C O O P E R A T I V E  F E D E R A L I S M  
(1930-1960)

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As early as 1790, Congress had given funds to the states to pay debts resulting from the Revolutionary War.

The first true federal grant program, the Morrill Land Grant Act of 1862, gave each state 30,000 acres of public land for each representative in Congress.

Income from the sale of these lands was to be used for the establishment of agricultural and mechanical arts colleges (this is how Texas A&M was founded).

This federal apportionment of state funds began the trend of “cooperative federalism”.
Cooperative Federalism represents a shift from Dual Federalism, which worked well during the opening stage of American history.

From the 1930’s to the 1960’s, industrialization and globalization pushed for more coordinated efforts on all levels of government.

This system of federalism is often referred to as a marble-cake, as it is difficult to identify where one part of government starts and where another part ends.
DOMESTIC EVENTS

- The crash of the stock market in 1929, and the subsequent depression, led to nearly 1/3 of the workforce being out of a job.

- The severity of the depression, paired with alarming events abroad, pushed many Americans (and the government), to band together to prevent further catastrophe.

- By aligning federal, state, and local government, the New Deal was implemented. This led to the creation of the Works Progress Administration and social security programs.
The rise of fascism and totalitarianism in Europe in the early 1930’s posed unparalleled dangers to the United States and its allies.

Adolf Hitler and Benito Mussolini’s continually proved to the US that eventually, their forces would reach American shores.

These events pushed for cooperation between all levels of government to avoid gridlock and allow for government decisions to take immediate effect.
**Marble-Cake Federalism**

- This “messy federalism” **made the national government larger** and more intrusive.
- This put forward the idea that national and state governments are partners in the exercise of governmental authority.
- The system was used to create internal improvements, create industrial subsidies, impose tariffs, dispose of public lands, create immigration laws, and reform foreign policy.
- This shift changed the question of “How much power should the national government have?” to “How much say in the policies of the states can the national government buy?”
Cooperative Federalism emphasized the **unclear distinction** between the duties of Washington and the states.

Oftentimes, federal governments relied on political machines at the city level to bypass state governments.

For example, drug enforcement involves federal agents, state troopers, and local police. The federal government provides funds for education, but state and local authorities establish curriculum.

As a result of this messy involvement, cooperative federalism takes uses a **very loose interpretation** of the Elastic Cause.

More often, cooperative federalism was practiced through grants in aid or categorical grants, which gave the federal government more control over how their money was spent.
JUDICIAL DECISIONS

- **National Labor Relations Board v. Jones & Laughlin Steel Corporation (1937)**
  - Declared the Wagner Act unconstitutional.
  - Essentially ended the Supreme Court’s striking down of New Deal legislation.
  - **Greatly increased Congress’ power** under the Commerce Clause.

- **Steward Machine Company v. Davis (1937)**
  - Supreme Court upheld unemployment compensation provisions of the Social Security Act of 1935.
  - Established a national taxing structure designed to motivate states to adopt laws funding unemployment compensation.
  - Signaled the Supreme Court’s **broad interpretation of Congressional power** to influence state laws.

- **Helvering v. Davis (1937)**
  - Ruled that Social Security was constitutionally permissible as an exercise of the federal power to spend for the general welfare, and **did not infringe upon the 10th amendment**.
  - Defended the constitutionality of the Social Security Act of 1935.
**Further Uses**

- **Categorical grants**: Grants for which Congress appropriated funds for specific purposes.
  - These are often subject to detailed conditions imposed by the national government. Funds are often given on a “matching” basis, where states must contribute money to match federal funds, but the national government may pay up to 90% of the total.

- **The Federal Aid Highway Act of 1956**
  - The Highway Trust Fund paid for 90% of construction costs and states paid 10%.
  - Eisenhower authorized $25 billion for the construction of 41,000 miles of highway.
Works Cited


