

Chapter 11: Powers of Congress

Section 1

Lecture Notes

AMERICAN GOVERNMENT

PEARSON

► Objectives

1. Describe the three types of powers delegated to Congress.
2. Analyze the importance of the commerce power.
3. Summarize key points relating to the taxing power.
4. Explain how the bankruptcy and borrowing powers work.
5. Explain why the Framers gave Congress the power to issue currency.

▶ Key Terms

- **expressed powers:** those powers given to Congress expressly in the Constitution
- **implied powers:** those powers considered necessary for Congress to have in order to carry out its expressed powers
- **inherent powers:** those powers gained by Congress as the result of its status as part of the national government
- **commerce power:** the power of Congress to regulate interstate and foreign trade
- **tax:** a charge levied by government on persons or property to raise money to meet public needs

▶ Key Terms, cont.


- **public debt:** all of the money borrowed by the Federal Government over the years and not yet repaid
- **deficit financing:** the act of spending more than is taken in during a year and borrowing money to make up the difference
- **bankruptcy:** the distribution of a bankrupt individual or company's assets among those to whom a debt is owed
- **legal tender:** any kind of money that must be accepted by law in payment for debts

► Introduction

- What powers over money and commerce does the Constitution give to Congress and what limits does it put on these powers?
 - The commerce power gives Congress the authority to regulate interstate and foreign trade, but not trade within a state.
 - Congress has the power to tax income and imported goods, but not exports.
 - Congress can set bankruptcy laws.
 - Congress can coin and print money.

▶ Delegated Powers

- There are three types of powers granted by the Constitution.
 - Article I gives 27 specific powers to Congress.
- The Constitution also denies many powers to Congress, banning some and reserving others to the states.



Inherent powers are those that belong to all sovereign nations—for example, the power to control a nation's borders.

Expressed powers are those stated in the Constitution—for example, the power to regulate both foreign and interstate commerce.

Implied powers are not stated in the Constitution, but drawn from the expressed powers. Based on the expressed power to regulate commerce, Congress has set a minimum wage for hourly workers.

▶ *Gibbons v. Ogden*

- Checkpoint: What was the Court's decision in the 1824 case *Gibbons v. Ogden*?
 - The Court interpreted “commerce” to include all commercial exchanges between nations and parts of nations, not just the buying and selling of goods.
 - This broad interpretation of commerce leaves many questions that Congress and the courts must continue to answer with new laws and rulings.

▶ The Commerce Clause

- The weak Congress created under the Articles of Confederation had no power to regulate interstate trade and little authority over foreign commerce.
- The 1780s were marked by intense commercial rivalries among the States. High trade barriers and spiteful State laws created chaos and confusion in much of the country.
- The circumstances led the Framers to write the Commerce Clause into the Constitution.



▶ The Commerce Power

- The federal government gains great power from the broad interpretation of the commerce power.
- However, there are limits to the commerce power.
 - Congress cannot tax exports, favor the ports of one state over another, or require vessels to pay duties when traveling from one state to another.
 - The commerce power is even used to ban discrimination in public businesses.

▶ Americans with Disabilities Act

- Based on the commerce power, Congress passed the Americans with Disabilities Act in 1990. It prohibits against discrimination against people with disabilities in areas such as employment, public accommodation, public transportation, and access to commercial buildings.



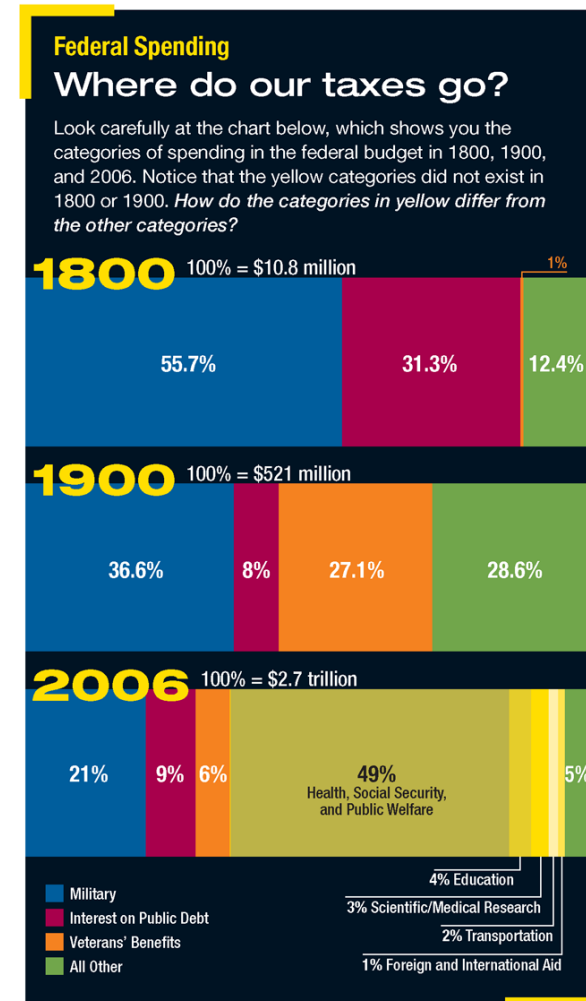
► The Power to Tax

- Most government taxes on people or property are levied to raise money for public needs.
 - In what way does this cartoon show a negative attitude toward taxes?



► Taxation

- A protective tariff taxes imports to protect domestic industries from foreign competition.
- Some taxes, often in the form of licenses, are meant to protect public health and safety.
 - Name three purpose for which the government collects taxes.



▶ Limits on Taxation

- Congress can tax **only for public needs**, not for the benefit of private businesses or individuals.
- Congress **cannot tax exports**.
- Direct taxes, except for income taxes, must be **divided among the states** in proportion to their populations.

▶ Limits on Taxation, cont.

- All indirect taxes levied by the federal government must be uniform, or the same, across the United States.
 - An **indirect tax** is one in which one person pays the tax but then passes along the cost of the tax to others. This is done by charging them higher prices for the good or service that is taxed.

▶ Borrowing

- There are no constitutional limits on how much money Congress can borrow or for what purposes.
- The Treasury borrows money by issuing securities like T-bills and bonds that it promises to repay later with interest.
- Congress routinely spends more than it takes in, borrowing money to make up the difference. This deficit spending increases the public debt.

▶ Bankruptcy

- Declaring bankruptcy frees a person or company (debtor) from debts they cannot pay back to their creditors.
 - Filing **Chapter 7**: A debtor gives up property to pay creditors.
 - Filing **Chapter 13**: A debtor works out a long-term repayment plan.
 - The creditors and debtor meet to agree how much each creditor will be repaid.
 - Most bankruptcies are handled in federal courts.

▶ Currency

- Congress now has the sole power to create legal currency in the United States. This creates a more stable money supply.
 - Congress did not create legal paper money until 1862.
 - This power to print money was challenged in the courts but finally upheld by the Supreme Court in 1871 and 1884.

▶ Review

- Now that you have learned what powers over money and commerce the Constitution gives to Congress and what limits it puts on these powers, go back and answer the Chapter Essential Question.
 - What should be the limits on the powers of Congress?