Politics in Action

In Spring 2006, as many as five million immigrants, their family members, and advocates of immigrant rights marched in 150 cities nationwide. What unified these protestors? They opposed legislation passed in the U.S. House of Representatives criminalizing immigrant presence in the United States without an immigrant visa. This legislation passed in response to outrage among many in the United States that 12 million unauthorized immigrants resided in the United States, that their numbers were growing, and that they were perceived to be changing the national culture. These advocates of immigration restriction did not, for the most part, protest in the streets as did the immigrant rights advocates. Instead, they used the media, particularly new forms of media such as talk radio and Internet blogs, to build a social movement to pressure Congress to add new barriers to unauthorized migration, to criminalize unauthorized status, and, perhaps, to reduce legal immigration, which is also at historic highs.

The high level of immigration-related popular organization seemed to signal substantial changes in policy. In the years since the protests, however, policy has changed little. The Senate rejected the criminalization provisions passed by the House, largely removing this from the popular debate. The House and Senate did agree to build a fence along as much as 700 of the 1,950 miles of the U.S.–Mexican border and to add staffing and resources to Immigration and Customs Enforcement, the agency responsible for policing the border. The core of U.S. immigration policy has changed little in this period.

Why did popular concern and fear (among immigrants and their supporters) and outrage (among those seeking restriction) not translate into major policy change? Several explanations are possible, but each speaks to the design of the U.S. national government. Like the U.S. public, Congress is divided on immigration. Some seek restriction and criminalization, others want to ensure that employers have a sufficient labor supply and are willing to expand immigration to achieve this goal, and still others want to ensure that unauthorized immigrants have the opportunity to transition to a legal status. None of these positions represents a majority and each can block the others. The U.S. presidency is a weak executive compared to leaders in parliamentary systems. President Bush’s leadership was weakened by his lack of popular support in the electorate and his lame-duck status. So, the president and the executive branch were largely irrelevant to the immigration debate. Ultimately, the electorate in a democratic system should be able to influence legislators. In the current era, however, most incumbent members of Congress face little risk of electoral defeat, which reduces their incentive to compromise on immigration or other highly conflictual issues.
So, despite deep-seated concerns in the American public about many aspects of immigration policy, little has changed. A compromise will eventually be reached, but in the interim many more unauthorized immigrants will join U.S. society, many millions of unauthorized immigrants will live in U.S. society without legal protections, and U.S. citizens concerned about the cultural and economic impact of immigrants will become further alienated from U.S. politics.

Geographic Setting

The 3.79 million square miles of the United States occupy approximately half of the North American continent and represent an area about half of the size of the Russian Federation and slightly larger than China. Its population, approximately 304 million people, is dwarfed by the populations of China and India.

The United States has only two neighbors, Mexico and Canada, which 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 (such as coal, oil, and metals), arable land, navigable rivers, and protected ports. The abundance of land and natural resources has engendered a national ethos that there will always be enough resources to meet national needs. This abundance explains in part the low support for environmental protection laws in the United States. Finally, the United States has always had low

<table>
<thead>
<tr>
<th>Year</th>
<th>Event / Description</th>
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<tbody>
<tr>
<td>1941–1945</td>
<td>U.S. participates in World War II</td>
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<tr>
<td>1964</td>
<td>Tonkin Gulf Resolution authorizes military actions in Vietnam</td>
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<td>1974</td>
<td>Richard Nixon resigns the presidency in the face of certain impeachment</td>
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<td>1978</td>
<td>California passes Proposition 13</td>
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<tr>
<td>1996</td>
<td>Federal government ends the guarantees of social welfare programs to the poor established during the New Deal</td>
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<tr>
<td>1998–1999</td>
<td>U.S. House of Representatives impeaches and the U.S. Senate acquits President Clinton</td>
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<tr>
<td>2000</td>
<td>George W. Bush (R) defeats Al Gore (D) in a disputed election resolved by a ruling from the U.S. Supreme Court</td>
</tr>
<tr>
<td>2001</td>
<td>The World Trade Center and the Pentagon are targets of terrorist attacks using hijacked civilian airliners</td>
</tr>
</tbody>
</table>
population densities and has served as a magnet for international migration. In 2006, for example, the United States had approximately 84 people per square mile. This compares to 611 people per square mile in Germany, 968 in India, and 17,060 in Singapore.1

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

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Table 7.1

<table>
<thead>
<tr>
<th>Political Organization</th>
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<tbody>
<tr>
<td>Political System</td>
<td>Presidential system.</td>
</tr>
<tr>
<td>Regime History</td>
<td>Representative democracy, usually dated from the signing of the Declaration of Independence (1776) or the Constitution (1787).</td>
</tr>
<tr>
<td>Administrative Structure</td>
<td>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.</td>
</tr>
<tr>
<td>Executive</td>
<td>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.</td>
</tr>
<tr>
<td>Legislature</td>
<td>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).</td>
</tr>
<tr>
<td>Judiciary</td>
<td>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).</td>
</tr>
<tr>
<td>Party System</td>
<td>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.</td>
</tr>
</tbody>
</table>
the nineteenth century, when rapid population expansion was reinforced by an imperialist national ideology (manifest destiny) to push the westward boundary of the country from the Appalachians to the Pacific. The indigenous residents of the western territories were pushed aside in the process of expansion. The United States experimented with colonialism at the turn of the twentieth century, leading to the annexation of Hawaii, Guam, the Northern Marianas Islands, and Puerto Rico. Hawaii became a state in 1959.

The United States faces little challenge to its territorial boundaries today. Although some in Puerto Rico seek independence, most want either a continuation of Commonwealth or statehood. Commonwealth status for Puerto Rico reflects something of a semantic compromise; Puerto Rico is a colony of the United States that has been granted autonomy in local governance, but has limited autonomy in trade and foreign policy. Puerto Ricans are U.S. citizens by birth and can travel freely to the United States. 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).

**Critical Junctures**

The first four critical junctures in U.S. political history appeared at points when mass discontent became sufficiently organized to alter governing institutions or relationships. Each of these junctures challenged dominant paradigms of 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: the period from the beginning of the American Revolution through the ratification of the U.S. Constitution, the Civil War and Reconstruction, the New Deal, and a contemporary period of routinely divided national government that began with the 1968 national elections. This last period, which is ongoing, is somewhat less focused than the other three because we cannot know its ultimate outcome. It was into this ongoing period of divided national government that the United States experienced the attacks of September 11, 2001, the final critical juncture analyzed here.

The Revolutionary Era (1773–1789)
The American Revolution was sparked by mass and elite discontent with British colonial rule that resulted in the signing of the Declaration of Independence on July 4, 1776. The Revolution itself was only the beginning of a process of creating a new form of government. Mass interests sought to keep government close to home, in each colony, and wanted each colony to have substantial autonomy 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 this battle initially. From 1777 to 1788, the Articles of Confederation governed the nation. The Articles’ weaknesses, specifically the inability of the national government to implement foreign or domestic policy, to tax, or to regulate trade between the states without the acquiescence of the individual governments of each of the states, allowed elite interests to gain support for their replacement 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. In this period, states established their own foreign policies, which were often divergent 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 provided the federal government with a source of financing independent of the states. And, most important, it created an executive officer, the president, who had powers independent of the legislature. Initially, the U.S. presidency was quite weak, but its power grew in the twentieth century. 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 can be found in Article I, Section 8 of the Constitution and tend to vest the federal government with the power to create a national economy. Finally, the Constitution sought to limit the citizenry’s voice in government. Presidents were elected indirectly, through the Electoral College. Members of the Senate were elected by state legislatures. Only the members of the House of Representatives were elected by the people, but regulation of who could vote for members of the House was left to the states. (See “Institutional Intricacies: The Electoral College.”) In the nation’s early years, only property-holding men held the vote in most states. By the 1840s, most white adult men were enfranchised. Women did not receive voting rights nationally until 1920.

As popular support for ratification of the Constitution began to rise, many who had supported the Articles of Confederation made a new demand: that the newly drafted U.S. Constitution include enumerated protections for individuals from governmental power. Meeting this demand for a Bill of Rights, a specific set of prohibitions on the new national government was necessary to ensure the ratification of the Constitution. Although the specific rights guaranteed in the Bill of Rights had little substantive meaning for Americans in the 1790s, over time they came to offer protections against the excesses of national and state government. Interpretation of the meaning of these rights ensured that the federal courts would play an increasingly significant role in U.S. national government, particularly in the twentieth century.

The Civil War and Reconstruction (1861–1876)
The second critical juncture in U.S. political history was the Civil War. While the morality of slavery
convulsed the nation prior to the war, the war itself began over the question of whether the states or the national government should be dominant. Despite the seeming resolution of this question during the Revolutionary era, many states still believed they could reject specific federal laws. Any time Congress threatened to pass legislation that would restrict slavery in the South, the legislation would be met by a threat by one or more southern state legislatures to nullify the law. From the perspective of most in the North and some in the South, the potential for any state to nullify federal laws put the union at risk (and would return the United States to the system of governance under the Articles of Confederation). The Civil War resolved this issue in favor of the indivisibility of the union. A second long-term consequence was to establish an enforceable national citizenship to supplement the state citizenship that had predated the ratification of the Constitution. This establishment of a national citizenship began a slow process that culminated in the New Deal, as the nation’s citizens looked to the federal government to meet their basic needs in times of national crisis.

**Institutional Intricacies: The Electoral College**

Until votes started to be counted in the 2000 election, most Americans did not realize that voters do not directly elect the president or the vice president. Instead, they learned, the president and vice president are elected by the Electoral College, which in turn is elected by the voters on Election Day. The framers of the Constitution designed the Electoral College to act as a check on the passions of the citizenry. Like the indirect election of senators by state legislatures that survived until 1913, the Electoral College was a device to place elites between voters and the selection of leaders. Senators are now elected directly, but the Electoral College remains. On Election Day, voters elect a slate of electors who are pledged to vote for a particular candidate. The number of electors in a state is equal to the state’s number of Representatives plus its two senators. With the ratification of the Twenty-Third Amendment to the Constitution in 1961, the District of Columbia also has three electors, although it has no voting representation in Congress. To win, a candidate must earn half the total number plus one, or 270, of the Electoral College votes.

The electors, who are not named on the ballot, are selected by the state parties. They are usually state party leaders who are named as an honor for past service. As a result, they are very likely to support the candidate to whom they are pledged when the electors meet in each state capital early in December. Most states also require (by law) that an elector vote for the candidate to whom he or she is pledged. But there are examples, as recently as the 2004 election, where electors did not vote for their pledged candidate. Such “faithless” electors have not affected the outcome of any election so far. What would happen in a close election if a handful of electors did not vote for the candidate to whom they were pledged? Congress, under the Constitution, would have to count their votes as reported. Thus, in this hypothetical close election, a few stray electors could deny the winner a majority by voting for a third candidate. This would throw the election into the House of Representatives. More unlikely, the electors could vote for the losing candidate and give him or her the presidency.

As the 2000 election demonstrated, the Electoral College system can make a winner out of the person who places second in the popular vote. Al Gore won the popular vote by more than 500,000 votes, but he lost the Electoral College by a vote of 271 to 266 (one faithless elector from the District of Columbia did not vote for Al Gore, who had won a majority of the District of Columbia’s popular vote). All but two states award electoral votes on a winner-take-all basis. This practice maximizes the influence of their voters and increases the likelihood that candidates will campaign in that state, no large state is likely to sacrifice this practice unless all do. Thus, the candidate who receives the most votes in these winner-take-all states wins all of the state’s Electoral College votes. In races with three or more serious candidates, these votes can be awarded to candidates who received far less than a majority of the state’s votes.
As part of the process of establishing full citizenship for the freed slaves after the war, Congress revisited the question of individual liberties and citizenship for the first time since the debate over the Bill of Rights at the end of the Revolutionary era. 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) that shape citizenship today. First, it extended the protections of the Bill of Rights to cover actions by states as well as by the federal government (the courts slowed the implementation of this provision). Second, it extended citizenship to all persons born in the United States. This made U.S. citizens of freed slaves (a legal necessity because an 1857 Supreme Court ruling, Dred Scott v. Sanford, had held that all blacks, slave or free, were not and could never be U.S. citizens) but also guaranteed that U.S.-born children of the tens of millions of immigrants who migrated after 1868 would become U.S. citizens at birth. Without this constitutional protection, the children of immigrants could have formed a legal underclass—denied citizenship but with no real tie to a foreign land. (This kind of excluded status characterized the children of many immigrants to Germany until 2000.) Third, Congress sought to establish some federal regulation of voting and to grant the vote to African Americans (these provisions were strengthened in the Fifteenth Amendment, ratified in 1870). Failure of the federal government to continue to enforce black voting rights meant that African Americans, particularly in the South, could not routinely exercise the vote until the passage of 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 Voting Rights Act and subsequent nationalization of voting rights and voting procedures would have likely been found to be unconstitutional without these Civil War-era amendments.

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 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 the agricultural sector and to offer farmers protections against the cyclical nature of demand. These programs, which had been understood as being within the purview of the states to the extent that they existed at all, expanded dramatically in the fifty years after the New Deal. The legislative and judicial battles to establish such policies are direct outcomes of the New Deal and represent a fundamental expansion of the role of the federal government in the lives of individual Americans.

This juncture also saw the federal government assert dominance over the states in delivering services to the people that gave substantive meaning to the national citizenship that was established during the critical juncture of the Civil War and Reconstruction. Equally important, the critical juncture of the New Deal saw the presidency assert dominance over the Congress in terms of policy-making. The U.S. president during the New Deal, Franklin D. Roosevelt, found powers that no previous president had exercised and permanently changed the office of the presidency. Despite many changes in U.S. politics since 1933, 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 should be seen in the context of 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 that had not been seen either before or after in American politics. 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) relative to other visions for the U.S. government that were discussed in the era. 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 an international conflict beyond its borders, the experience of World War II was different at the inception of U.S. involvement and at the conclusion. The United States entered the war after U.S. territory was attacked (the Japanese bombing of Pearl Harbor). After the war, the United States was at the center of a multilateral strategy to contain the Soviet Union. This newly internationalist foreign policy enjoyed wide popular support.

Divided Government 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. Division such as this cannot exist in parliamentary systems. This division exacerbates the inefficiency that was designed into the American constitutional order and increases popular distrust of government (see Section 3).

The 1968 election saw the election of Richard Nixon (a California Republican) to the presidency. 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 1981, from 1993 to 1995, and beginning in 2009. The Republicans controlled all three from late January to early June 2001 and again from January 2003 to January 2007. This division of the federal government between the parties and the emergence by the end of the 1990s of a near equal division between the parties in the electorate in the 2000 and 2004 elections slow the government’s ability to respond to controversial policy issues.

The second ongoing dimension of the contemporary critical juncture began a few years later but 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 that was ongoing throughout the twentieth century, and particularly since the New Deal. The electoral roots of this popular discontent can be found in the passage of Proposition 13 by California voters in 1978. California allows citizens to propose ballot initiatives—legislation that appears on the state ballot. If passed by the voters, it cannot be reversed by the legislature. This is one of the few forms of direct democracy in the U.S. system. Proposition 13 limited California’s ability to increase property taxes. The dissatisfaction expressed by Californians with the cost of government soon spread to other states. The passage of Proposition 13 began an era that continues today, in which many citizens reject the expansion of government and its role in citizens’ lives that began with the New Deal.

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 in U.S. life. It is considerably more difficult for policymakers to find middle-ground compromise positions on issues such as these. Advocates on all sides of these issues seek to use government to protect their interests, while condemning government for allegedly promoting the interests of groups with alternative positions. The U.S. government offers individuals and groups with differing positions the opportunity to influence policy in different governmental arenas. Ultimately, the courts—the unelected branch of the U.S. government—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. This nearly even
legislative division makes judicial nominations more contentious as well.

**September 11, 2001, and Its Aftermath**

It is in this environment—one of routinely divided government and national and local debates about the size and scope of government—that the United States responded to the September 11, 2001 terrorist attacks. 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. Quickly, however, partisan divisions and concerns about the powers the president was seeking for the federal government (a concern related to the size and scope of government) began to appear. With Congress so closely divided and neither side actively seeking compromise, the United States soon saw the consequences of the structure and scope of government in the period of the fourth critical juncture. These divisions were exacerbated by the preparations that the Bush administration made in 2002 and early 2003 to invade Iraq and by its willingness to pursue domestic tax cuts and dramatically increase the size of the federal budget deficit.

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 (or significant dissent), Congress passed a dramatic expansion of government’s ability to conduct surveillance, to enforce laws, to limit civil liberties, and to fight terrorism—the United and Strengthening America by Providing Appropriate Tools to Intercept and Obstruct Terrorism Act (or USA PATRIOT Act) of 2001. Just 65 of the 435 members of the U.S. House of Representatives and 1 of the 100 members of the U.S. Senate voted against this bill.

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. Bush justified this military action with evidence that the September 11 hijackers were trained in Afghanistan and that the Al Qaeda network received protection from the Taliban regime that ruled Afghanistan. At the beginning of the war, nearly nine in ten Americans supported military action in 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. U.S. allies joined the United States in what President Bush characterized as a “war against international terrorism.” When the United States invaded Afghanistan in October 2001, the coalition included forty nations, including all NATO member states. Popular support in other countries was also high to create an international coalition to remove the Taliban government in Afghanistan. Support for participation of their own governments exceeded 65 percent among Danes, the French, Indians, Italians, the Dutch, and the British. Nearly two-thirds of Germans supported U.S. military action in Afghanistan.

The initial domestic cohesion and international support for the United States in the months after September 11, 2001 dissipated quickly in 2002 and 2003. Although the causes were numerous and differed domestically and internationally, 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. Why did his support slip so dramatically? 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. U.S. and coalition force casualties in Iraq, for example, numbered 173 in March and April 2003, the period of combat. U.S. casualties had grown to 4,000 by March 2008. 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 agenda. While
these positions did not differ from those taken prior to September 11, 2001, many 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 switch of one state in the Electoral College (Ohio—which President Bush won by 119,000 votes) would have given the presidency to John Kerry in 2004.

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 summer of 2002, 75 percent of UK residents and 61 to 63 percent of French, Germans, and Russians had a favorable
The United States view of the United States. Just two years later, the share reporting favorable views of the United States declined to 58 percent in the United Kingdom, 37 percent in France, 38 percent in Germany, and 47 percent in Russia.

In the years immediately after the September 11, 2001 attacks on the United States, the United States won and squandered international support, and the Bush administration lost some of the domestic support that it enjoyed in the months after the attack. 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. Domestically, the electorate was largely divided prior to 2001, and these divisions reappeared as the shock of the 2001 attacks diminished and other, largely domestic issues returned to their traditional spot at the top of most citizens' policy agendas. In the era of divided government and political contestation of the scope of government, national unity will be the exception rather than the rule.

Themes and Implications

Historical Junctures and Political Themes

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). As will be evident, the period of consensus after the September 11, 2001 attacks was an exceptional moment in American politics. When the Constitution was drafted in 1787, its framers 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.

In the modern world, the United States may be at a disadvantage with such a system relative to other governing systems that can react more quickly and decisively to societal needs and shifts in public opinion. Leadership in parliamentary systems changes when leaders lose support from the legislature. 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. When a prime minister loses the support of his or her party on key issues, elections are called. 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. In addition to the differences between the parliamentary and the presidential systems, federalism (a division of governing responsibilities between the national government and the states) further slows government action.

The tensions inherent in a system designed to impede governmental action are seen in each of the cross-national themes explored in this book: a world of states, governing the economy, the democratic idea, and the politics of collective identity.

Until the New Deal era 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 decline of communism and the end of the cold war, this postwar internationalism has declined; 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 willingness to move unilaterally manifested itself in the shallow coalition that supported the United States in the Iraq War. This decline in interest in the U.S. role in the world among some in U.S. society 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). Thus, the United States has governed the economy only selectively. This hands-off attitude toward economic regulation can come at a price. The global credit crisis of 2008 was the result of dramatic increases in home lending to borrowers in the United States who were very unlikely to be able to repay the loans unless housing prices continued to increase. These “subprime” loans often trapped borrowers with low initial payments that would rapidly grow to levels that they could not pay.

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. Yet its ability to continue to promote the nation’s commerce is today limited by the challenge to the size and scope of government.

The democratic idea inspired the American Revolution and all subsequent efforts to secure and increase freedom and liberty. 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 government. The decline in mediating institutions that can channel these demands reduces the ability of individual citizens to influence the national government (see Section 4).

A continuing challenge in U.S. governance is the politics of collective identities. 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 based on their differences from the larger society. 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 (See “Current Challenges: Incorporating Immigrants.”). Preliminary evidence indicates that the process may be even quicker for immigrants who possess skills and education but slower for those who do not. National economic decline or the rise of a virulent anti-immigrant sentiment could slow or even stop the acculturation process. Despite the acculturation of previous waves of immigrants and their children, 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 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 members; and U.S. society has been much less divided by class than have the societies of other states.

The United States has influenced other nations both because of its success and because it sometimes imposes its experiences on others. 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 multietnic 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. Thus, for all of its strengths and weaknesses, it is necessary to know about the U.S. experience to understand more fully the shape of modern democracies throughout the world.
The United States

State and Economy

When national leaders present the accomplishments of the United States, they often hold its economy up as an example of what the nation offers to the world and what it offers to its citizens. 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, such as the assembly line early in the twentieth century, industrialized agriculture at midcentury, and Internet commerce at its end, but 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. As the number of borrowers who could not pay their monthly mortgage payments grew, the U.S. economy slid toward recession and the global economy slowed.

The Constitution reserves for the federal government authority to regulate interstate commerce and commerce with foreign nations. As a result, state and local governments are limited in their ability to shape the economy. When states have tried to regulate commerce, their efforts have been ruled unconstitutional by the Supreme Court. 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.

With the exception of 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. While these account for more in terms of federal expenditures than does stimulation for new industries, political support for propping up ailing industries usually dies quickly. With limited government intervention, the shape of the economy is determined largely by market forces.

Agriculture is an exception to this pattern. 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 democratically 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. Its decisions to lower interest rates gave financial markets confidence, but is outside of the control of the electorate. In other words, the Federal Reserve’s decision to end the interest rate cuts out of fears of inflation cannot
be reversed by Congress or the president. The Federal Reserve also assumed new responsibilities that may signal an expansion of its role in U.S. society. It worked with investment bank J.P. Morgan so that it could absorb another investment bank, Bear Stearns, that otherwise would have collapsed and potentially damaged the global economy. The Federal Reserve accepted as collateral as much as $30 billion in mortgage-related loans that had been made to borrowers with poor credit records that ultimately may not be repaid. Without the Federal Reserve guarantees, Bear Stearns would have collapsed, forcing other ailing investment firms and banks into bankruptcy and damaging the U.S. economy as a whole.

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.

While the United States has taken a more laissez-faire approach to its economy than have other advanced democracies, 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 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, and the enhanced road system and consequent cheap transportation forced native producers to compete in a world economy where their locally produced goods might be more expensive than the same goods produced elsewhere in the United States or abroad.

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. In sum, 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. In 2007, for example, the United States imported $709 billion more in goods and services than it exported. 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 will act as a downward pressure on the U.S. dollar in the long run (see Figure 7.2). 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 European common currency, the euro, is increasingly serving as a reserve currency, leading to a decline in the value of the dollar relative to the euro (and other currencies) and increasing the cost to U.S. consumers of goods produced abroad. Between 2001 and 2007, the share of total foreign exchange reserves held in euros increased from 18 to more than 25 percent; the share held in dollars decreased from 73 to 64 percent. 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 (which is discussed later in this chapter) and market concerns about unfunded liabilities in federal and state pension, health care, and insurance programs.

The government, both federal and state, regulates aspects of the economy and employer-labor relations. Beginning in 1890, the United States enacted
antitrust legislation that gave it the ability to break up large businesses that could, by the nature of their size, control an entire 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 (and the courts’ occasional rejection of government antitrust initiatives) 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 that limit the ability of industry to operate in a free market relative to its workforce (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 (through the Veterans Administration), provides water and electrical power to Appalachian states (through the Tennessee Valley Authority), manages lands in the West and Alaska (through the Department of Interior), runs the civilian air traffic control system (through the Federal Aviation Administration), and, after September 11, manages passenger and luggage screening at commercial airports (with increasing support from private contractors). 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 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...
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. The visible successes of the early environmental regulations reduced the salience of environmental issues, particularly those that would have impact in areas where few people live. As the environment has diminished as a popular concern, traditional laissez-faire attitudes toward governmental regulation have allowed presidents and Congress to trade economic gains for environmental losses. These 1970s-era environmental regulations have not been followed by a continuing national commitment to environmentalism. President Ronald Reagan opened federal lands to further commercial exploitation. President George W. Bush proposed opening the Arctic National Wildlife Refuge (ANWR) to oil exploration, an effort that was blocked by a Democratic-led filibuster in the U.S. Senate. Presidents of both parties reduced auto fuel efficiency standards for cars and light trucks, a pattern that may have been reversed in 2007 with the passage of legislation requiring steady increases in average auto and light truck fuel economy between 2008 and 2020.

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 sent to the U.S. Senate for ratification and is, consequently, nonbinding on the United States. Among the reasons offered by President Bush for his failure to send the treaty to the Senate for ratification was the strain that he believed that it would put on the U.S. economy. Under Kyoto, the United States would have been obliged to cut greenhouse gas emissions by 7 percent between 2008 and 2020. The comparable requirement for European Community states was an 8 percent cut in this period (on average, people in the United States produce twice the volume of greenhouse gases as do Europeans, a function of differing levels of regulation and different costs for
The United States consuming energy). 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.

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. In 2006, for example, the richest fifth of families earned approximately 50.5 percent of the nation’s income. The poorest fifth, on the other hand, earned just 3.4 percent (see Figure 7.3). The top 5 percent alone earned more than 22.3 percent of the total amount earned. Wide differences exist between women and men and between racial groups. Women, on average, earned $12,000 annually less than men in 2005. Non-Hispanic whites earned an average of $29,000 in 2005 compared to $26,000 for Asian Americans, $17,000 for blacks, and $14,000 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 (when the top 20 percent of households earned approximately 44 percent of what was earned), 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.

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 $8,950 to 35 percent for individuals with incomes exceeding approximately $363,000. The progressive nature of federal taxes is reduced considerably by two factors. Upper-income taxpayers receive a much higher share of 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 and 7.65 percent paid by the employer. The Social Security share of this tax is imposed only on the first $102,000 of income and not at all on higher incomes. This is a regressive tax: higher-income taxpayers pay a lower share of their income for Social Security than do lower-income taxpayers.

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 8.75 percent depending on the state, on most consumption; some states exempt food and other items from sales taxation. 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 dedicate all of their income to consumption. Not all states have income taxes. Among those that do, 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. All people pay these in one way or another. 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 vast 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. Today, approximately 12 percent of American workers are unionized; this rate steadily declined in the twentieth century, but is slowly edging upwards.

Agriculture and industry could not have grown in the United States without the importation of this immigrant labor. With only a few exceptions, the United States has 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. (The others—Canada, Australia, and New Zealand—share a colonial history with the United States.) 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 7.4). Another 500,000 migrate without legal status each year and stay (many more who migrate as undocumented immigrants come and go during any year). 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. It should be noted that 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.

In 2006, approximately 44 million people, or about one in seven Americans, did not have health insurance. Many poor families are eligible for a needs-based health insurance program, Medicaid, provided by the federal government. In the mid-1990s, Congress and President Bill Clinton sought to craft a policy solution to insure the uninsured; their efforts collapsed around questions of cost and...
the role of government in allocating and regulating health insurance. Employers and the health care industry are again looking to government for assistance in providing insurance, and the uninsured (and the potentially uninsured) will demand government action. The cost of insurance and fears among the insured that they may lose their insurance have placed health care issues among the top issues in U.S. elections. The proposals of major candidates, however, reflect ongoing debates about the size and scope of government. Republican candidates generally favor subsidies so that individuals can buy insurance from private providers. Few Democrats advocate a single government-managed insurance program like those of other advanced democracies.

Despite these many concerns, it seems even less likely today than it did in the early 1990s that the federal government will assume a responsibility for providing health insurance to the American populace. The cost, estimated to be at least $176 billion annually, is too high, and there is no consensus in Congress as to who should manage such a program: the public or private sectors. Finally, subsequent presidents learned a lesson from the Clinton administration’s experience with trying to reform health care: that there is little to be gained because the financial cost of successful health care reform is very high and any reform would require new taxes that would generate much opposition in the electorate.

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 some reform 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 2041. Of more immediate importance, Medicare—the government health plan for the elderly—will begin run out of funds in 2019. 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, but there is little incentive for Congress to act in this area and suffer the political consequences in an era of divided government.

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. These living wage campaigns seek to force cities and municipal contractors to pay such wages.

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 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. They establish benefit levels, and are responsible for moving recipients off the programs. 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.

The federal and state governments have one final recurring impact on the national economy that is more indirect but will likely be of increasing importance in the coming years: both the federal and state governments are entering a period of high deficit spending. Current estimates suggest that the federal government will spend $410 billion more than it raised in 2008. Projections indicate that half of the states will face budget deficits in 2009 with a total deficit of at least $37 billion. Most states will be required to close this deficit very quickly by raising taxes or cutting services. The federal government, on the other hand, can continue to run a large annual deficit. The sum of these deficits—the national debt—totals nearly $9.5 trillion.

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 2008, the federal government will pay approximately $443 billion in interest on its debt.
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 in international politics to take a leading role in the regulation of 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. These were to provide loans and grants to developing economies in exchange for their agreement to reduce government regulation of their economies and open their domestic markets to internationally produced goods. 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 Group of Eight (G-8), for example, conducts annual meetings of the leaders of the eight largest industrial democracies (the United States, Japan, Germany, Britain, France, Italy, Canada, and Russia).

The United States is also part of regional trading networks, such as NAFTA with Canada and Mexico. NAFTA did not initially have extensive support in Congress, but President Clinton used all the powers of the presidency to win the support of members of his own party, and the treaty narrowly passed. After its passage, the United States entered into an agreement with neighboring countries in the Caribbean to reduce tariffs on many goods (the Caribbean Basin Initiative).

NAFTA and the Caribbean Basin Initiative are likely the precursors of other regional trading agreements in the Americas. In 2002, Congress passed, and the president signed into law, authority for the president to negotiate an expansion of regional trading alliances along the lines of NAFTA. This legislation allowed the president to circumvent constitutional limits on the powers of the office. Congress agreed that it would review any trade agreement negotiated by the president with a yes or no vote that precluded amendment. Advocates of expanded trade agreements argue that this presidential authority is necessary so that other nations entering into the agreement with the United States can be assured that what they negotiate will become the law. Critics note that such treaty authority circumvents constitutional mandates that the Congress have a role in shaping policy and limits the ability of labor and environmental interests (or other groups who might oppose freer trade) to shape trade relations. This authority expired in 2007 after Democrats took control of the House and Senate and President Bush’s popularity ebbed, but will likely be reauthorized for President Obama. Over time, the United States will likely enter into a free trade area of the Americas that could potentially include as many as thirty-four nations and would serve as a counterweight to the European Community (and currency zone).

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. Although these international organizations reflect a desire by policymakers to address some international financial issues multilaterally (at least with the other advanced democracies), these efforts are ultimately limited by domestic politics. Some in Congress and a significant minority of the citizenry oppose U.S. involvement in multilateral organizations. 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. Fifteen EU members share a common currency, the euro. As the euro comes into widespread use, the dollar has faced its first challenge in many years as the world’s dominant trading currency.
In addition to contributing to multilateral institutions, the United States 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 new role of the United States in multilateral economic and defense organizations and the growth in bilateral aid reflect a change in the nation’s approach to its role in the world economy. The United States has slowly, and grudgingly, adapted to a world where it can no longer rest on its exceptionalism or simply assert its central role. Its economy and the larger society feel the effects of economic changes abroad. Thus, the U.S. government and, more slowly, the American people have seen their problems and needs from a global perspective. This incorporation into the larger world is certainly not complete. 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.

The role of the United States in the international economy may be tested in coming years in a way that it has not been since the formation of the multilateral organizations after World War II. The strength of these international organizations is inherently limited by the increasing presence of multinational corporations that are able to transfer capital and production across national boundaries with little control by governments. While this change in the political economy is a political problem that all countries will face in the twenty-first century, the United States is and will be central to this problem. 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 (see Section 3), so it will not be able to respond easily. The seeming lack of response will lead to strengthened calls by some in U.S. society to isolate the United States from the regulation of the international economy that it has helped shape. 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.

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**SECTION 3 Governance and Policy-Making**

**Organization of the State**

The governing document of the United States is the Constitution. It was drafted in 1787 and ratified by the necessary nine states the following year (all thirteen colonies had ratified it by 1790). The Constitution was not the first governing document of the United States. It was preceded by the Articles of Confederation, which concentrated most power in the states. The revision of the Articles 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, the most common area of interaction between citizens and government). 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 would be the extension of the vote to women and to citizens between the ages of eighteen and twenty (the Nineteenth and Twenty-Sixth Amendments,