Federalism and the Role of the National Government

In the Student Volume, Topic 2 presents four examples of policy areas that illustrate different aspects of federalism.

Health Care

The federal government has funded Medicare and Medicaid, both major health care programs with targeted recipients, since 1965. Medicare provides health insurance to people aged sixty-five and older, as well as some younger individuals with certain disabilities or diseases. A major purpose of Medicare is to help older Americans with the variety of common medical costs that often become more frequent with age, including hospital coverage (Medicare's Part A), medical coverage that includes outpatient care (Part B), and prescription drugs (Part D). Medicaid serves those with limited income by providing free or low-cost health coverage. While Medicare is administered by the federal government, Medicaid is administered by each state.

The Affordable Care Act (ACA), passed in 2010, brought extensive reforms to the U.S. health care system and the government's role therein. The most widely mentioned effect of the ACA was the extension of health insurance coverage to more beneficiaries, both through subsidies to individuals buying private insurance via health insurance marketplaces and through the extension of Medicaid. Shortly after the law's passage, experts estimated that it would reduce the number of uninsured people in the United States by more than half, raising the coverage rate to 94 percent of Americans. (As of 2022, the figure stood at 92 percent.) Medicaid enrollment was expected to rise by approximately fifteen million (by 2020, an increase of fourteen million enrollees was observed). Even with these changes, the United States is often considered to lag behind other developed countries in both the affordability and the extent of health care coverage.

Another important effect of the ACA was the banning of certain limits that insurance companies commonly placed on coverage. Most notably, the ACA barred companies from denying coverage to individuals with preexisting conditions. This highly publicized aspect of the law was touted by President Obama in his 2009 speech to Congress, excerpted in the Student Volume. Other provisions channeled funds into programs intended to expand the availability of care and thus meet the needs of the expanded insured population. These included investments in community health centers, physician training, and the National Health Service Corps—an HHS program that incentivizes health professionals to work in underserved communities, somewhat like a health-care-specific AmeriCorps.

One controversial aspect of the ACA was an individual mandate—a requirement that all Americans either obtain health insurance or pay a tax penalty. The mandate remains in place, but without teeth; the penalty was repealed in 2017. One purpose of the mandate was to disincentivize people from seeking care in settings that were free to them but socially costly; the classic example is of uninsured patients obtaining free care from hospital emergency rooms for nonemergency complaints. Health insurance incentivizes patients to visit appropriate providers, as making the wrong choice is costly.

However, the essential purpose of requiring health insurance was to contain the costs of premiums and preserve health insurance as a viable business option. Since the repeal of the mandate, many younger and healthier people have declined to purchase health insurance—as was the case before the ACA took effect. However, a health care insurance program is bound to go bankrupt if the only people who use it are those with high medical costs. The mandate had aimed to address this by encouraging lower-risk people to nonetheless enroll.

The Children's Health Insurance Program (CHIP) is an HHS program that predates the ACA and continues today to provide health insurance to children whose families do not qualify for Medicaid. CHIP is administered at the state level and supported with federal matching of state funds. Although states are required to participate, they have broad discretion as to how to structure and administer CHIP; some administer it as part of Medicaid, while others have a separate CHIP program.

Social Welfare

The Great Depression of the 1930s was a major impetus for the expansion of federal social welfare programs. The Social Security Act was passed in 1935 to provide assistance to Americans who were retired, unemployed, or otherwise unable to work due to illness or disability. Before its passage, people who couldn't work, especially the elderly, suffered through poverty. Yet Social Security and the other New Deal programs had numerous predecessors in the initiatives of private charities, state and municipal governments, and even some for-profit firms. An early and important step in federal social welfare was the enactment of workers' compensation insurance—though at that point only for federal workers—in 1908. This paved the way for similar state-mandated programs that covered employees of private companies. Pension plans for local, state, and federal government employees were another turn-of-the-century development that provided some elements of a social safety net. Still another was the system of veterans' benefits that, after World War I, led to the formation of the Veterans' Bureau and ultimately to today's Department of Veterans Affairs. The Social Security Administration summarizes these earlier developments as "pragmatic and incremental, formulated in response to specific problems, and characterized by a great degree of decentralization."

Today, Social Security is a centralized system, overseen entirely by the federal government, that contributes to the income of retirees and many others. While they are employed, Social Security enrollees pay a tax on their earnings, which enters into a large pool of money. When they retire, enrollees draw money from this pool. The monthly amount they receive is based on their contribution. Although Social Security benefits scale with taxed income, they do not scale linearly; lower-income workers receive a larger percentage of their income (but a lower dollar amount) than do higher-income workers. Moreover, the later a person retires—up to a certain age—the larger their monthly benefit payment will be.

Other social welfare programs involve partnerships between federal and state government, often with the involvement of local government as well. Examples include Temporary Assistance for Needy Families (TANF), administered in Louisiana as Family Independence Temporary Assistance (FITAP); Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; and Medicaid. Each of these has a distinct way of dividing up funding and administrative responsibilities between levels of government. Some version of TANF, SNAP, and Medicaid is available in all fifty states, though the states can set different eligibility criteria and coverage limitations.

The Special Supplemental Nutrition Program for Women, Infants, and Children, or WIC for short, is a joint federal–state social welfare program funded by the United States Department of Agriculture (USDA). Its focus is on providing nutrition to "pregnant, postpartum, and breastfeeding women, infants, and children up to age 5." WIC is administered at the state level.

Education

Legally, the federal government does not and cannot enforce a national curriculum, but it can set certain broad and basic requirements for the curricula developed by states. Much of the federal input on K–12 education was established in the Elementary and Secondary Education Act of 1965, which was reauthorized and updated as No Child Left Behind in 2001 and most recently as the Every Student Succeeds Act, or ESSA, in 2015. ESSA requires states to set achievement standards for science, mathematics, and reading or language arts. They must also administer standardized tests to track student progress in these three areas. In Louisiana, the state legislature directs the Louisiana Department of Education (LDOE) to create standards. Once the LDOE sets standards, the Board of Elementary and Secondary Education (BESE) approves them, in the aforementioned subject areas and five others. Local educational agencies (LEAs)—generally school districts—and sometimes building principals and individual educators then decide how to implement the standards.

This same telescoping pattern of federal, state, district, and school-level concerns is seen in education funding. The federal Department of Education provides some 13 percent of Louisiana's public education funding, a percentage comparable to the national average. However, the Department of Education stipulates the use of portions of that funding, with varying degrees of specificity. For instance, ESSA provides states with grants under the heading of "Student Support and Academic Enrichment," which are then subgranted almost in their entirety to LEAs. The LEAs bear the responsibility for ensuring that grant funds are used in various portfolio areas, such as health and safety. Another block of ESSA funding goes to states to subgrant to LEAs for the purpose of improving schools identified as low performing. States make this determination based on their own criteria and coordinate with LEAs on improvement plans.

Immigration and Naturalization

The U.S. Constitution gives Congress the power "to establish an uniform Rule of Naturalization." This gives the federal government control over which foreigners can become citizens and how the process will be handled. Although the Constitution does not explicitly mention immigration, the Supreme Court has recognized that Congress has almost complete power to decide who may immigrate to the United States from other countries.

The primary federal department responsible for immigration enforcement is the Department of Homeland Security (DHS), which oversees several key agencies, including U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE). To protect the borders of the United States, CBP monitors and controls the entry of people who come into the country through airports and across land borders. This agency uses surveillance, physical barriers, and officers to deter illegal crossings.

Enforcement of immigration laws is primarily carried out by ICE, which investigates and apprehends individuals who violate immigration laws. ICE has the authority to deport undocumented immigrants and prioritizes those who have committed crimes. The agency collaborates with local law enforcement and other federal agencies to identify and arrest individuals who are in the country unlawfully.

The process by which a foreigner becomes a U.S. citizen is managed by U.S. Citizenship and Immigration Services (USCIS), another component of DHS. To be eligible for naturalization, applicants must meet specific criteria, including being a lawful permanent resident for a certain period of time, demonstrating good moral character, and passing English and civics tests. Those who wish to become a U.S citizen must submit an application, sit for an interview with a USCIS officer, and take an oath of allegiance to the United States. USCIS also works to inform the public about immigration processes and rights.

Domestic Policy and the Economy

Louisiana's New Deal Legacy

Louisiana is home to many projects constructed by two New Deal agencies, the Works Progress Administration (WPA, 1935–43) and the Public Works Administration (PWA, 1933–39). More than a few of these have become historic sites or local landmarks. The Cabildo is just one of numerous examples in New Orleans. The results of other WPA and PWA projects include parts of the Audubon Zoo and several City Park bridges and outbuildings. Baton Rouge, too, contains several noteworthy New Deal constructions; Louisiana State University alone hosts buildings constructed by the PWA, WPA, and Civil Works Administration (CWA), the largest being the Parker Agricultural Center. New Deal builders were active outside of Louisiana's major cities, too; eleven parish courthouses, all still in use as of 2014, were constructed by the PWA.

Monopolies, Antitrust Law, and "Big Business"

The Pure Food and Drug Act (1906) and the Sherman Antitrust Act (1890), which both provided greater oversight of "big business," were responses to a broader public outcry against large industry. In the late nineteenth-century United States, big companies were perceived as oppressing workers, hiding scandalous conditions of production, and cheating consumers through anticompetitive practices. By controlling the supply of a necessary commodity such as food, fuel, or building materials, these companies sought to control the prices. Demand for these goods is inelastic, meaning that people continue to need and consume them even as prices rise.

Through his reporting, Upton Sinclair in 1906 exposed the dreadful conditions in the meatpacking industry, describing diseased, rotten, and contaminated meat. This wasn't the only problem with the food supply at the time. Dairy farmers, for example, added the poison formaldehyde to milk to prevent it from becoming rotten. The lack of safeguards against unsafe food paved the way for the passage of the Pure Food and Drug Act. It prohibited the sale of contaminated food, banned the use of poisons, outlawed dishonest labeling, and required inspections to ensure food and drugs met certain quality standards. The Pure Food and Drug Act led to the creation of the country's first consumer protection agency, the Food and Drug Administration (FDA), which still oversees the safety of the American food supply.

Sinclair was not the only one working to raise awareness of the abuses perpetrated by large companies. Like the meatpacking industry in the early 1900s, the oil industry—one of the biggest targets of antitrust legislation—had its vocal critics among the journalists of the 1880s and 1890s. Arguably the most prominent was Ida Tarbell, whose reporting continued to draw attention to Standard Oil's monopolistic behavior even after the Sherman Act passed.

The Sherman Act was not the first major legislation that aimed to rein in big business in the United States under the authority granted by the commerce clause. The Interstate Commerce Act, which predates the Sherman Act by three years, focused specifically on U.S. railroad companies, which many accused of giving preferential rates to larger corporate partners while overcharging individuals and small businesses. The Interstate Commerce Act put an official end to these multitiered pricing schemes.

Because the story of the Sherman Antitrust Act is typically told in conjunction with that of Standard Oil, it is important to note that the act banned monopolistic practices irrespective of industry and has historically been applied to a variety of different industries. Indeed, the Sherman Act is notable in part because its provisions cut across industries and address the structures and practices of monopoly. The first provision makes it illegal to form businesses, corporations, or trusts that restrict interstate or international trade. It also precludes price fixing and a variety of other anticompetitive practices. The second provision more broadly outlaws monopolies, whether on large or small segments of trade or commerce, and vests courts with the authority to dissolve businesses found in violation.

Despite the Sherman Act, it took two further decades of trust-busting efforts before, in 1911, the Supreme Court finally disbanded Standard Oil into its constituent companies. One obstacle was the Supreme Court's ruling in *United States v. E. C. Knight Company* (1895), which applied such a narrow definition of monopoly that a company could refine 98 percent of the nation's sugar and still not run afoul of the Sherman Act. The breadth of meaning that can be assigned to terms such as *monopoly* and *trust* has been a source of many challenges in the act's application and interpretation.

Apart from the landmark success of *Standard Oil v. United States* (1911), the Sherman Act was used infrequently even in its heyday, though it was strengthened in 1914 by the Clayton Antitrust Act and the creation of the Federal Trade Commission (FTC). In 1920, the Supreme Court's decision in favor of U.S. Steel—Standard Oil's successor as the largest corporation in the country—dealt a further serious blow to antitrust efforts. Another development, and a partial reversal of permissive early interpretations, was *United States v. Aluminum Co. of America* (1945), a federal case in which Alcoa was ruled a monopoly merely because of its size and market share. The most notable Sherman Act case since that time was likely the one brought against Microsoft in 2001, which was settled after the firm agreed to make its software more interoperable with that of competitors.

More recently, the Great Recession of 2007–9 spurred more government scrutiny and regulation of certain industries. During this largest economic downturn since the Great Depression, the cheap mortgages that had driven up home prices at the turn of the century suddenly came with higher interest rates—and home prices dropped. Many homeowners faced foreclosure, destabilizing the banks that owned the debt and causing other businesses, such as automakers, to go bankrupt or seek government bailouts. The Federal Reserve stepped in by adjusting the federal funds rate, while Congress, President George W. Bush, and then President Barack Obama all supported legislation designed to stabilize the faltering national economy. In 2008, Congress passed the Emergency Economic Stabilization Act, which "bailed out" various large corporations, such as Bank of America and General Motors. Later, the Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010 established new monitoring processes for banks, other financial institutions, and insurance companies. The act also created the Consumer Financial Protection Bureau, designed to protect and educate consumers who are considering various financial services and products.

Globalization and the World Economy

Measuring a National Economy

A crucial economic indicator for understanding national economies and different countries' national interests is gross domestic product, or GDP. This is the total value of everything—goods as well as services—that is produced and sold in a country in a year (unless another time period is specified). GDP forms the usual source of claims regarding which country has the world's largest economy. As of 2015, U.S. GDP was $18 trillion, and it has continued to grow since. This constitutes roughly one-fourth of global GDP and qualifies as the world's largest economy. Around 2010, China passed Japan as the second-largest economy by GDP, and it remains the only other country with a GDP of more than $10 trillion.

Some limits or caveats regarding the use of GDP as an economic measure include the following:

- GDP does not in itself say much about a country's most important trade and diplomatic relationships.
- There are two different means of calculating GDP: dollar GDP, based on the value of U.S. currency in a particular year, and purchasing power parity (PPP), which attempts to reflect the relative purchasing power of people in different countries. PPP accounts for the fact that people spend a large portion of their earnings on nontradable goods and services—things produced and consumed locally, such as haircuts and pastries, that could not feasibly be traded on the global market. The prices of nontradables tend to be more responsive to local economic conditions, such that freshly prepared foods and personal services are cheaper in less affluent countries. (The figures given in the first paragraph are dollar GDP figures.)
- Another distinction is between a country's overall GDP and its per capita GDP, or GDP divided by the country's population. Roughly speaking, while the former measures the size of the entire economy, the latter serves as a proxy for affluence. It is the figure usually cited in discussions of the wealthiest country and standard of living. In terms of per capita GDP, however calculated, the United States is not the richest country in the world; Luxembourg, a small European country with a large and influential banking sector, has claimed the top spot in recent years, though Ireland—owing in large part to its status as a tax haven—is close.

The Balance of Trade

The difference between a country's imports and exports is known as its balance of trade. Overall, the United States imports more than it exports, which means that it has a trade deficit. (By contrast, a trade surplus occurs when a country exports more than it imports.) In most years, the United States carries a substantial goods deficit against a smaller services surplus. This assessment of the United States as a net importer of goods and a net exporter of services matches with the popular understanding of the country as a service economy.

The question of whether and how aggressively a country should work to reduce its trade deficit is a complicated one. Some economists argue that trade deficits are not in themselves harmful and may even reflect economic growth, as strong consumer spending tends to promote a deficit. For political purposes, trade deficits or surpluses are often framed in terms of "losing" or "winning" against specific trade partners; China, with whom the United States maintains a huge goods deficit, is one trade partner often mentioned in a U.S. context.

Globalized Supply Chains

One aspect of globalization is the modern dependence on worldwide supply chains to manufacture and distribute goods. For a typical consumer appliance or electronic device, it is common for the extraction and processing of raw materials, the production of components, and the final assembly of the product to all take place in different countries and even on different continents.

The automotive industry provides perhaps the best-known example of how complicated a supply chain can grow. The steel used in a car's frame, chassis, and engine block may originate as iron ore mined in Brazil, which is then shipped to China for processing before heading to a plant in Mexico. If the car is "American-made"—a term that itself belies the interconnectedness of the global economy—the parts made in that Mexican plant will then be shipped to the United States for final assembly.

Meanwhile, virtually every car on the road today also includes computer chips, often produced in Taiwan and South Korea in a process that involves rare metals predominantly mined in China. If a car is an electric one, the battery will likely also be made in China, but it will contain lithium extracted from one of a handful of extremely productive sites in South America. Seats, audio systems, brake systems, and so on may have similar international origins. In such a complex system, it is common for problems with a single, seemingly ancillary component to ripple throughout the whole industry; the most recent supply crisis in the car industry concerned not tires, engines, or batteries but chips.

Free Trade

Free trade is trade between two or more countries with no or few restrictions. Its goal is to make trade more efficient by removing certain trade barriers in the interest of ensuring that trade is advantageous for the specific economies involved, an idea tied to comparative advantage (described below). In some cases, such as the trilateral United States–Mexico–Canada Agreement of 2020 (of which the North American Free Trade Agreement, or NAFTA, was a predecessor), free trade includes freedom from tariffs, or taxes levied by one country on the goods it imports from other countries. Free trade can also include agreements to forgo quotas (limits on how much a country can import from another) and subsidies (government economic support in specific industrial sectors that favors domestic producers).

Comparative Advantage and Specialization

The idea of comparative advantage underlies much of trade. If a country focuses on producing goods it is strong at making with the resources it has (a concept known as specialization) and buys everything else from other countries, that country will benefit from trade. Therefore, the theoretical basis for the principle of comparative advantage involves the idea of opportunity cost, or the cost of *not* producing other goods with the same resources. Individual producers—and in aggregate, national industries—tend to divert their resources to what they believe will bring the most value compared to any other possibility available to them.

For example, the orchardists of rural Michoacán, Mexico, mentioned in the Student Volume continue to grow avocados because they deem it more profitable than the next best thing they could do with the land, labor, and capital at their disposal. They could in theory raze their orchards and resolve themselves to go into another industry. Yet the capital, labor and expertise, land and climate resources, and even shipping infrastructure in that region make it unusually profitable to grow avocados there and not especially profitable to churn out something like smartphone processors. Less dramatically, the orchardists could pull up the avocado trees and switch to growing apples, but the lack of a significant cold season would again make this an uphill battle. Once the high expenses and low profits of these other options are accounted for, it becomes clear that the avocado growers are not giving up much by continuing to grow avocados. Producers in the U.S. state of Vermont make a similar decision, at least tacitly, when they continue to cultivate cold-hardy apples rather than fragile and water-intensive avocados.

According to classical economics, the comparative advantage enjoyed by firms and countries is a product of these opportunity cost considerations, and trade relations between countries are in turn a product of comparative advantage. Apart from a few southerly areas of the United States, the other countries in North America lack the conditions that would give them such an advantage in avocado production. Instead, they mainly import them, as Mexico does maple syrup.

Whatever political justifications are given for or against free trade agreements, their underlying theoretical principle is simply to let these advantages work to best effect. It is on this basis that the World Trade Organization (WTO, founded 1995) seeks to help its member countries reach agreements that promote free trade, either by eliminating trade barriers or by reducing them. The United States' relationship with the WTO is sometimes contentious, however, as certain practices viewed with favor domestically—such as farm subsidies—are seen internationally as trade barriers.

Challenges of Free Trade

There are some widely acknowledged challenges and drawbacks to free trade. These include the need to protect strategic industries and the risk of becoming overly dependent on trade partners. A country that relies on its trade partners for food, fuel, and building supplies incurs a strategic risk if relations with those partners deteriorate.

Another issue often raised as a negative consequence of free trade is the degradation of the natural environment. Free trade arguably motivates the clearing of forests to make way for the planting of additional export crops—usually monocultures, or a single type of crop—at levels far beyond what domestic demand alone would dictate. Global shipping, a necessary correlate of global trade, contributes heavily to the pollution of the oceans. Additionally, measures to reduce one form of pollution sometimes lead to increases in other forms. For example, attempts to check the emissions in ships' exhaust have led to those same pollutants being "scrubbed" into water that is then discharged into the ocean. Policymakers and analysts increasingly weigh these problems, which often transcend national borders, alongside the economic and strategic outcomes of trade.

Tariffs and Other Trade Barriers

The United States, like other countries, uses a variety of trade barriers, both to seek an economic advantage and as an extension of its foreign policy. Many sanctions take the form of trade barriers, whether full-scale embargoes like that maintained against Cuba or more selective acts of asset freezing and transaction blocking. The latter are part of a turn toward targeted or "smart" sanctions that, since the 1990s, have aimed to pressure a country's policymakers and economic leaders without unduly harming the quality of life for innocent civilians.

As noted above, a tariff is a tax levied by one country on the goods and services it imports from another country. U.S. tariff policy is complex, varying both by type of product and by trading partner. Historically, like many other protectionist measures, tariffs have served to insulate domestic industries from competition—but often at the cost of higher prices to consumers. The higher prices come not just directly from the tariffs that the United States imposes, which are passed along to wholesale and retail buyers, but also from retaliatory tariffs imposed by other countries.

For much of its history, the United States was much more protectionist than it is now. The Tariff Act of 1930 (Smoot–Hawley Act), which imposed steep tariffs on thousands of items and arguably exacerbated the Great Depression, marks the effective end of the protectionist era. Four years later, Congress granted the president the authority to negotiate the lowering or repeal of tariffs with other countries, beginning a period of overall trade liberalization that has largely continued since. Today, the average tariff rate across all imported goods is about 1.5 percent.

In election years, tariffs find their way into the spotlight precisely because they involve so many trade-offs. Tariffs on imported steel and aluminum, for instance, might be (and have been) proposed to protect the American refined metals industry, but they raise prices for firms and consumers that make and use steel products. In addition, tariffs can provoke retaliation that harms sectors unrelated to the industry they are designed to protect. An American tariff on Chinese steel might be met with a similarly steep Chinese tariff on American soybeans, harming American farmers as much as or more than the original tariff helps American steelworkers.

It is also important to note that tariffs, while often discussed for their protectionist purposes, can also function as a source of revenue for the federal government. Such revenue tariffs differ from protective tariffs in that they are typically lower and are focused less on insulating domestic industries—although these industries will often benefit from the reluctance of foreign countries to pay the revenue tariff.

Foreign Policy and the World Wars

Despite the interposition of the Atlantic Ocean, the economic and political conflicts that led to war in Europe in 1917 and again in 1939 posed great foreign policy challenges for the United States.

World War I

As conflict brewed in Europe and then, in 1914, broke out into war, the United States adopted an official policy of neutrality while still providing supplies to the Allies. Developments from 1915 to 1917 pushed an initially reluctant American public and a largely isolationist legislature to finally endorse military intervention. In May 1915, a German submarine (U-boat) sank the *Lusitania*, an ocean liner bound for England that carried civilians and varied cargo, killing 128 Americans in the process. Following this incident, Germany agreed to give people time to evacuate ships it intended to sink. But it abandoned this policy and officially resumed "unrestricted submarine warfare" in 1917.

In January of that same year, British spies intercepted the Zimmermann Telegram, a message from Germany asking Mexico to attack the United States if it entered the war and promising the return of Southwestern states to Mexican control as a reward. When the British passed the decrypted message along to U.S. authorities, it provoked widespread outrage and tipped the American public toward supporting the war effort.

In April 1917, the United States declared war on Germany, with its first troops arriving in Europe that June. American involvement successfully turned the tide: in 1918, Austria-Hungary and the Ottoman Empire collapsed, and Germany surrendered. A ceasefire took effect on November 11, 1918, then known as Armistice Day and now annually commemorated as Veterans Day in the United States. Following the war, President Woodrow Wilson proposed a peace framework called the Fourteen Points, but he was thwarted by British and French desire for retribution and by American lawmakers' reluctance to join the League of Nations, an agency of international cooperation that was a key component of Wilson's plan.

World War II

In the 1930s, as Japan invaded its neighbors, the United States used economic sanctions to try to end Japanese aggression. In Europe, when Nazi Germany's aggression led to war in 1940, the United States initially followed the same path as it had in World War I: supplying the Allies without committing troops to the actual fighting. This changed with Japan's Pearl Harbor attack in December 1941, which led to a swift declaration of war on Japan. Germany and Italy then responded by declaring war on the United States. Together with Britain and the

Soviet Union, the United States decided to first defeat Hitler in Europe before focusing on Japan in the Asia–Pacific region.

The United States thus entered a conflict in which, broadly speaking, the Axis powers were working toward territorial aggrandizement in Europe (Germany and Italy) and the Asia–Pacific region (Japan). The Allies were at that point on the defensive and fighting against, in essence, conquest by latter-day imperial powers. U.S. troops arrived in Europe in 1942 and first saw action in 1943, when Allied forces invaded North Africa and Italy, prompting the latter—Germany's largest European ally—to surrender. With the Normandy landings on June 6, 1944 (D-Day), the Allies began the process of gradually driving German forces back into Germany proper. In April 1945, a combined Allied force marched on Berlin. On April 30, Hitler committed suicide, and on May 8—a date now commemorated as VE, or Victory in Europe, Day—Germany formally surrendered.

With the war in Europe concluded, the Allies focused their attention on Asia and the Pacific. After the attack on Pearl Harbor, Japanese forces had continued their conquest throughout maritime and peninsular Southeast Asia. The rebuilt U.S. Navy adopted a strategy of island-hopping—advancing toward Japan gradually and severing its supply lines in the process. By 1944, U.S. forces were within bombing distance of Japan, though the Battles of Iwo Jima and Okinawa (both in 1945) were among the war's deadliest. In August 1945, after Japan refused a U.S. call for surrender, the United States dropped atomic bombs on the cities of Hiroshima and Nagasaki as Soviet forces invaded Japanese-held Manchuria. A week later, Japan surrendered and was placed under U.S. military rule, beginning an occupation that would last for seven years.

Foreign Policy in the Cold War Era and Beyond

The Cold War (1945–91)

After World War II, political and economic differences between the United States and the Soviet Union led to the Cold War, so called for its lack of direct military conflict between its principals. Politically, the United States and its allies supported democratically elected multiparty governments, while the Soviet Union was a totalitarian one-party state. Economically, the clash was between American capitalism (in reality, a mixed-market system with limited government oversight) and the command economy of Soviet communism. Following the war, both superpowers sought to establish and maintain alliances throughout Europe; Joseph Stalin, the leader of the Soviet Union, succeeded in creating a "buffer zone" of Soviet puppet states in Eastern Europe. The border between the West and these client states became the "iron curtain" of which British prime minister Winston Churchill famously spoke.

In 1947, U.S. president Harry S. Truman and his advisers adopted a policy of containment against the Soviet Union. They sought to prevent the spread of communism—and, equivalently in the view of many, Soviet influence—to countries that were not yet part of the Soviet "empire." The Marshall Plan, the sweeping American program of postwar aid to Western Europe, was an extension of this principle. It worked; as Western European economies restabilized, a strong market for American goods emerged in tandem with U.S.-friendly leaders and foreign policies. The broader containment policy, meanwhile, persisted in a variety of guises throughout the remainder of the Cold War. During the Vietnam War (1955–75; U.S. involvement ended 1973), it became known as Eisenhower's "domino theory," and following the détente of the 1970s, it reemerged as the Reagan Doctrine during the South American conflicts of the 1980s. Rivalry with the Soviet Union remained the paramount concern of U.S. foreign policy until the collapse of communism in Eastern Europe in 1991.

Military Intervention and Peacekeeping in the Twenty-First Century

On September 11, 2001, terrorists supported by Osama bin Laden, the leader of al-Qaeda—a terrorist group dedicated to spreading an extremist version of Islam that is intolerant of the West—hijacked four commercial airplanes, flying two into the World Trade Center in New York City and a third into the Pentagon. Passengers on the fourth airplane resisted the hijackers; that plane crashed into a Pennsylvania field. Nearly three thousand people were killed in the attacks. As a result of the attacks, the United States demanded that Afghanistan's Taliban government seize bin Laden and destroy al-Qaeda's bases; when the Taliban refused, the United States and its allies invaded Afghanistan, toppling the Taliban government by December. Two years later, the United States invaded Iraq, whose dictatorial president Saddam Hussein had been accused of aiding al-Qaeda and harboring weapons of mass destruction. Both the War in Afghanistan and the War in Iraq (sometimes called the Second Gulf War) are considered part of the larger War on Terror, whose stated goal was to stamp out terrorist groups of the kind that perpetrated the 9/11 attacks.

This war continued throughout the 2000s and 2010s, and the United States retained a military presence in both countries long after the execution of Saddam Hussein (2006) and the assassination of 9/11 mastermind Osama bin Laden (2011). Although both invasions enjoyed majority support at the time, the ensuing wars drew public criticism for many reasons. Some argued that in invading Iraq, the United States was acting on faulty or falsified intelligence about Hussein's ties to al-Qaeda or his weapons programs. On both fronts, some were skeptical of the mounting humanitarian cost and death toll of the wars; they held that the United States was disproportionately harming local civilian populations and incurring losses disproportionate to its strategic goals. The most strident critics framed the War on Terror as an attempt to establish new client states in a neocolonial empire.

During this same period, the United States took part in UN peacekeeping efforts in Ethiopia, Haiti (the scene of a 2004 uprising), and the newly independent island country of East Timor, formerly a province of Indonesia. The United States also contributed to humanitarian campaigns organized by UNICEF, the UN's humanitarian agency devoted to aiding children. These included responses to the Indian Ocean tsunami of 2004, the persistence of HIV/AIDS (particularly in sub-Saharan Africa), and the Haiti earthquake of 2010.

Domestic Policy

This topic provides only a brief survey of domestic policy areas, with illustrations of the government's role in environmental remediation and the regulation of food and medicine. Additional policy areas—health care, social welfare, education, and immigration and naturalization—are covered in Topic 2, which also includes a discussion of agricultural subsidies.

Lobbyists

The policy areas discussed in this unit of the Student Volume are only highlights of an extensive and varied domestic policy portfolio that is shaped not only by legislators' beliefs and backgrounds but also by various other groups, including lobbyists. In his 1987 speech on the history of lobbying, Senator Robert Byrd noted that although lobbyists have sometimes plied lawmakers with lavish gifts and "extravagant entertainments," they have also helped keep legislators informed of a multitude of issues and mindful of the many different groups among their constituents. Byrd pointed out that "everyone, in a sense, belongs to a multitude of these [special] interests: we are defined by our gender, race, age, ethnicity, religion, economic status, educational background, and ideological bent." He argued that, in effect, lobbyists shoulder some of the workload of the legislature by analyzing the legal and economic effects of proposed laws.

Today, as throughout much of U.S. history, lobbyists are often associated with industries and corporations. There is a good deal of truth to this characterization; lobbyists played a large role in, for instance, deciding which companies would triumph in the nineteenth-century expansion of the railway industry. Sometimes, lobbyists are also cast as resisting changes that would benefit society at the expense of their clients; in 1913, Woodrow Wilson complained that lobbies for the sugar and wool industries were leading the opposition to his plan to reduce tariffs. Yet lobbyists have also accomplished some things that most would agree serve the public good. One well-known interest group that students might not readily associate with the term *lobbying* is Mothers Against Drunk Driving (MADD). Although this nonprofit works through a variety of channels, including the courts and law enforcement, it has led many successful efforts to enact stricter legislation against driving under the influence.

Crime and Law Enforcement

In addition to the policy areas directly covered in this unit, the federal government sets and executes policies in many other areas, one of which is law enforcement. Students will likely be aware that Congress creates federal criminal law; they will likely also be aware of the Federal Bureau of Investigation (FBI) from its presence in news media and popular culture. There are, however, several other agencies with distinct missions that, between them, illustrate the wide scope of the federal government's activities. Federal agents enforce laws on controlled substances, taxation, customs and immigration (as partly discussed in Topic 2), and the use of national forests and other wildlands.

Often, federal law enforcement agencies have modern roles that belie a casual or historical understanding. For example, the U.S. Marshals Service, the oldest such agency, is a fixture of "Wild West" literature and media because of its nineteenth-century role in enforcing laws on the American frontier. The Marshals now protect the facilities and personnel involved in the federal court system. The Secret Service is well-known for its role in guarding political leaders and their families. However, it also has jurisdiction over financial crimes such as counterfeiting and bank fraud.

Emergency Management

The federal government coordinates disaster response in cooperation with state and local governments, delivering both financial help and direct emergency services. The principal federal agency for these activities is FEMA, the Federal Emergency Management Agency. Louisiana students may be familiar with FEMA's role in hurricane relief and flood control; in the Rockies and the Southwest, FEMA is similarly active in supporting responses to wildfires and earthquakes. FEMA also administers the National Flood Insurance Program in at-risk communities across the United States.

Public Lands

The federal government also owns and administers public lands through a variety of agencies. The scale of federal land ownership is easy to underestimate; more than a quarter of U.S. land is federally owned, most of it under the auspices of the Bureau of Land Management (Department of the Interior) and the Forest Service (Department of Agriculture). The use of these lands, and the federal government's stance toward reserving versus selling them, is an ongoing balancing act. For example, in the nineteenth century, the federal government transferred extensive tracts of land to individuals and companies to encourage settlement (via, for example, the Homestead Act) and the development of railways. Today, the disposal or transfer of federal land is often hotly contested and tends to be framed as an issue of conservation.

Foreign Policy

As with domestic policy, the U.S. government is involved in many more foreign policy areas than a single textbook chapter can accommodate. In addition to those mentioned in the Student Volume (in this topic and Topic 3), the U.S. government sets policies for nuclear nonproliferation, counterterrorism, the promotion of women's rights around the world, the coordination of asylum and humanitarian policies, and the stewardship of Arctic and marine resources—among many, many other areas. Like their domestic policy counterparts, these areas involve the interaction of numerous federal agencies, many of which are organized under the Department of State.

The Monroe Doctrine and the Roosevelt Corollary

As the Student Volume discusses, the Monroe Doctrine came about because of an opportunity created by the various independence movements in Latin America. By 1823, the Western Hemisphere was well past the tipping point in a series of revolutions that would, a few years later, result in the virtual end of continental Europe's colonization in the Americas. The policy goals of the United States became the cultivation of friendly relations with these newly independent countries and the prevention of their recapture by their former metropoles—or invasion by new ones.

Notably, the Monroe Doctrine was endorsed by one European power: the United Kingdom, whose relations with the United States had improved since the War of 1812. With the Napoleonic Wars still fresh in their memory, British policymakers likely considered the extensive colonial holdings of Spain and France to be a liability—a source of wealth abroad for enemies close to home. In fact, the original plan was to issue a joint U.S.–British declaration against recolonization of the Americas. Monroe, under the advice of Secretary of State (and future president) John Quincy Adams, opted for a unilateral American declaration now commonly known as the Monroe Doctrine. Under its terms, the United States would not interfere in European affairs, and European nations were warned against interfering in the Americas.

The United States did not have the force to back up its threat, but even without the force of arms, the Monroe Doctrine was important because it established a role for the United States in world affairs. In general, the

Monroe Doctrine held relatively fast through much of the nineteenth century, though it eventually shifted from a policy statement to a method by which to justify possible territorial expansion. This became clear with the United States' entry into the short-lived but significant Spanish-American War in 1898.

This war arose as Cubans sought independence from Spain and were violently repressed by Spanish colonial forces. The Spanish government's treatment of Cubans provoked international concern, including in the United States. However, American leaders continued to avoid direct intervention for several years until, in 1898, a battleship sent to Havana to guard U.S. assets was sunk—allegedly by Spanish saboteurs. Almost overnight, both Congress and the American public came to support war with Spain. Grossly outmatched by the U.S. Navy, Spain lost the war on both the Cuban and Philippine fronts in less than three months.

President Theodore Roosevelt, a veteran of the war and one of its famous Rough Riders, suggested a modified approach to the Monroe Doctrine in an address to Congress seven years after the war's conclusion. According to the Roosevelt Corollary, the United States was justified in intervening in the affairs of other Western Hemisphere nations—particularly those whose actions were attracting undue European attention—"in flagrant cases of . . . wrongdoing or impotence." Per Roosevelt, this policing could typically be achieved through diplomacy—and the subtle threat of his now infamous "big stick."

Territorial Outcomes of the Spanish–American War

Following the period covered in this topic, the various territories lost by Spain in the Spanish–American War had dramatically different political fates. Cuba fell under U.S. occupation only briefly, gaining independence in 1902. However, a 1903 treaty known as the Platt Amendment granted the United States the continuing right to intervene in Cuba's foreign and domestic affairs with the ostensible aim of protecting the island country's independence. This was repealed in 1934 as part of President Franklin D. Roosevelt's wider "Good Neighbor" policy, and U.S.–Cuban relations remained generally friendly until the 1950s. The rise of Fidel Castro, the severing of diplomatic ties, and the imposition of an embargo are discussed in Topic 3 of this unit.

The Philippines remained under U.S. control longer and more directly than did Cuba. Filipino revolutionaries had helped U.S. forces oust the Spanish from Manila, but once the war ended, occupying U.S. forces did little to recognize Filipino independence. To placate anti-imperialists at home, U.S. leaders framed the ongoing occupation of the Philippines as a period of custodianship (not unlike a United Nations mandate) while the country was made ready for self-rule. Only in 1933 was an actual deadline set for Philippine independence. Following Japanese occupation during World War II (1941–46), the Philippines became (and remains) an independent republic.

Both of the above countries appear in the political cartoon featuring Uncle Sam in Topic 1 of the Student Volume. Alongside them is a figure labeled "Ladrones," an older Spanish name for the Mariana Islands. As a group, these islands may not be well-known to students, but they may have heard of Guam, the largest and most populous. It, too, was ceded to the United States following the Spanish–American War and served an important strategic role in World War II. Today, Guam remains an unincorporated U.S. territory; its residents send delegates to Congress but do not have any votes in the Electoral College. Guam is also the site of one of the most important U.S. Air Force bases in the western Pacific.

Economic Policy

Communism vs. Socialism

Students repeatedly encounter the terms *communism* and *socialism* in this course, and it is important that they know the difference. In general, a nation claiming the "socialist" or "communist" label tends or intends to favor highly collective and redistributive economic policies, likely originated in a revolution undertaken on those principles, and has a history of political cooperation with the former Soviet Union or the People's Republic of China. Today, *communism* tends to refer to totalitarian socialist regimes. *Socialism* refers to an economic system in which the government owns or controls major industries, such as communication and transportation. For high school students, these generalizations are helpful in understanding the economic questions of "Who controls property?" and "Who makes decisions about production?"

As discussed in Unit 1 of this program, there are no pure command economies (those in which all property is owned by everyone and the government makes all decisions about production and distribution of goods and services) or capitalistic economies (those in which a completely free market, unencumbered by any government regulation, is based solely on supply and demand) in the modern world. Instead, there is a variety of economies that fall along the continuum that spans those two systems. In the United States, a mixed economy allows for many capitalistic principles, yet the government enacts policy and claims oversight for several reasons, chief among them achieving economic stability, providing for social welfare and opportunity, and ensuring a fairly level playing field for the many businesses that enter—and occasionally try to conquer segments of—the U.S. market. While Adam Smith's capitalist ideas of supply and demand are very much still at work, the U.S. economy also includes elements reminiscent of socialist ideas, including social welfare programs such as Medicare and long-standing subsidy programs within the agriculture and energy sectors.

Regulating Economic Activity

The Student Volume describes several ways in which the U.S. government intervenes in the national economy. The first of these is regulation, of which students receive a clear example in the Food and Drug Administration. Decisions about how companies must treat workers and consumers affect the economy because they impose limits on the companies' "natural" profit-seeking activities; without regulation, companies could (and, in some jurisdictions, do) extract more profits at the expense of consumer welfare, public health, and worker safety. The redistribution of income via social welfare, the provision of credit for things like mortgages and college tuition, and the use of both contractionary and expansionary policy are, likewise, activities that students receive further examples of in this unit; redistributive programs are discussed in Topic 2's sections on health care and social welfare, and efforts to stabilize the economy are explained at the end of this topic.

The government's role in preventing monopolies concerns its efforts to keep the market competitive. But who oversees these efforts, and how does the government determine what counts as anticompetitive? Oversight of antitrust law is mainly the responsibility of the Federal Trade Commission (FTC), created in 1914—the same year that the Clayton Act enhanced the coverage of the Sherman Act to include monopoly-creating mergers and acquisitions. Some anticompetitive activities are prohibited outright by the Sherman and Clayton Acts, such as price fixing, bid rigging, and the dividing up of markets between ostensibly "rival" companies. In these extreme cases, criminal prosecutions may take place, but generally regulators use civil penalties and lawsuits to enforce compliance.

Other activities, such as mergers and acquisitions, are normal parts of doing business that do not necessarily result in a monopoly. To judge when such cases threaten the existence of a competitive market, the FTC and its partner institution, the Department of Justice Antitrust Division, quantitatively examine the relative size of the firms in a given market. Using an economic measure called the Herfindahl–Hirschman index, these agencies calculate how "concentrated" a market is deemed to be in terms of the number and market share of participants. Mergers that would substantially increase the concentration of the market are scrutinized heavily, and sometimes contested as illegal, by the government.

Fiscal Policy

The Constitution sets up the basic "tax and spend" framework of fiscal policy by authorizing Congress to collect taxes and requiring Congress to pass specific laws authorizing the spending of tax revenue. The procedural details of the federal budget, however, involve numerous interlocking laws and regulations, some of which Congress simply overrides as it deems necessary. In between the key milestones students learned about in Unit 2—the president proposes a budget, Congress responds with its own resolution, and the appropriations bills are created—are many smaller steps that receive less public attention.

For instance, the 1974 Congressional Budget Act established the resolution framework used today. According to that law, Congress has until April 15 of each fiscal year to pass a concurrent resolution (an identical resolution passed by both houses, not itself having the force of law) specifying the revenue and spending targets for the federal budget. Congress has seldom actually met this deadline in the twenty-first century. Instead, the houses pass so-called deeming resolutions that cover specific elements of the budget. This allows the appropriations committees to proceed with their individual bills. Similar considerations, in which a statute exists but can be (and more often than not is) circumvented by Congress, exist later on in the budgeting process, when measures to control the deficit and limit the national debt come into play.