico*).

### Summary

The role of the United States in regulating the domestic economy and shaping the international economy may be tested in coming years in a manner that has not been seen since the formation of the multilateral organizations after World War II. The strength of the U.S. economy is increasingly determined by decisions of multinational corporations that are able to transfer capital and production across national boundaries with little control by governments and international actors. As the domestic U.S. economy is increasingly shaped by these international forces, U.S. citizens will demand economic stability from their government. The U.S. government was designed to be weak, so it will not be able to respond easily. The seeming lack of response will strengthen calls by some to isolate the United States from the regulation of the international economy. If these voices become dominant, the United States may find itself at odds with the international organizations that it helped create and that promote U.S. trade internationally.



"The decision to build a fence along parts of the U.S. border with Mexico appeared to many as a metaphor for the barriers that the United States was establishing with other nations in other policy arenas."

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## THE GLOBAL CONNECTION

### Arizona SB 1070 and U.S. Relations with Mexico

Many issues divide the United States and Mexico: trade disputes, migration, drug smuggling and violence, and gun smuggling among others. In 2010, Arizona added to this list. Reflecting popular concerns over Congress's failure to reform immigration, it passed a law requiring police to verify the legal immigration status of people arrested or detained by the police. The law, SB 1070, also criminalized giving assistance to an unauthorized alien, such as allowing a unauthorized immigrant family member to live in your home.

Many in the United States were concerned by these requirements. Under the Constitution, regulation of immigration is an enumerated power of the federal government. Aside from this constitutional concern, many raised con-

cerns of racial profiling. Would police in Arizona verify the legal status of all people detained or just of those who were Latino or Asian American? Mexico also objected to SB 1070. Mexico officially protested that its nationals will be subject to harassment in Arizona.

Arizona's enactment of the law made it more difficult for the U.S. government to negotiate with Mexico on issues of joint importance. SB 1070 demonstrates the inherent difficulty in a federalist system for the making of foreign policy. The U.S. government opposes SB 1070 as strongly as does Mexico (it has sued in federal court to have it ruled unconstitutional), but it cannot control the actions of Arizona or any other state to pass legislation that can muddy bi-national relations.

# 3

## SECTION

# GOVERNANCE AND POLICY-MAKING

### Focus Questions

What powers does the Constitution give to U.S. presidents and how have twentieth-century presidents been able to expand these powers?

What are the constitutional and structural strengths and weaknesses of the federal judiciary in the United States?

How can citizens influence the policy-making process in the United States?

## Organization of the State

The U.S. Constitution was drafted in 1787 and ratified the following year. The Constitution established a central government that was independent of the states but left the states most of their pre-existing powers (particularly police powers and public safety). Although it had limited powers, the new U.S. government exercised powers over commerce and foreign policy that were denied to the states.

The Constitution has been amended twenty-seven times since 1787. The first ten of these amendments (ratified in 1791) make up the Bill of Rights, the set of protections of individual rights that were a necessary compromise to ensure that the Constitution was ratified. The remaining seventeen amendments have extended democratic election practices and changed procedural deficiencies in the original Constitution that came to be perceived as inconsistent with democratic practice. Examples of amendments to extend democratic election practices are the extension of the vote to women and to citizens between the ages of eighteen and twenty (the Nineteenth and Twenty-Sixth Amendments, respectively) or the prohibition of poll taxes, a tax that had to be paid before an individual could vote (the Twenty-Fourth Amendment). Changes to procedural deficiencies included linking presidential and vice-presidential candidates on a single ticket, replacing a system where the candidate with the most votes in the Electoral College won the presidency and the second-place candidate won the vice-presidency (the Twelfth Amendment), and establishing procedures to replace a president who becomes incapacitated (the Twenty-Fifth Amendment).

Each amendment requires three-quarters of the states to agree to the change. Although the Constitution allows states to initiate amendments, all twenty-seven have resulted from amendments initially ratified by Congress. When Congress initiates an amendment to the Constitution, two-thirds of the members of the House and the Senate must vote in favor of the amendment before it is sent to the states. States set their own procedures for ratifying constitutional amendments.

Understanding two principles is necessary to understand American constitutional government: federalism and separation of powers.<sup>8</sup> Federalism is the division of authority between multiple levels of government: in the United States, between the federal and state governments. Separation of powers is an effort to set government against itself by vesting separate branches with independent powers so that any one branch cannot permanently dominate the others.

These two characteristics of American government—federalism and separation of powers—were necessary compromises to guarantee the ratification of the Constitution. They are more than compromises, however. They reflect a conscious desire by the constitutional framers to limit the federal government's ability to control citizens' lives. To limit what they perceived as an inevitable tyranny of majorities over numerical minorities, the framers designed a system that set each part of government against all the other parts. Each branch of the federal government could limit the independent action of the other two branches, and the federal government and the states could limit each other.