CHAPTER 3

Federalism and Intergovernmental Relations

CHAPTER OUTLINE
I. The Evolution of American Federalism
   A. Battles over Meaning (1790s–1860s)
   B. From Separation to Cooperation (1860s–1920s)
   C. Toward Cooperation and Local Participation (1930s–1950s)
   D. The Urban Focus (1960s–1970s)
   E. Reforming and Devolving (1970s–1990s)
   F. Twenty-first-Century Challenges (2001 and Beyond?)
II. The Actors of American Federalism
   A. National Government Actors
   B. States in the Federal System
   C. Local Governments
   D. Nongovernmental Actors
III. Conclusion: The Principles and Pragmatism of Federalism

CHAPTER SUMMARY

Federalism may seem at first to be an unfamiliar and specialized subject in American government. It is, however, at the very heart of our system of government, and although it may not be in the news as frequently as other political topics, it has always been one of America’s most hotly debated issues. Its viability, in fact, was one of the central questions decided by the Civil War. This chapter introduces and explains federalism. The authors describe federalism’s part in our political system and challenge the myths that have arisen about its performance.

Federalism describes a system of government in which national and state governments divide power and authority. The discussion of the governmental responses to hurricanes Andrew and Katrina illustrates how federalism is a compromise between concepts of central national government, on the one hand, and state power and independence on the other. This compromise can raise questions about the effectiveness and competence of government agencies and officials. During the past 200 years, the real meaning of federalism has been continually worked out in the tension between those two positions. The chapter surveys those 200 years of evolution, tracing the development of federalism through several stages, from early battles over its meaning to today’s debates about the interaction of national, state, and local governments. Where does the real power now reside? Who are the important players in our system of government? Who should be the most important player in our federal system?

You will find it interesting and revealing to observe these players in the dramas of today’s federalism. By learning something of the roles they play, you will be able to see that the American federal system is a fascinating interplay of all those actors. Conflicting myths have evolved about federalism. One says that the national government’s role has grown steadily, to the point where it now monopolizes the stage. The national government (which we, with some confusion, frequently call the federal government) has taken up all the lines and taken over all the important roles. This national government dominance, according to the myth, has left the states without power or purpose. But a contrasting myth of national government weakness argues that more power needs to be given to the federal government in order to solve great national problems in the interest of all the people.
What is the reality beyond these myths? Has the national government taken over control of most important government functions? Those who believe so imagine that government in America is now remote and all-powerful. Is this true? Or do we need to look to the government in Washington, D.C., more than we do to find solutions to problems too great or important for state and local governments to solve? Those who believe so feel that only the national government has the resources and the fairness to govern us all well. By studying this chapter, you will gain a greater understanding of the reality beyond the myths of national government power and a fuller appreciation for the richness of the American federal system.

LEARNING OBJECTIVES
After carefully reading and studying the chapter, you should be able to:

1. Discuss both myths of national government dominance and of national government weakness and the evidence that contradicts them.
2. Explain the constitutional origins of American federalism and the changes that have occurred in the federal system in the past 200 years.
3. Explain how the American federal system had been characterized by conflict and cooperation.
4. Discuss the role of grant-in-aid programs in the American federal system, including categorical grant and block grant programs.
5. Summarize efforts to reform the federal system in recent presidential administrations.
6. Discuss the myth of state sovereignty.
7. Explain the intergovernmental relations (IGR) that developed in the 1930s.
8. Describe the major actors (persons and institutions) in the U.S. federal system and the roles they play in the federal system.
9. Identify and illustrate the parts played by state and local governments in the federal system.
10. Explain the significance of public interest groups and private citizens within the federal system.
11. Discuss the use of eminent domain as a power of state and local governments.

READING TABLES AND POLITICS & POPULAR CULTURE
1. Use Figure 3.1 to compare the sources of educational funding in 1949–50 and 1999–2000. Where did most of the money come from in 1949–50? Where did it come from in 1999–2000?
2. During what years did local government expenditures exceed state expenditures for education?
3. Provide an example from popular culture that has offered a negative image of the South.

REVIEWING CHAPTER 3

Identifying Key Terms and Ideas
Fill in the following terms and definitions in the appropriate blanks:

1. The theory of American federalism that views national and state governments as equal partners, each responsible for distinct functions of government and free of interference from the other, is called_____.

   a. homeland security
   b. devolution
2. The individuals and organizations that represent the interests of all those who have a stake in the federal system are the _____.

3. The Constitution grants control of commerce across state lines to Congress. This type of commerce is defined as _____.

4. Appropriations given to states for design and implementation of public policies are _____.

5. National funds that are awarded to states and localities for a specific program or plan of action are _____.

6. Local governments such as counties, municipalities, and townships are called _____.

7. Federal grants in which funds are designated for limited uses with numerous specific rules are _____.

8. The powers of state governments over the regulation of behavior within their borders are known as _____.

9. Organizations representing the special interests of elected and appointed officials and public employees within the federal system are called _____.

10. An early theory of American federalism that stressed the authority of states and the states’ rights to overrule national laws was _____.

11. Local governments that deal with distinct governmental functions, such as education, fire protection, or sewage treatment, are called _____.

12. The right of a sovereign government to take property for public purposes for just compensation, even if the owner objects, is referred to as _____.

13. Determining the ultimate source of authority in a political system is a matter of _____.

14. A type of federal grant program introduced in the 1960s that consolidates assistance in certain broad areas and gives states discretion to spend within generally defined program areas was _____.

15. Domestic programs intended to deal with possible terrorist threats within the United States are called _____.

16. A system of interaction among levels of the federal system in which functions are shared and each level is able to exert influence on the others is called _____.

17. Associations created in the 1970s composed of local governments organized to help deal with common problems and coordinate applications for federal grants are known as _____.
18. An early theory of American federalism emphasizing national supremacy and arguing that the national government had implied powers beyond the powers explicitly granted by the Constitution was_____.

19. Programs in which the national government requires recipient governments to provide a certain percentage of the funds needed to implement the program are referred to as_____.

20. Recent efforts to give more functions and responsibilities to state and local governments in the intergovernmental system are called_____.

21. The federal grant program of the 1970s and 1980s that gave funds to state and local governments according to a population formula with no significant requirements attached was called_____.

22. Required actions imposed on lower-level governments by the national government but not accompanied by the money to pay for the action are_____.

23. Church-related organizations that distribute federal government funds for social services are called_____.

24. The 1824 Supreme Court decision that struck down a New York monopoly and asserted national control over interstate commerce was_____.

25. The theory of American federalism that emerged during the Great Depression and that stressed the role of the state and national governments as allies to serve public needs was_____.

Understanding Facts and Concepts

True/False: If any part of the statement is incorrect, mark it False and write in the reason(s) why the statement is false.

1. T F The myth of state sovereignty was a source of problems for the delivery of government services in response to hurricanes Andrew and Katrina.

2. T F To highlight the problems with unfunded mandates, the Congressional Budget Office (CBO) monitors federal legislation to see if new costs are being passed onto state and local governments.
3. T F The Great Depression permanently affected the balance of federalism because the poverty of the national government forced states to assume responsibility for many new programs.

4. T F As a style of federalism, dual federalism viewed national and state governments as equal but independent partners.

5. T F The earliest federal grant-in-aid programs, which developed from the late nineteenth century until the 1960s, were aimed away from the state governments directly toward local governments to help meet social policy needs such as education and health care.

6. T F Through categorical and block grant programs of the 1960s and 1970s, national policy objectives were imposed on state and local governments.

7. T F Due to the specific nature of their design, block grants do not allow states very much freedom in making spending decisions.

8. T F During the 1980s, the trend in federalism was toward the greater use of categorical grants and revenue sharing to limit the states’ control over social policy programs.

9. T F A major issue in federalism during the 1990s has been the demands that national regulations have placed on state and local governments without federal funding to pay for those required actions.

10. T F Those who advocated a policy of devolution saw the partial achievement of their goals in the 1996 welfare reform policies.

11. T F In the drama of American federalism, the Supreme Court has always attempted to protect the independence of the states from national authority.
12. T F In spite of trends in both parties to shift power and control of domestic policies from the national government to the states during the 1990s, homeland security policies have created a new and extensive avenue of federal power.

13. T F The role of Congress in the federal system has been to attempt to reduce and regulate aid programs, whereas the federal bureaucracy has focused only on providing more benefits to state and local governments.

14. T F The power of eminent domain is strictly limited to Congress, and local governments are prohibited from this type of action.

15. T F State governments compete with the national government because each has an independent existence in our federal system, but local governments are a creation of unitary state governments, so there can be no competition or conflict between them.

16. T F The role of local governments in the American federal system is most influenced by their common constitutional privileges and obligations.

17. T F Most of the roads and highways in the country fall under the control of state and local authorities and not the national government.

18. T F The majority of funding for public schools comes from the federal government.

19. T F Since local units of government are organized and empowered by their respective state legislatures, the state government can legally terminate these local units of government.

20. T F Since they are not part of the original constitutional framework, bureaucracies exist without checks on their power.
PREPARING FOR AN EXAM

Multiple-Choice Questions

Circle the letter of the correct answer.

1. Lyndon Johnson’s Great Society programs were directed at
   a. saving farming communities from bankruptcy.
   b. community-based programs for feeding the urban poor, training the unemployed, and educating children.
   c. large scale infrastructure projects such as highway expansion.
   d. increasing federal funding for colleges and universities.

2. The era of cooperative federalism was characterized by
   a. more conflict between the national and state governments.
   b. no change in the level of conflict between the national and state governments.
   c. less conflict between the national and state governments.
   d. less national government involvement in state policy decisions.

3. The decisions in McCulloch v. Maryland and Gibbons v. Ogden were victories for
   a. local over state governments.
   b. the supporters of state-centered nationalism.
   c. the supporters of nation-centered nationalism.
   d. the advocates of a confederal system of government.

4. Which of the following federal funding approaches gives state and local authorities the greatest freedom to spend the money they receive?
   a. block grants
   b. categorical grants
   c. unfunded mandates
   d. project grants

5. An example of a grant-in-aid program in the era of dual federalism was
   a. land and money given to states for schools.
   b. no-strings-attached aid to states to expand their general revenues.
   c. aid to urban governments for slum clearance.
   d. the Model Cities program.

6. A federal grant program that provides funds for state welfare programs only if the states follow strict standards of efficiency in operation is called a
   a. formula grant.
   b. matching grant.
   c. project grant.
   d. categorical grant.

7. The Great Depression introduced the era of
   a. new federalism.
   b. dual federalism.
   c. state-centered federalism.
   d. cooperative federalism.
8. In the era of cooperative federalism,
   a. national influence over local government decreased.
   b. local and state governments helped administer federal programs.
   c. national and state governments acted as equal partners, functioning in strictly separate political areas.
   d. the national government loosened its control over grant programs and eliminated most categorical grants.

9. What two factors are likely to shape the role of the federal bureaucracy in the federal system in the future?
   a. emergence of homeland security and devolution trends
   b. growing urban populations and global climate change
   c. increased flow of immigrants and homeland security
   d. reliance on nuclear power and environmental concerns

10. During the 1970s and 1980s, most cities and towns in the United States received an annual federal grant based generally on their population, which they could spend for whatever government purposes they wanted. This program was called
    a. a block grant.
    b. a categorical grant.
    c. a project grant.
    d. general revenue sharing.

11. Block grants differ from categorical grants in that block grants are
    a. for broad general purposes and have fewer national requirements than categorical grants do.
    b. specific project grants and have more strings attached than categorical grants do.
    c. for urban renewal, whereas categorical grants are for rural projects.
    d. national grants-in-aid, whereas categorical grants are state grants.

12. Supreme Court cases such as Printz v. U.S. (1997) and Kimel v. Florida Board of Regents (2000) reflect the Court’s willingness to
    a. ignore questions of federalism and defer to the Congress.
    b. describe states as mere extensions of the federal government.
    c. exempt states from complying with some federal laws and recognize their sovereignty.
    d. embrace a nation-centered approach to federalism.

13. The situation in which the federal government required state and local governments to clean up environmental pollution but did not provide the money to pay for the cleanup was an example of
    a. entitlement programs.
    b. unfunded mandates.
    c. project grants.
    d. dual federalism.

14. Devolution is a development of the 1990s in the American federal system that
    a. returns power and responsibility to state and local government.
    b. increases national government intervention in state and local affairs.
    c. expands national government control over welfare programs.
    d. gives state governments power to mandate federal funding.

15. The National Associations of Community Health Centers (NAHC) sued the Clinton administration to
    a. halt efforts to allow state governments to experiment with how they use Medicaid.
    b. force the surgeon general to rework the standards for adult obesity.
    c. allow insurance companies to supplement Medicare payments.
    d. provide free HIV testing to all patients.
16. Until the late 1980s, the influence of the Supreme Court on the federal system was to
   a. decrease the policymaking power of the national government.
   b. increase the independence of the states from national authority.
   c. increase the authority of national policy over the states.
   d. preserve the separate-but-equal concept of dual federalism.

17. Which actor in the drama of American federalism plays the largest role in implementing national
   programs of aid?
   a. Congress.
   b. the White House.
   c. the Supreme Court.
   d. the federal bureaucracy.

18. The federal issue made evident in President Bush’s War on Drugs was that
   a. states had absolute power over local governments.
   b. the national government was too weak to impose needed programs on state governments.
   c. states could be required to enforce national programs without receiving the necessary funds.
   d. local governments had no power in the federal system.

19. The decision by the city of New London, Connecticut, to force homeowners to sell their homes so
    a hotel and conference center could be constructed is an example of
    a. eminent domain.
    b. special district governance.
    c. intergovernmental lobbying.
    d. devolution.

20. School districts, water boards, and regional public transportation are good examples of
    a. general service governments.
    b. an intergovernmental lobby.
    c. unfunded mandates.
    d. special district governments.

21. Which of the following statements best describes the demographic characteristics of the
    intergovernmental lobbying?
    a. These lobbyists are found exclusively working for private business interests.
    b. These lobbyists are employed by some level of the federal bureaucracy.
    c. These lobbyists represent private, consumer, and business groups.
    d. This lobbying effort is not directed toward areas of social regulation.

22. Which of the following statements best expresses the current state of the American federal
    system?
    a. The United States continues to protect the complete independence of state and local
       governments from federal interference.
    b. States have steadily expanded their domination over national political policy.
    c. All levels of government have expanded their activity and influence.
    d. The national government has taken control of all political activity.

23. Which of the following is not a public sector interest group?
    a. National League of Cities
    b. Council of State Governments
    c. National Governors’ Association
    d. tobacco lobbyists
24. The greatest increase in the number of national-level actors on the intergovernmental stage can be found in
   a. the Constitution.
   b. the bureaucracy.
   c. Congress.
   d. the courts.

25. In the early federal period, the Supreme Court played
   a. an important role in the establishment of the national government’s dominant role.
   b. no constitutional role.
   c. a role in defending the powers of states.
   d. a part in federalism debates by deferring to state courts.

26. During the Reagan presidency, the federal government increasingly gave money to states in the form of
   a. block grants.
   b. specific policy initiatives.
   c. loans.
   d. grants-in-aid.

27. In recent years, the Supreme Court has favored which approach to federalism?
   a. deference to the national government.
   b. deference to states.
   c. refusal to address such political questions.
   d. denial of the constitutional basis of American federalism.

Essay Questions
1. Discuss the myth of national government dominance, describing the evidence that supports it and the evidence that suggests that the myth is a distortion of reality.
2. Describe the evolution of American federalism through the period of the Great Depression, and identify the forces that altered the interpretation of federalism in each key era.
3. Discuss the influence of federal government aid programs on the balance of federalism during the past 100 years.
4. What have national government actors sought to change about the workings of federalism since 1980, and what actions have they taken to make those changes?
5. What accounts for the gains and losses in state power?

ANSWER KEY

Reading Tables and Politics & Popular Culture
1. In 1949–50, the local government expended more than the state; in 1999–2000, the state expended more than the local.
2. In the years after 1979–80.
3. Negative portrayals may include: Inherit the Wind, Neil Young songs (“Southern Man” and “Alabama”), and Mississippi Burning.
4. The men watching the assault are smiling in a rather relaxed manner, while Sumner himself appears relaxed, almost as if he is prepared to die because his soul is right.
Identifying Key Terms and Ideas
1.  l
2.  m
3.  h
4.  u
5.  r
6.  d
7.  t
8.  f
9.  n
10.  j
11.  e
12.  w
13.  v
14.  q
15.  a
16.  p
17.  o
18.  i
19.  s
20.  b
21.  x
22.  c
23.  y
24.  g
25.  k

Understanding Facts and Concepts
1.  True.
2.  True.
3.  False. During the Depression, expanded national programs led to more shared functions with state government.
4.  True.
5.  False. That urban social focus began only during the 1960s with the Johnson Great Society programs.
6.  True.
7. False. Block grants were designed to give states greater freedom. These grants are not limited to specific purposes but are awarded to the state to be used in broad policy areas.

8. False. During the 1980s, Congress converted many categorical grants into block grants to expand states’ power over social programs.


10. True.

11. False. Until the late 1980s, Supreme Court rulings generally expanded national policy authority over state powers.

12. True.

13. False. Congress has historically increased authorization of federal programs, whereas the bureaucracy has had the divided task of both providing and regulating aid programs.

14. False. The power of eminent domain exists at the national, state, and local levels of government.

15. False. The political reality is that the state and local governments often are in conflict with each other, for example, over access to federal grants.

16. False. The Constitution does not speak of local governments. They are created by the states and are most influenced by their great diversity.

17. True.

18. False. Overwhelmingly, public schools are funded via state and local revenue sources.

19. True.

20. False. There are many checks from Congress, the executive, and the courts on the power of bureaucracy.

**Multiple-Choice Questions**

1. b
2. c
3. c
4. a
5. a
6. d
7. d
8. b
9. a
10. d
11. a
12. c
13. b
14. a
15. d  
16. c  
17. d  
18. c  
19. a  
20. d  
21. c  
22. c  
23. d  
24. b  
25. a  
26. a  
27. b  

**Essay Questions**

1. The image of intergovernmental relations reflected in different parts of the state of American federalism challenges the myths of national government weakness or dominance.
   - Strong federal government
   - Entitlement programs
   - *McCulloch v. Maryland*
   - Grant-in-aid programs
   - Dual federalism
   - State police powers
   - Devolution
   - General service governments
   - Intergovernmental lobby

2. Present and compare the types of American federalism.
   - State-centered federalism
   - Nation-centered federalism
   - Dual federalism

3. Fully discuss the different types of grants.
   - Categorical grants
   - Formula grants
   - Project grants
   - Matching grants
• Grants directed at policy areas
• Block grants

4. Fully examine the following points. Make sure your examinations are supported with specific examples.
   • Reduction in federal grants-in-aid to states and localities
   • Government shifts work to state level
   • Block grants
   • Devolution

5. There are four major components to this answer:
   • Supreme Court interpretation of federalism shifts
   • The amount of political power states’ can mobilize
   • Public opinion
   • Administrative capabilities