

Defederalized

After The Constitutional Crisis

Alexander Moss

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Defederalized

Rebuilding After The Constitutional Crisis

Summary

For decades, citizens and politicians have poured their energy, resources, and hopes into federal politics, believing Washington DC is where transformative change must happen. This strategy has yielded increasingly diminishing returns. The federal system, with its numerous veto points and counter-majoritarian structures, has become a graveyard for good governance.

The Structural Problem

Reform-minded Americans face profound structural disadvantages at the federal level:

The Senate: With equal representation for each state regardless of population, the Senate dramatically overrepresents sparsely populated areas. Wyoming (population 580,000) has the same Senate representation as California (population 39 million). This system creates a built-in bias against populous states of approximately 6-7 percentage points.

The Filibuster: The Senate's 60-vote threshold for most legislation means that even when motivated political actors win elections, they cannot govern effectively. The modern filibuster has transformed from a rare procedural tool into a routine requirement for virtually all significant legislation.

The Electoral College: The Electoral College system distorts presidential elections, creating "battleground states" while rendering millions of voters in "safe" states effectively irrelevant. This creates a fundamental disconnect between popular will and electoral outcomes.

The Supreme Court: The lifetime appointment of justices has created a Court increasingly out of step with public opinion. The current 6-3 conservative majority actively dismantles progressive legislation and precedents, regardless of their popular support.

The Gerrymander: Partisan redistricting has created increasingly safe House districts, reducing competition and incentivizing extremism rather than compromise.

Federal Failure vs. State Success

The evidence of this structural paralysis is overwhelming:

- Federal climate legislation has repeatedly failed despite overwhelming scientific consensus and public support
- Universal healthcare remains elusive despite being standard in every other developed nation
- Minimum wage has been stuck at \$7.25/hour since 2009
- Voting rights protections have been systematically weakened
- Immigration reform has been impossible for decades

Meanwhile, states have delivered remarkable progress:

- California and other states have established ambitious climate goals and renewable energy standards
- Washington state recently conducted a groundbreaking study on implementing universal healthcare
- 30 states have minimum wages above the federal level
- 24 states and DC have legalized recreational marijuana
- States like Massachusetts have implemented near-universal health-care coverage
- Colorado, Washington and other states have passed comprehensive voting rights protections

The Case for Defederalization

This book argues that citizens and politicians should systematically redirect their focus, resources, and ambitions to state governance for five key reasons:

1. **Practical Results:** State-level action delivers tangible benefits to citizens now, rather than waiting for federal action that may never come.
2. **Democratic Legitimacy:** State governments, with their smaller scale and closer proximity to voters, often more accurately reflect their constituents' desires.

3. **Innovation Laboratory:** States can experiment with progressive policies that demonstrate success and build momentum for broader adoption.
4. **Defensive Protection:** Strong state institutions provide crucial backstops against federal retrenchment during conservative administrations.
5. **Strategic Advantage:** Strong leaders already govern many of the most populous and economically powerful states. Empowered and held to account, they could deliver on election promises – the fundamental purpose of a democracy.

The Inevitability of Defederalization

Perhaps the most compelling reason to embrace a defederalization strategy is that it appears increasingly inevitable, regardless of political preferences. The current trajectory of American politics points toward one of two outcomes:

1. **Anti-Federal Coalition Defederalization:** Political coalitions unified primarily by antagonism toward the federal government now control federal institutions. Their agenda consistently aims to devolve federal programs to states, slash federal agencies, and reduce Washington's power. This “defederalization from above” is already underway, with systematic efforts to weaken federal regulatory capacity, environmental protection, and social programs.
2. **Strategic Debt Accumulation:** A key component of anti-federal strategy has been to dramatically increase federal debt through massive tax cuts while maintaining minimal social entitlements. This approach deliberately creates fiscal pressure that eventually forces cuts to social programs. As debt service consumes an ever-larger portion of the federal budget, even a best-case scenario leaves the federal government with diminishing capacity to maintain, let alone expand, its social safety net functions.
3. **Federal Authoritarianism:** The alternative path—maintaining strong federal institutions under increasingly anti-democratic leadership—poses even greater dangers. Without significant reforms, the counter-majoritarian features of our system create a real risk that federal power will be wielded as an authoritarian tool against reform-minded states and constituencies.

Given these realities, a proactive reform strategy for defederalization represents the most pragmatic path forward. By leading this transition rather than resisting it, reform advocates can shape the emerging system to preserve crucial protections while maximizing effective governance in the states they lead.

The chapters that follow outline a comprehensive strategy for how reformers can build state power, manage the transformation of major federal programs to state control, create interstate compacts to maintain national scale where needed, and ultimately deliver on governance promises despite federal obstruction.

Book Overview

This book is designed to be accessible from multiple entry points. You don't need to read it straight through—feel free to jump directly to any chapter that addresses your specific interests or concerns. Each chapter is written to stand alone while contributing to the larger argument.

Here's what you'll find in each section:

Part 1: Understanding the Problem

Problem Statement: Explains how the federal government has become structurally hostile territory for meaningful governance due to constitutional design and political evolution.

How Did We Get Here?: Traces the historical developments that led to the current dysfunction in federal politics and progressive governance challenges.

Origins: Examines the evolution of American federal power from the founding to present day, showing how our system transformed into its current state.

Federal Government Today: Analyzes the present dysfunction in Washington DC and why the federal system resists progressive reform despite majority support for many progressive policies.

One Hundred Million: Explores the phenomenon of the “100-million voter” elections where massive turnout still produces political stalemate and limited progress.

Why Civil War Is Structurally Unlikely: Examines why, despite political tensions, structural factors make state-federal armed conflict highly improbable.

Historic Metaphors: Compares current American political dynamics to historical precedents from other nations and time periods to provide perspective.

Empire in Decline: Discusses how America exhibits classic patterns of imperial overextension and decline, and what this means for governance.

Institutional Scale: Analyzes how the sheer size of American institutions creates inherent challenges for democratic responsiveness and effective governance.

Foreign Interference: Examines how foreign actors exploit American political divisions and the implications for state-based governance.

Part 2: A New Framework for American Governance

A New Model: Introduces a two-axis political framework that goes beyond left-right divisions to include a federalized/defederalized dimension.

Constitutional Context: Explores the constitutional foundations for increased state authority and the legal pathways to defederalization.

Progressive Action: Details how progressive policies can be more effectively implemented at the state level with numerous real-world examples.

State-Based Solutions: Outlines practical approaches for implementing progressive priorities through state action rather than federal policy.

Escalation Ladder: Presents a graduated framework for states to assert authority in the face of federal dysfunction or overreach.

Progressive Dilemma: Addresses the difficult choices progressives face when abandoning federal-first strategies and how to manage tradeoffs.

Part 3: Practical Implementation

Transition: Outlines a step-by-step approach for shifting from federal to state governance without disruption to essential services.

All About Money: Tackles the critical financial questions around defederalization, including tax collection, revenue sharing, and funding mechanisms.

New Interstate Guidelines: Provides principles for designing functional, sustainable new interstate agreements between existing states.

New Interstate Clusters: Offers a detailed breakdown of potential new regional nations based on cultural, economic, and political alignment.

Local Action: Presents practical strategies for building political momentum toward defederalization through existing mechanisms.

Allocating Federal Assets: Discuss the complex question of how federal property, military assets, and obligations would be distributed.

Part 4: Long-Term Vision and Strategies

American Union: Explores how independent nations could maintain beneficial cooperation through a reimagined union structure.

Next Steps: Outlines immediate actions readers can take to advance the defederalization strategy in their own communities and states.

Governor Strategy: An example memo for a governor Details how state executives can lead the defederalization process through executive action and interstate coordination.

Congress Strategy: A sample memo for a member of Congress discussing how federal legislators can support the orderly transition to increased state authority.

Military Considerations: Addresses the critical questions around military reorganization, command structures, and defense coordination.

Part 5: Conclusion

Common Questions and Answers: Responds to frequent objections and concerns about the defederalization approach.

Further Reading: Highlights related topics that provide further context to the defederalization strategy.

Closing: Summarizes the case for the defederalized strategy and the path forward for governance.

Whether you're concerned about federal gridlock, interested in specific policy implementation, or curious about the constitutional dimensions of state authority, you'll find relevant analysis in the chapters that address your interests. The book is structured to reward both selective reading and a complete journey through the argument.

Preface to the Second Edition

Defederalized: After The Constitutional Crisis

When I first wrote this book, I approached it as a strategic framework for governance reform within America's existing constitutional order. I believed that with careful analysis and pragmatic solutions, we could address the growing dysfunction of federal institutions while preserving the essential structure of our republic.

That was before the constitutional crisis.

In the months since the first edition, we have witnessed the rapid dissolution of adherence to historic constitutional norms that have governed American democracy for over two centuries. The peaceful transfer of power, judicial independence, legislative deliberation, and the basic premise that institutions exist to serve the public interest - all have been systematically undermined or abandoned entirely.

I majored in political science in college. Unlike many of my peers, I didn't go on to work in government. Instead, I moved to Silicon Valley and spent the next two decades in technology. Everything I learned in college - the pragmatic philosophy, the legal concepts, public speaking, the ability to write decent prose quickly - all of it remains useful today. But my experience in technology taught me something equally valuable: when a system becomes fundamentally broken, sometimes the solution isn't to fix it - it's to architect something entirely new.

What we're witnessing isn't just political polarization or partisan disagreement. It's the collapse of a constitutional framework that can no longer contain the forces tearing at American society. The federal government has become simultaneously too powerful and too weak - capable of authoritarian overreach yet incapable of addressing the fundamental challenges facing our communities.

Consider the jarring contrasts of our current moment:

- Federal agencies are being systematically dismantled while states struggle to maintain basic services

- Constitutional protections are selectively enforced based on political alignment
- The rule of law has become subordinate to partisan advantage
- Legislative processes have been replaced by executive decree and judicial activism
- The federal social contract has been reduced to competing tribal loyalties

This isn't governance - it's institutional collapse in real time.

Yet even as federal institutions crumble, we've seen remarkable innovation at the state and regional level. During the COVID-19 pandemic, when federal leadership failed, states formed regional compacts to coordinate responses.¹ Progressive states have implemented bold policies on climate, healthcare, and economic justice that seemed impossible at the federal level. Conservative states have pioneered their own approaches to education, regulation, and social policy.

The contrast reveals a fundamental truth: authentic governance is happening where it has always happened best - at the level closest to the people being governed.

This second edition reflects that reality. Rather than treating defederalization as one policy option among many, I now recognize it as the inevitable response to constitutional breakdown. When federal institutions become vehicles for authoritarianism rather than democratic governance, the preservation of American values requires their systematic decentralization.

The title change to "Defederalized: After The Constitutional Crisis" reflects this shift in perspective. We are no longer trying to perfect the existing union - we are architecting what comes after its constitutional foundations have been irrevocably damaged.

This is not a partisan argument. Citizens across the political spectrum recognize that federal institutions have failed to serve their basic interests. Rural communities feel abandoned by coastal elites. Urban centers chafe under the political dominance of sparsely populated states. Regional cultures find themselves subject to federal mandates that ignore local values and priorities.

¹AP News, *Governors form compacts to coordinate reopening society*, April 13th, 2020. Also, *Wired*, *State Alliances Are Leading the US Fight Against COVID-19*

The path forward requires acknowledging an uncomfortable truth: the constitutional framework designed for thirteen agricultural states cannot effectively govern a continental democracy of 330 million people with radically different economic systems, cultural values, and political priorities.

This book outlines a framework for managed devolution - transferring federal responsibilities to states and regions that can actually deliver effective governance. It's not secession or disunion, but rather constitutional evolution toward a more authentic federalism.

For Americans exhausted by federal dysfunction and constitutional crisis, it's time to consider where effective governance can actually occur in the 21st century. Sometimes the most patriotic act is to build something new rather than prop up something broken.

The Dilemma: Federal Gridlock vs. State Progress

This book argues that the United States face a fundamental strategic choice.

For decades, the parties (and especially Democrats) have focused their energy, resources, and hopes on federal politics, believing Washington DC is where transformative change must happen. Despite this commitment, the results have been disappointing. Even when progressives win federal elections, they struggle to deliver on their most significant policy promises due to structural barriers that have grown more formidable over time.

Meanwhile, states have been implementing bold policies that the federal government seems incapable of delivering. From climate initiatives to healthcare expansion, from marijuana legalization to voting rights protections, state-level these movements are building functional governance that federal institutions can only promise.

The defederalized strategy proposes a systematic shift in focus, resources, and ambitions toward state governance. This doesn't mean abandoning federal elections, which remain defensively crucial. But it does mean recognizing where citizens and politicians can actually make progress in today's political reality.

In the chapters that follow, we examine why the federal system has become increasingly hostile to reform, how states are already delivering tangible results, how major federal programs could be shifted to state control, and how interstate compacts can provide the necessary coordination between states.

This shift isn't just pragmatic—it's potentially transformative. By building effective governance where it can actually work, politicians can deliver on their promises to voters, demonstrate successful policy models, and ultimately reshape American federalism from the ground up.

The Democratic Party's Federal Dilemma

Before discussing solutions, we must clearly understand the problem: **The federal government has become structurally hostile territory for progressive Democratic policy.**

This is not a temporary setback, a messaging failure, or simply a matter of needing to elect “more Democrats.” It is a fundamental, structural obstacle built into our constitutional system and exacerbated by modern political trends.

The Senate: Small State Bias

The Senate's equal representation of states regardless of population creates a profound anti-democratic bias that systematically disadvantages Democrats:

- Wyoming (population 580,000) has the same Senate representation as California (population 39 million)
- The 26 least populous states—which together can form a Senate majority—contain just 18% of the American population
- Republicans can and do control the Senate while representing far fewer Americans than Democrats
- The small-state bias is growing worse as urban-rural polarization increases

As political scientist Lee Drutman notes, “This isn’t just a minor deviation from the ideal of one person, one vote. It’s a deviation by orders of magnitude.”¹

The problem is compounded by partisan polarization:

¹Drutman, Lee. “The Senate Has Always Favored Smaller States. It Just Didn’t Help Republicans Until Now.” FiveThirtyEight, July 29, 2020. <https://fivethirtyeight.com/>

- Historically, Senate representation didn't perfectly align with party, as both parties had urban and rural constituencies
- Modern partisan sorting has increasingly concentrated Democrats in urban areas and Republicans in rural areas
- This makes the already unrepresentative Senate even more distorted

The Filibuster: Minority Rule

The 60-vote threshold for most Senate legislation has transformed from a rarely-used procedural tool into a routine supermajority requirement:

- Prior to the 1970s, filibusters were extremely rare
- In the 1970s-1980s, an average of 8 filibusters occurred per two-year Congress
- In the 2010s, this exploded to over 100 filibusters per two-year Congress
- Today, virtually all significant legislation requires 60 votes

For Democrats, this creates a brutal math problem:

- Democrats need to win approximately 53-55% of the popular vote just to achieve a simple Senate majority
- To achieve a filibuster-proof 60-vote majority, Democrats would need to win roughly 60-65% of the popular vote nationally
- In modern polarized politics, such a supermajority is essentially impossible
- Historically, such overwhelming electoral mandates have only emerged during periods of profound national crisis—a foundation no responsible person should wish to see in their lifetime

The Supreme Court: Entrenched Conservatism

The current Supreme Court has become increasingly hostile to progressive priorities:

- The 6-3 conservative majority was secured through a combination of structural advantage and procedural manipulations

- When Justice Scalia died in February 2016, Senate Republicans refused to consider President Obama's nominee Merrick Garland
- When Justice Ginsburg died in September 2020, Senate Republicans rushed through Amy Coney Barrett's confirmation
- The average age of the six conservative justices is significantly younger than the three liberal justices
- Without Court expansion (which would require overcoming the filibuster), this conservative majority may last decades

The Court has already:

- Eviscerated voting rights protections (*Shelby County v. Holder*², *Brnovich v. DNC*³)
- Overturned *Roe v. Wade* (*Dobbs v. Jackson Women's Health*⁴)
- Limited environmental regulation (*West Virginia v. EPA*⁵)
- Restricted executive action on student loan forgiveness (*Biden v. Nebraska*⁶)
- Weakened labor rights and unions (*Janus v. AFSCME*⁷)
- Granted unprecedented presidential immunity (*Trump v. United States*⁸)
- Undermined federal agency authority (*SEC v. Jarkesy*⁹, *Loper Bright Enterprises v. Raimondo*¹⁰)

The House: Gerrymandering and Rural Bias

While less systematically biased than the Senate, the House has its own structural challenges:

²*Shelby County v. Holder*, 570 U.S. 529 (2013). <https://supreme.justia.com/>

³*Brnovich v. Democratic National Committee*, 594 U.S. (2021).

<https://www.supremecourt.gov/>

⁴*Dobbs v. Jackson Women's Health Organization*, 597 U.S. (2022).

<https://www.supremecourt.gov/>

⁵*West Virginia v. EPA*, 597 U.S. (2022). <https://www.supremecourt.gov/>

⁶*Biden v. Nebraska*, 599 U.S. (2023). <https://supreme.justia.com/>

⁷*Janus v. American Federation of State, County, and Municipal Employees*, 585 U.S. (2018). <https://www.supremecourt.gov/>

⁸*Trump v. United States*, 600 U.S. (2024). <https://supreme.justia.com/>

⁹*SEC v. Jarkesy*, 598 U.S. (2023). <https://supreme.justia.com/>

¹⁰*Loper Bright Enterprises v. Raimondo*, 601 U.S. (2024). <https://supreme.justia.com/>

- Partisan gerrymandering allows parties to entrench power despite losing the popular vote
- Geographic sorting concentrates Democratic voters in urban districts, creating “wasted” votes
- The requirement that each state have at least one representative slightly overrepresents small states

The Electoral College: Swing State Distortion

The Electoral College creates similar challenges for presidential elections:

- Two of the last four presidential elections resulted in a Republican winning the presidency while losing the popular vote
- Democratic votes in “safe” blue states like California and New York effectively count for less than votes in swing states
- Campaigns focus almost exclusively on a handful of swing states, ignoring the priorities of most Americans

Failed Governing Systems

It's difficult to argue that the current system allows for democratically expressed positions to be turned into action. Consider the process involved for a party to pass any Federal legislation:

1. Win the House

This includes overcoming gerrymandering and geographic disadvantages.

2. Win the Senate

This includes overcoming the small-state bias and getting at least 60 votes to break a filibuster.

3. Win the Presidency

The President can veto any bill and send it back to the House and Senate, requiring both houses to pass the bill with a two-thirds majority.

As a workaround, the President can issue executive orders, subject to court review.

4. Survive Court Challenges

The Supreme Court can choose to strike down or redefine legislation at it sees fit. The only way to remove a Supreme Court justice is via impeachment (which requires 50% of the House and two-thirds of the Senate). Adding judges (packing) or changing the composition of the court requires legislation as described above.

5. Survive Implementation & Regulatory Capture

Once the program is in place, it needs to be funded and reasonably well run. This can be subverted by the executive branch at any time - for example, by defunding. Or it can be subject to regulatory capture - for example, by appointing friendly former industry management to the organization ostensibly responsible for oversight of that same industry.

The bar for passing and successfully implementing legislation has become ludicrously high. This incredibly high bar for passing legislation forces the president to take more and more sweeping executive actions in order to be responsive to the voters. This in turn puts more and more pressure on the Court as a backstop for executive action. This creates a more and more intense set of reinforcing feedback loops.

This loop is extraordinarily bad for democracy. Pressure to respond to a President's base combined with congressional dysfunction forces more executive orders, which puts more pressure on the Court as a backstop, leading to less a less democratic outcome. Everyone becomes increasingly frustrated, demoralized, and pessimistic about the entire endeavor.

It's worth noting that as of 2024, Republicans have effectively found a workaround to many of these constraints: by simply shutting down agencies, defunding programs, ignoring court orders, and blanket-firing civil servants, they have managed to bypass the traditional checks and balances that normally constrain executive action. This creates a profound structural imbalance—the system's barriers work effectively to prevent progressive policy implementation but prove remarkably porous when it comes to conservative dismantling of government functions.

Federal Paralysis vs. State Progress

This structural paralysis explains why even when Democrats win federal elections, they can rarely deliver on their most significant promises:

Federal Failures:

- No significant climate legislation despite multiple attempts
- Universal healthcare repeatedly blocked
- Federal minimum wage frozen at \$7.25 since 2009
- Comprehensive immigration reform stalled for decades
- Voting rights protections weakened by Court decisions and blocked by filibuster
- Gun safety legislation repeatedly blocked
- Student debt relief limited by Court decisions

State Successes:

- California implementing ambitious climate standards and renewable energy targets¹¹
- Massachusetts achieving near-universal healthcare coverage¹²
- Washington state pursuing public option healthcare¹³
- 34 states with minimum wages above the federal level¹⁴
- 24 states and D.C. legalizing recreational marijuana¹⁵
- Progressive states implementing comprehensive voting rights protections¹⁶
- California, New York, and other blue states passing strong gun safety laws¹⁷

The pattern is clear: The federal government is where progressive policy goes to die, while Democratic-controlled states are actively building the society progressive voters want.

¹¹"California Climate Change Programs." California Air Resources Board. <https://ww2.arb.ca.gov/>

¹²"Massachusetts Health Care Reform: Provisions and Impacts." 2025. <https://legalclarity.org/>

¹³"Washington State Public Option." <https://www.hca.wa.gov/> and <https://www.wahbexchange.org/>

¹⁴"State Minimum Wages." National Conference of State Legislatures, January 2024. <https://www.ncsl.org/>

¹⁵"Cannabis Overview." 2024. <https://www.ncsl.org/>

¹⁶"Voting Laws Roundup." Brennan Center for Justice, 2024. <https://www.brennancenter.org/>

¹⁷"Annual Gun Law Scorecard." Giffords Law Center, 2024. <https://giffords.org/>

Recent Developments: Federal Retrenchment

As of 2025, we are witnessing an unprecedented dismantling of the federal government. The Trump administration is systematically shutting down entire sections of the federal bureaucracy, firing career civil servants en masse, and—perhaps most concerning—simply ignoring court orders to reinstate dismissed employees or halt agency restructuring. This reveals a fundamental weakness in our constitutional system: without Congress willing to invoke its impeachment powers, the judiciary has no effective mechanism to enforce its rulings against an executive branch that chooses to ignore them. These are not minor policy adjustments but a wholesale erasure of decades of federal infrastructure and a direct challenge to the separation of powers doctrine.

This rapid federal retrenchment makes state-level governance not just preferable for advancing progressive policies, but increasingly necessary for defending existing programs and protections.

The Progressive Catch-22

Democrats face a painful dilemma:

1. **Reform the system:** Eliminating the filibuster, expanding the Supreme Court, granting statehood to D.C. and Puerto Rico, and implementing other structural reforms could level the playing field—but these reforms would require overcoming the very obstacles they aim to fix.
2. **Continue the status quo:** Pouring resources into federal elections that, even when won, yield minimal policy returns while leaving Democratic voters demoralized and progressive policy goals unmet.
3. **Defederalize democracy:** Shift focus, resources, and ambitions to state governance where structural barriers are less severe and progressive policies can actually be implemented.

This book makes the case for the third option: a strategic pivot toward state power as the primary vehicle for progressive governance in America.

It's not that federal elections don't matter—they absolutely do, especially defensively. But the path to actually building the progressive society Democrats envision increasingly runs through state capitals, not Washington D.C.

Not A Miracle Solution

A common rhetorical device to oppose a new idea or plan is sometimes referred to as “opposition to an insufficient miracle.” In other words, if an idea does not solve *all* problems it is deemed insufficient.

The strategy proposed in this book will not solve all problems. It will not (in and of itself) eliminate climate change, authoritarianism, or racism. But it does provide a pragmatic path forward for Democrats to actually deliver on their policy promises rather than continuing to bang their heads against the structural barriers of the federal system.

The goals are to increase and invigorate democracy, deliver tangible benefits to citizens, and protect progressive values and populations from the worst impacts of federal retrenchment, all while building momentum for a potential longer-term rebalancing of our federal system.

This strategy isn't about retreating from national ambitions—it's about finding new paths to achieve them. As states become laboratories of successful progressive governance, they create models that can spread, building momentum toward the more just society we envision.

As Justice Louis Brandeis wrote in 1932, “It is one of the happy incidents of the federal system that a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country.”¹⁸ Today, that wisdom points the way forward.

¹⁸New State Ice Co. v. Liebmann, 285 U.S. 262 (1932). <https://supreme.justia.com/>

How Democrats Lost Federal Power

For decades, Democrats have staked their political fortunes on control of the federal government. Yet despite numerous presidential and congressional victories, the progressive agenda has stalled. How did we reach this point of federal gridlock?

Democratic-Federal Alignment

The Democratic Party's relationship with federal power has deep historical roots:

- **The New Deal** established the federal government as the primary vehicle for economic security and social welfare
- **The Civil Rights Movement** relied on federal power to overcome state-level discrimination
- **Great Society programs** expanded the federal role in healthcare, education, and poverty reduction
- **Environmental protection** was nationalized through federal agencies and legislation

These successes created a natural progressive orientation toward federal solutions. The logic was straightforward: to enact bold, universal programs, you need the scale and authority of the federal government.

The Republican Counter-Strategy

Beginning in the 1980s, Republicans developed a sophisticated, multi-pronged approach to limiting progressive federal action. For a comprehensive account of this evolution, see Tim Alberta's *American Carnage*, which documents the Republican Party's transformation from Reagan through Trump.¹

¹Alberta, Tim. *American Carnage: On the Front Lines of the Republican Civil War and the Rise of President Trump*. Harper, 2019. <https://www.harpercollins.com/>

1. The Small-State Advantage

Republicans recognized the Senate's structural bias toward rural, conservative states and deliberately cultivated it:

- Focusing party resources on smaller states with outsized Senate representation
- Developing messaging emphasizing urban-rural divides
- Building durable electoral coalitions in low-population states

2. Judiciary Capture

Conservative legal organizations like the Federalist Society² developed a decades-long strategy to reshape the federal courts, as extensively documented in a landmark 2018 NPR investigation.³

- Creating a pipeline of ideologically vetted judicial candidates
- Focusing resources on lifetime federal appointments
- Building legal theories to limit federal regulatory power
- Strategic timing of retirements to maximize ideological continuity

3. Procedural Obstruction

Republicans transformed Senate norms and procedures to limit Democratic governance:

- Transforming the filibuster from rare exception to routine requirement
- Blocking Democratic appointments to create leverage
- Refusing to consider Supreme Court nominees during election years (when nominated by Democrats)
- Using debt ceiling votes and government shutdown threats as bargaining chips

²"The Federalist Society for Law and Public Policy Studies." <https://fedsoc.org/>

³Totenberg, Nina. "What Is The Federalist Society And How Does It Affect Supreme Court Picks?" NPR, June 28, 2018. <https://www.npr.org/>

4. Anti-Institutional Messaging

Republicans successfully undermined public trust in federal institutions:

- Portraying federal agencies as inefficient and corrupt
- Highlighting real and perceived government failures
- Promoting narratives of federal overreach and bureaucratic excess
- Recruiting candidates openly hostile to the agencies they would lead

This is an especially challenging area, as Democrats also indulge in significant anti-federal messaging, particularly around globalism, militarism, corporate influence, and surveillance. An anti-federal stance on these topics has been a long-standing liberal trope, especially since Vietnam. Progressive critiques of military spending, intelligence agencies, corporate regulatory capture, and trade agreements have contributed to the same erosion of institutional trust that Republicans have pursued more systematically.

When citizens consistently hear campaigns focused *against* federal institutions from both sides—albeit targeting different agencies and policies—the cumulative effect is a broad societal distrust of government itself. If both parties primarily define themselves by what they oppose rather than what they want to build, declining faith in democratic institutions becomes a predictable outcome.

The Democratic Response: Doubling Down

As federal governance became increasingly difficult, Democrats largely responded by doubling down on federal strategies:

- Focusing resources on presidential and Senate races
- Seeking grand federal legislative packages
- Relying on executive actions that proved temporary and vulnerable to court challenges
- Attempting structural reforms (like eliminating the filibuster) that never materialized

The Results: A Policy Graveyard

The consequences of this federal fixation have been devastating for progressive priorities:

- **Healthcare reform:** Despite controlling Congress and the presidency multiple times, Democrats achieved only the ACA—a compromise bill that has been under constant attack⁴
- **Climate legislation:** Major climate bills failed in 2009, 2010, and again in 2021-22. The Inflation Reduction Act, which did contain extensive climate support, was poorly marketed and is currently under attack by the new administration⁵
- **Voting rights:** The Voting Rights Act was gutted by the Supreme Court,⁶ and federal voting rights legislation has repeatedly failed⁷
- **Immigration reform:** Comprehensive reform has been blocked for decades,⁸ while executive actions proved temporary⁹
- **Economic inequality:** Attempts at progressive tax reform, minimum wage increases, and labor law reform have repeatedly failed¹⁰

The Reality of Progressive Federalism

While progressives fought losing battles in Washington, a different dynamic emerged in Democratic-controlled states:

- **Massachusetts** implemented near-universal healthcare coverage
- **California** established ambitious climate targets and a cap-and-trade system¹¹

⁴Keith, Katie. “Supreme Court Declines To Hear Yet Another Challenge To The Affordable Care Act.” Health Affairs, January 2021. <https://www.healthaffairs.org/>

⁵Rebecca Lebel. “Biden’s historic climate law has a problem.” Vox, August 2023. <https://www.vox.com/>

⁶Shelby County v. Holder, 570 U.S. 529 (2013). <https://www.supremecourt.gov/>

⁷Cochrane, Emily. “Republicans Block Voting Rights Bill, Dealing Blow to Biden and Democrats.” The New York Times, June 2021. <https://www.nytimes.com/>

⁸William A. Galston “The collapse of bipartisan immigration reform: A guide for the perplexed” <https://www.brookings.edu/> and <https://www.npr.org/>

⁹Department of Homeland Security v. Regents of the University of California, 591 U.S. ____ (2020). <https://www.supremecourt.gov/>

¹⁰<https://www.minimum-wage.org/> and <https://www.fisherphillips.com/>

¹¹“California’s Climate Policy Fact Sheet.” <https://www.law.berkeley.edu/>

- **Washington** created public option healthcare and comprehensive paid family leave
- **Illinois, Connecticut, and other blue states** raised minimum wages far above the federal level¹²
- **Oregon, Colorado, and others** implemented automatic voter registration and vote-by-mail¹³

These state-level successes weren't anomalies—they reflected a fundamental truth about where progressive governance is currently possible in America.

The Structural Challenge for Democrats

The Democratic Party now faces a stark reality: the federal system is structurally biased against the party's demographic coalition and policy agenda.

- Democrats increasingly represent dense urban areas concentrated in a limited number of states
- The party's core constituencies (young voters, people of color, educated professionals) are clustered in ways that minimize their impact in the Senate and Electoral College
- The Supreme Court is likely to remain conservative for a generation
- Even when Democrats win federal elections, institutional barriers make meaningful change difficult

This doesn't mean federal elections aren't important—they absolutely are, especially defensively. But it does mean that continuing to focus primarily on federal politics while neglecting state power is a strategic error that has cost Democrats real policy victories.

The Path Forward: Democratic Federalism

The solution isn't to abandon federal politics entirely, but to fundamentally rebalance the Democratic strategy toward state power. This means:

¹²"State Minimum Wages." National Conference of State Legislatures, January 2024. <https://www.ncsl.org/>

¹³"Automatic Voter Registration." National Conference of State Legislatures, February 2023. <https://www.ncsl.org/>

1. Recognizing where progressive governance is currently possible
2. Investing resources accordingly
3. Building models of successful state-level policy that can be replicated
4. Creating interstate coordination mechanisms to achieve necessary scale
5. Developing a new vision of progressive federalism that isn't dependent on federal breakthroughs

This strategic pivot isn't an admission of defeat—it's a recognition of reality. It's about meeting voters where they are and delivering on progressive promises through whatever constitutional means are available.

Origins: The Evolution of American Federal Power

To understand the current tensions in American federalism, we must examine how the relationship between the federal government and the states has evolved over more than two centuries. What began as a limited central authority has transformed into a massive federal apparatus that would be unrecognizable to the founding generation. This transformation wasn't accidental or inevitable—it resulted from specific historical pressures, political decisions, and changing national needs.

From Independence to the Articles of Confederation

The American Revolution wasn't just a war for independence from Britain—it was fundamentally a rejection of centralized authority. The colonists rebelled against a distant government making decisions without their representation or consent. This context is crucial for understanding the first American national government.

After declaring independence in 1776, the thirteen former colonies—now sovereign states—needed a framework for cooperation. The result was the Articles of Confederation, ratified in 1781. This first constitution reflected American suspicions of centralized power with:

- No executive branch or president
- No federal judiciary
- No power to tax or regulate commerce
- No ability to enforce laws directly on citizens
- Requirement for unanimous consent for amendments
- Equal representation for each state regardless of population

Under this system, the “United States” was less a nation than a league of sovereign states. The central government existed primarily to coordinate defense and diplomacy but lacked almost all domestic authority.

The Constitutional Crisis of the 1780s

The limitations of the Articles of Confederation quickly became apparent. After the war's unifying pressure dissipated, the Confederation Congress faced mounting challenges:

- Inability to pay Revolutionary War debts
- Lack of uniform commercial policies between states
- Interstate trade disputes and tariff wars
- No means to enforce treaties with foreign powers
- Shays' Rebellion in Massachusetts (1786-1787), which the federal government lacked power to address

By 1787, prominent leaders across several states had concluded that the Articles required significant revision. What began as a convention to amend the Articles transformed into a complete constitutional redesign—a process not without controversy, as many Americans feared replacing one tyranny with another.

The Constitutional Convention and the Great Compromise

The Constitutional Convention of 1787 was convened with the stated purpose of revising the Articles of Confederation. Instead, delegates quickly moved toward creating an entirely new system of government. This decision was not unanimous, and several delegates left rather than participate in what they viewed as an overreach of authority.

The convention faced a fundamental tension between:

- Large states (Virginia, Pennsylvania, Massachusetts) that wanted representation based on population
- Small states (Delaware, New Jersey, Connecticut) that feared domination without equal representation

The Great Compromise resolved this by creating:

- A House of Representatives with representation based on population

- A Senate with equal representation (two senators per state)
- An Electoral College for selecting the president, balancing both approaches

This compromise fundamentally shaped American federalism by ensuring that both national majority will and state sovereignty would be represented in the new government.

The founders also built in specific provisions for interstate cooperation. Article I, Section 10, Clause 3 of the Constitution states: “No State shall, without the Consent of Congress... enter into any Agreement or Compact with another State.” This clause recognized that states would need mechanisms to work together on shared concerns, while maintaining federal oversight of these arrangements to prevent the formation of sub-confederacies that might threaten national unity.

Interestingly, while the constitutional text requires congressional consent for interstate compacts, historical practice and Supreme Court interpretation (notably in *Virginia v. Tennessee*, 1893) have evolved to recognize that only compacts that increase states’ political power or encroach on federal authority truly require such consent. This evolution is one of many examples where constitutional practice has developed beyond strict textual interpretation to meet practical governance needs.

This constitutional provision may represent a specific strategic direction for federal and state political actors in the current environment. As the federal government abandons or significantly reduces its role in areas like education, climate science, or environmental protection, reform advocates could seek Republican allies willing to add language to federal legislation explicitly authorizing states to form interstate compacts on these issues. For example, in the wake of Department of Education elimination or NOAA funding reductions, federal enabling legislation could specifically permit states to collaboratively maintain these functions without fear of legal challenge. Such an approach might appeal to both federalism-minded Republicans and reform advocates seeking to preserve essential functions, creating a rare opportunity for bipartisan cooperation on the mechanics of devolution.

The Ratification Debate and the Federalist Papers

The proposed Constitution sparked intense national debate. “Federalists” supported ratification, while “Anti-Federalists” opposed it, fearing the creation of a too-powerful central government. Both sides included respected Revolutionary leaders and intellectuals.

The Federalist Papers – 85 essays written by Alexander Hamilton, James Madison, and John Jay – represent the most comprehensive case for the Constitution.¹ Key arguments included:

Federalist Arguments for the Constitution:

- **Federalist No. 10:** Madison argued that a larger republic would better prevent factional tyranny than small democracies
- **Federalist No. 51:** Madison explained how separation of powers would prevent concentration of authority
- **Federalist No. 39:** Madison described the Constitution as a compromise between national and federal principles
- **Federalist No. 70:** Hamilton advocated for an energetic executive to provide necessary leadership
- **Federalist No. 78:** Hamilton defended an independent judiciary with the power of judicial review

Anti-Federalist Concerns:

- The Constitution created a government too remote from the people
- Federal powers were too vaguely defined and could be expanded over time
- The necessary and proper clause (“elastic clause”) could justify federal overreach
- The Constitution lacked explicit protections for individual rights
- Sovereignty should remain primarily with the states and the people

The Anti-Federalists’ concerns about central power expansion and insufficient rights protections proved remarkably prescient in many ways.

¹The complete text of the Federalist Papers is available through multiple sources, including the Library of Congress’s collection at <https://guides.loc.gov/> and Yale Law School’s Avalon Project at <https://avalon.law.yale.edu/>

The Bill of Rights as Compromise

Ratification remained uncertain in key states, particularly Virginia and New York. To secure approval, Federalists promised to add explicit protections for individual rights and state sovereignty once the Constitution was ratified.

The resulting first ten amendments—the Bill of Rights—included specific protections against federal overreach:

- First Amendment: Freedom of religion, speech, press, assembly and petition
- Second Amendment: Right to keep and bear arms
- Fourth Amendment: Protection against unreasonable searches and seizures
- Ninth Amendment: Recognition of rights not specifically enumerated
- Tenth Amendment: Reservation of non-delegated powers to states and people

The Tenth Amendment was particularly significant, explicitly stating: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

This amendment was intended as a bulwark against federal expansion beyond enumerated powers—a principle that would be repeatedly tested throughout American history.

Early Federal Growth and Contestation

The new federal government initially operated within relatively modest boundaries. Early controversies centered on questions like:

- Could the federal government establish a national bank? (Hamilton said yes, Jefferson no)
- Could states nullify federal laws they considered unconstitutional? (Kentucky and Virginia Resolutions)
- What was the proper scope of federal power under the “necessary and proper” clause?

These debates remained largely theoretical until the Civil War fundamentally altered the federal-state relationship. The Union victory effectively ended state claims to a right of secession and established federal supremacy, though significant state autonomy remained in domestic affairs.

The Population Factor: Representation and Governance Scale

America’s rapid population growth has significantly influenced federal expansion. Consider these key population milestones and their impact on representation:

Year	US Population	House Members	Senate Members	Key Federal Developments
1790	3.9 million	65	26	First US Census, original constitutional system
1861	31.4 million	178	66	Civil War begins, federal authority challenges
1913	97.2 million	435	96	Federal Reserve established, income tax amendment
1933	125.6 million	435	96	New Deal begins, major federal expansion

Year	US Population	House Members	Senate Members	Key Federal Develop- ments
1945	139.9 million	435	96	WWII ends, permanent military- industrial complex
1965	194.3 million	435	100	Great Society programs (Medi- care/Med- icaid)
2020	331.4 million	435	100	Modern federal govern- ment with vast scope

This population growth created governance challenges the founders never anticipated. A representative who might have known most constituents personally in 1790 now represents over 750,000 people, creating both democratic distance and pressure for more federal administration.

Year	US Population	People per Represen- tative	People per Senator	Key Federal Develop- ments
1790	3.9 million	60,000	150,000	First US Census, original constitu- tional system

Year	US Population	People per Representative	People per Senator	Key Federal Develop- ments
1861	31.4 million	176,400	475,758	Civil War begins, federal authority challenges
1913	97.2 million	223,448	1,012,500	Federal Reserve es- tablished, income tax amend- ment
1933	125.6 million	288,736	1,308,333	New Deal begins, major federal expansion
1945	139.9 million	321,609	1,457,292	WWII ends, permanent military- industrial complex
1965	194.3 million	446,667	1,943,000	Great Society programs (Medi- care/Med- icaid)
2020	331.4 million	761,839	3,314,000	Modern federal govern- ment with vast scope

By way of contrast, in the state Congress for Washington state representation is closer to that of period of 1790, with each member representing closer to the 150,000 mark. This allows Washington state members to hold much more coherent, direct conversations with members of their

district. This pattern holds true throughout the nation. Contrast this with the federal Senate, where you move to millions of people per Senator (and this gets worse the larger the state). This dynamic forces federal Senators to move to expensive mass media, necessitating extensive fundraising often from corporate donors.

The Great Depression and the New Deal

The economic catastrophe of the Great Depression fundamentally transformed American governance. President Franklin Roosevelt's New Deal represented an unprecedented expansion of federal authority into economic and social realms previously considered state or private matters.

Key New Deal innovations included:

- Social Security and unemployment insurance
- Direct federal regulation of banking and securities
- Agricultural subsidies and production controls
- Federal labor standards and collective bargaining rights
- Massive public works and infrastructure programs

These programs required dramatic expansion of federal bureaucracy and spending. The Supreme Court initially resisted this growth, striking down several New Deal programs as unconstitutional overreach. Roosevelt, frustrated by these judicial roadblocks, proposed his infamous “court-packing plan” in 1937, which would have allowed him to appoint up to six additional justices to the nine-member Court.

While the plan ultimately failed legislatively, it put enormous pressure on the Court. Shortly after the plan's introduction, the Court began upholding New Deal legislation in what became known as “the switch in time that saved nine.” Through subsequent appointments, Roosevelt eventually transformed the Court's composition, leading to much broader interpretations of federal powers under:

- The Commerce Clause
- The General Welfare Clause
- The Necessary and Proper Clause

These interpretive shifts permanently altered the constitutional understanding of federal authority. More importantly, this episode became a defining, galvanizing moment for conservatives that continues to inform their judicial strategy today. The perception that Roosevelt had effectively bullied the Court into submission—forcing constitutional reinterpretation through political pressure rather than formal amendment—has driven generations of conservative legal scholars to focus on restoring what they see as the Constitution's original limits on federal power. The Federalist Society and other conservative legal organizations explicitly trace their intellectual lineage to opposition against the New Deal's constitutional revolution, making today's conservative judicial movement in many ways a decades-long response to Roosevelt's pressure tactics.

World War II and the National Security State

World War II and the subsequent Cold War further centralized power in Washington through:

- Creation of the military-industrial complex
- Development of nuclear weapons requiring federal control
- Establishment of intelligence agencies (CIA, NSA)
- Vast defense spending with economic impacts across states
- Federal scientific research funding
- Interstate highway system justified for defense purposes

National security imperatives trumped traditional limitations on federal power. The need for unified action against existential threats justified unprecedented peacetime military establishments and security apparatuses that would have alarmed the founding generation.

The Great Society and Beyond

The 1960s brought another wave of federal expansion through President Johnson's Great Society programs:

- Medicare and Medicaid (1965)
- Federal education funding
- Environmental protection

- Civil rights enforcement
- War on Poverty programs

These initiatives fundamentally altered federal-state relations by:

- Making states administrators of federal policy through grant programs
- Attaching federal conditions to funding
- Creating direct federal-citizen relationships through benefit programs
- Establishing nationwide standards in areas traditionally left to states

The Reagan administration of the 1980s rhetorically championed federalism and state authority but achieved limited actual reduction in federal scope. Subsequent administrations of both parties have generally continued federal expansion despite occasional decentralizing reforms.

Federalism Today: Broken or Evolved?

Today's federal-state relationship bears little resemblance to the system envisioned in 1787. The transformation reflects both pragmatic responses to changing national needs and the natural tendency of centralized power to expand. Whether this represents legitimate evolution or constitutional distortion depends largely on one's political perspective.

What's undeniable is that America's governance system faces mounting strain. The institutions designed for a smaller, more homogeneous nation now attempt to govern a continental power of over 330 million people with unprecedented diversity of interests, values, and identities.

Understanding this historical evolution provides essential context for considering whether our current federal arrangements remain viable—or whether new approaches to American federalism are needed for the challenges ahead.

The Federal Government Today: Size, Scope, and Stalemate

The United States federal government has evolved from its modest constitutional origins into one of the largest and most complex organizations in human history. This chapter examines the current structure, scale, and operations of the federal government—and why its ability to address national challenges has become increasingly impaired despite its enormous size and resources.

The Scope and Scale of Federal Operations

The modern federal government directly employs over 2.1 million civilian workers and 1.3 million active duty military personnel.¹ But this formal workforce represents only a fraction of the federal government's reach. When we include:

- Government contractors²
- State and local employees implementing federal programs³
- Private entities operating under federal regulation⁴
- Recipients of federal benefits and services⁵

The federal government effectively shapes the daily lives and livelihoods of virtually every American.

¹"Federal Civilian Employment." U.S. Office of Personnel Management, FedScope, 2023. <https://www.fedscope.opm.gov/>

²"Federal Contract Spending: Five Trends in Five Charts." Project on Government Oversight, 2022. <https://federalnewsnetwork.com/>

³"Federal Grants to State and Local Governments." Congressional Research Service, 2019. <https://crsreports.congress.gov/>

⁴"The Code of Federal Regulations: The Ultimate Regulatory Burden." Competitive Enterprise Institute, 2022. <https://cei.org/studies/>

⁵"Federal Spending on Benefits and Services for People with Low Income: FY2008-FY2020." <https://www.congress.gov/>

Federal Government Employment (2023)

Department/Area	Employees (Approx.)
Defense (civilian)	770,000
Veterans Affairs	390,000
Homeland Security	240,000
Justice	115,000
Agriculture	95,000
Health & Human Services	85,000
All other departments	405,000
Total Civilian	2,100,000
Military (active)	1,300,000

This workforce is spread across more than 430 departments, agencies, and sub-agencies with overlapping and sometimes conflicting mandates.⁶ The federal government maintains facilities in every state and territory, as well as hundreds of foreign countries, and exercises regulatory authority over massive portions of the American economy.⁷

Federal Budget: Revenue and Spending

The federal government operates at a fiscal scale once unimaginable. For fiscal year 2023, federal:⁸

- Spending exceeded \$6.2 trillion
- Revenue was approximately \$4.5 trillion
- The resulting deficit was around \$1.7 trillion
- Total national debt reached approximately \$33 trillion⁹

⁶“United States Government Manual.” National Archives and Records Administration. <https://www.govinfo.gov/>

⁷“Federal Real Property: Improved Data and a National Strategy Needed to Better Manage Excess and Underutilized Property.” Government Accountability Office, 2022. <https://www.gao.gov/>

⁸“Budget of the United States Government” <https://www.govinfo.gov/>

⁹“The Debt to the Penny.” U.S. Department of the Treasury, Bureau of the Fiscal Service. <https://fiscaldata.treasury.gov/>

These numbers are so large they become nearly meaningless without context. Federal spending now represents approximately 25% of the entire U.S. GDP—a quarter of all economic activity in the nation.¹⁰

Federal Revenue Sources (FY 2023)

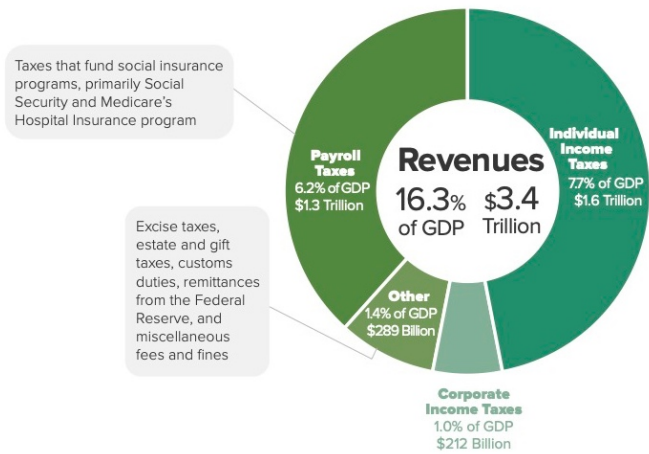


Figure 5.1. Federal Revenue Sources

Source	Amount (Trillions)	Percentage
Individual Income Taxes	\$2.2	49%
Payroll Taxes	\$1.5	33%
Corporate Income Taxes	\$0.4	9%
Other	\$0.4	9%

Source: Office of Management and Budget, Budget of the United States Government, Fiscal Year 2023¹¹

¹⁰“Federal Outlays and Receipts as a Percentage of GDP.” Congressional Budget Office, 2023. <https://www.cbo.gov/>

¹¹“Budget of the United States Government, Fiscal Year 2023: Analytical Perspectives.” Office of Management and Budget. <https://www.govinfo.gov/>

Note: 91% of federal revenue comes from taxes that could be readily collected by states instead of the federal government. Individual income taxes, corporate income taxes, and payroll taxes are all calculated based on taxpayer location and could be redirected to state collection through coordinated legislative action and administrative restructuring.¹²

Federal Spending Categories (FY 2023)

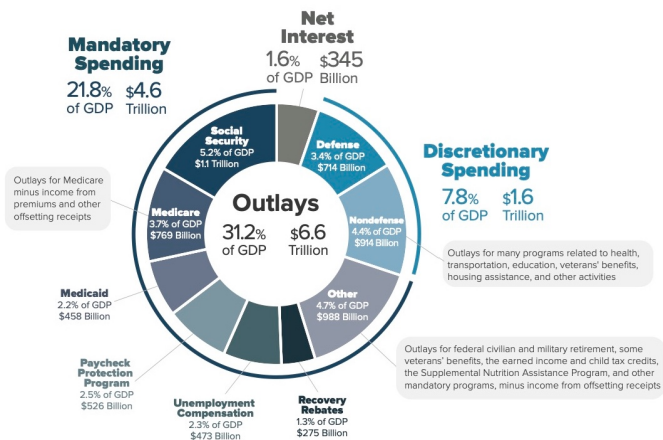


Figure 5.2. Federal Spending Categories

Category	Amount (Trillions)	Percentage
Social Security	\$1.4	23%
Medicare	\$0.8	13%
Medicaid	\$0.6	10%
Defense	\$0.8	13%
Other Mandatory	\$1.2	19%
Non-Defense Discretionary	\$0.9	14%
Interest on Debt	\$0.5	8%

¹²“Federal-State Tax Collection: Alternative Distribution Rules.” Tax Foundation, Policy Brief, 2021. <https://taxfoundation.org/>

Source: Office of Management and Budget, Budget of the United States Government, Fiscal Year 2023¹³

The Dominance of Legacy Programs

Perhaps the most striking aspect of federal spending is that the vast majority funds programs created generations ago. The largest spending categories include:

- **Social Security (1935):** Created during the Great Depression, 88 years ago
- **Medicare (1965):** Established during the Great Society era, 58 years ago
- **Medicaid (1965):** Created alongside Medicare, 58 years ago
- **Defense Establishment:** Largely structured during Cold War, 75+ years ago

Most Americans alive today were born into a system where these programs already existed as established institutions. Over 70% of federal spending is considered “mandatory”—meaning it continues automatically without annual congressional approval.

This predominance of legacy programs reveals a critical reality: the federal government excels at maintaining existing systems but struggles to create new solutions for emerging challenges. The last major social program successfully implemented was the Affordable Care Act (“Obamacare”) in 2010, which itself:

- Was based on a Republican plan first implemented in Massachusetts
- Preserved rather than replaced the existing private insurance system
- Required extensive compromise and narrow passage
- Has faced continuous legal and political challenges

The Semi-Independent Federal Entities

Another key aspect of federal governance is that significant functions operate with partial independence from direct political control:

¹³“Budget of the United States Government, Fiscal Year 2023: Historical Tables.” Office of Management and Budget. <https://www.govinfo.gov/>

The Federal Reserve System

Established in 1913, the Federal Reserve serves as the nation's central bank, with:

- Independent leadership appointed to fixed terms
- Authority over monetary policy separate from Congress and President
- Balance sheet exceeding \$8 trillion after pandemic interventions
- Regulatory oversight of the banking system

Independent Regulatory Agencies

Numerous powerful agencies operate outside traditional executive departments:

- Securities and Exchange Commission (SEC)
- Federal Communications Commission (FCC)
- Federal Trade Commission (FTC)
- Consumer Financial Protection Bureau (CFPB)
- Many others with industry-specific authority

These agencies exercise enormous economic influence through rulemaking, enforcement, and adjudication, often with limited direct accountability to voters.

Government-Sponsored Enterprises and Federal Debt Involvement

Hybrid public-private entities serve crucial economic functions:

- Fannie Mae and Freddie Mac (housing finance)
- Federal Home Loan Banks
- Farm Credit System

These organizations operate as private companies with federal charters and implicit or explicit government backing, creating complex governance arrangements that blur public-private boundaries.

Perhaps more significantly, federal entities and federally-backed programs dominate the nation's debt markets.¹⁴ Fannie Mae and Freddie Mac alone guarantee approximately \$7.5 trillion in mortgage debt—the majority of all U.S. residential mortgages.¹⁵ Similarly, the Department of Education directly holds or guarantees \$1.6 trillion in student loan debt.¹⁶ After mortgages and student loans, the largest consumer debt categories are auto loans (often through manufacturer financing) and credit cards.

This federal dominance of debt markets extends to crisis intervention as well. When financial institutions face failure, the federal government frequently steps in, as demonstrated by the 2023 handling of Silicon Valley Bank's collapse,¹⁷ the 2008 financial crisis interventions, and countless other examples. For a society that ostensibly champions free-market capitalism, the United States exhibits remarkable government involvement in debt markets and financial rescues—a hybrid system where risks are often socialized while profits remain privatized.

The Structural Paralysis of Federal Governance

Despite its enormous size and resources, the federal government increasingly struggles to address national challenges. This paralysis stems from multiple structural factors:

Legislative Gridlock

The most visible symptom of federal dysfunction is Congress's inability to pass significant legislation. Several mechanisms contribute to this gridlock:

- **Senate Filibuster:** Requires 60 votes (out of 100) to advance most legislation, effectively giving the minority party veto power

¹⁴"Financial Accounts of the United States." Federal Reserve, 2023. <https://www.federalreserve.gov/>

¹⁵"Fannie Mae and Freddie Mac: An Overview." <https://www.investopedia.com/>

¹⁶"Federal Student Loan Portfolio." U.S. Department of Education, Federal Student Aid, 2023. <https://studentaid.gov/>

¹⁷"What Happened to Silicon Valley Bank?" 2023. <https://www.investopedia.com/>

- **Impeachment Supermajority:** Requires 67 Senators (two-thirds) to remove a president or federal judge after impeachment, rendering this constitutional check virtually impossible in practice¹⁸
- **Committee System:** Allows powerful committee chairs to block legislation regardless of broader support
- **Partisan Polarization:** Decreasing willingness to compromise across party lines
- **Campaign Finance:** Influence of donors in blocking policies with majority public support
- **Gerrymandering:** House districts drawn to maximize partisan advantage, reducing competitive elections

As a result, Congress routinely fails to address even widely acknowledged problems—from immigration reform to infrastructure investment to climate change.

Administrative Challenges

Even when legislation passes, implementation often falls short:

- **Bureaucratic Complexity:** Multiple agencies with overlapping responsibilities
- **Outdated Technology:** Systems decades behind private sector capabilities
- **Personnel Constraints:** Hiring processes averaging 98 days for federal positions
- **Political Appointee Delays:** Senior leadership positions often vacant for extended periods
- **Budgetary Uncertainty:** Continuing resolutions rather than proper appropriations

These factors combine to create a government that moves too slowly for effective response to rapid economic, technological, and social changes.

¹⁸In American history, the Senate has never successfully removed a president through impeachment, despite three trials. The Senate has only removed eight federal judges in U.S. history, despite the appointment of over 3,600 federal judges since 1789. See: “Impeachment: An Overview of Constitutional Provisions, Procedure, and Practice.” Congressional Research Service, 2023. <https://crsreports.congress.gov/>

Judicial Constraints

The federal judiciary increasingly limits federal governance through:

- **Aggressive Review:** Striking down administrative actions and regulations
- **Major Questions Doctrine:** Requiring explicit congressional authorization for significant policy changes¹⁹
- **Renewed Federalism:** More stringent limits on federal authority vis-à-vis states
- **Deference Rollback:** Reducing judicial deference to agency expertise²⁰

Recent Supreme Court decisions have fundamentally altered the constitutional configuration, primarily restricting congressional power while simultaneously expanding executive authority in ways that approach an “imperial presidency.”²¹ The Court has dramatically curtailed Congress’s ability to delegate authority to federal agencies through its overturning of Chevron deference and expansion of the major questions doctrine, while simultaneously granting unprecedented immunity to presidential actions through decisions like *Trump v. United States*.²² This paradoxical approach—limiting federal agencies’ ability to regulate while expanding presidential immunity from oversight—effectively concentrates power in the presidency while reducing democratic accountability.

These trends effectively transfer power from elected branches and expert agencies to unelected judges, further complicating governance.

The Culture War Factor

Perhaps the most significant barrier to effective federal governance is the intensifying culture war that transforms policy disagreements into existential identity conflicts. Issues including:

¹⁹*West Virginia v. EPA*, 597 U.S. (2022). <https://www.supremecourt.gov/>

²⁰*Loper Bright Enterprises v. Raimondo*, 601 U.S. (2024). <https://supreme.justia.com/>

²¹“Supreme Court Reform”. <https://www.brennancenter.org/>

²²In *Trump v. United States*, 600 U.S. (2024), the Court established that presidents have absolute immunity for “official acts” and presumptive immunity for other actions, creating unprecedented protection from legal accountability. <https://supreme.justia.com/>

- Health care
- Immigration
- Environmental protection
- Education
- Civil rights

Are increasingly framed not as technical policy questions with various approaches, but as fundamental moral battles that define tribal identity. This transformation makes compromise nearly impossible, as concession feels like betrayal of core values rather than practical governance.

The Affordable Care Act (ACA) illustrates this dynamic perfectly. Based on a conservative Heritage Foundation proposal and first implemented by Republican Governor Mitt Romney in Massachusetts, the ACA became intensely polarizing not because of its technical approach but because it became symbolically associated with progressive identity.

Polling data consistently reveals how tribal identity shapes policy views: the same healthcare law polls significantly differently depending on whether it's described as "Obamacare" (triggering partisan reactions), "the Affordable Care Act" (more neutral), or simply by its individual components like protections for pre-existing conditions (which enjoy broad support).²³ This tribal framing—where policy support depends more on partisan labeling than actual content—repeats across virtually all policy domains.

The Missing Middle Ground

The combined effect of these factors is a federal government caught between contradictory imperatives:

- Too large and intrusive for conservative Americans who prioritize limited government

²³Multiple studies have documented this phenomenon. For example, a CNBC/Morning Consult poll found that 44% of respondents viewed the ACA favorably compared to just 29% who viewed "Obamacare" favorably, despite being the same law. When individual components are described without naming the law, support rises even higher, with provisions like pre-existing condition protections garnering 70-80% approval. See CNBC, "What's in a name? Lots when it comes to Obamacare/ACA," <https://www.cnbc.com/> and Kaiser Family Foundation Health Tracking Poll showing consistent partisan differences in ACA support, with individual provisions like protections for pre-existing conditions having much broader support than the law as a whole, <https://www.kff.org/>

- Too constrained and unresponsive for progressive Americans who want active problem-solving

This leaves few Americans satisfied with federal performance and creates a destructive cycle where:

1. Problems remain unaddressed due to gridlock
2. Public frustration increases
3. Polarization intensifies as each side blames the other
4. Governance becomes even more difficult
5. Repeat

The Federal Problem and the American Future

The federal government's size, scope, and operational challenges represent more than administrative inefficiency—they reflect a governance model increasingly mismatched to national needs.

A continental nation of 330+ million people with profound regional, cultural, and economic differences may simply be too diverse for effective centralized governance under current arrangements. The federal institutions designed for a smaller, more homogeneous country strain to accommodate the complexity of modern America.

This realization doesn't necessarily require abandoning the American experiment. But it does suggest that meaningful reform must go beyond policy tweaks or personnel changes to address fundamental questions about the proper distribution of authority between federal, state, and local levels in a diverse 21st century republic.

The chapter that follows will explore alternative approaches to this foundational challenge.

100 Million And The Limits of Empire

Throughout history, one population threshold has repeatedly challenged the cohesion of large political entities: approximately 100 million people. This seemingly arbitrary number has marked the point where empires begin to struggle with governance, identity cohesion weakens, and organizational complexity becomes overwhelming. Understanding this pattern provides crucial insight into the challenges facing the United States and other large nations today.

The Historical Pattern

The Roman Empire reached approximately 60-70 million people at its height in the 2nd century CE, approaching but not quite reaching the critical threshold. As it expanded further, governance difficulties multiplied, leading to the famous division between Western and Eastern empires—a recognition that the whole had become too unwieldy to administer as a single unit.

Other historical examples reveal a similar pattern:

- **Han Dynasty China:** Reached approximately 60 million people around 100 CE before fragmentation
- **Ottoman Empire:** Hit 25-30 million by the 18th century, with serious governance strains appearing well before reaching 100 million
- **Austro-Hungarian Empire:** Governed about 50 million people by 1914, with intense internal ethnic and nationalist pressures
- **British Empire:** Despite controlling up to 500 million people, maintained a decentralized colonial administration system that delegated significant local control

In each case, these empires began experiencing serious governance and cohesion challenges well before reaching 100 million, suggesting the threshold might be even lower without modern communication and transportation technologies.

The American Exception and Its Fading Foundations

The United States crossed the 100 million population threshold around 1915, a period marked by significant internal tensions. What allowed America to successfully navigate this transition when other political entities struggled?

Three crucial factors stand out:

1. The Unifying Force of World War II

The mobilization for World War II created unprecedented national unity and shared purpose. Americans from all regions and backgrounds joined together in a collective enterprise, forging bonds that transcended regional identities. This collective experience:

- Created shared sacrifice across geographic and social boundaries
- Developed robust federal institutions with widespread legitimacy
- Generated economic prosperity that was broadly shared

2. The External Threat of the Soviet Union

The Soviet Union provided an external “other” against which Americans could define themselves. This common adversary:

- Minimized internal divisions in favor of a unifying national identity
- Justified robust federal institutions and spending
- Created pressure for internal cohesion despite significant regional differences

3. The Generation of Political Leaders Shaped by These Experiences

Politicians who came of age during WWII and the early Cold War understood the existential need for national unity. Leaders like Eisenhower, Kennedy, and Reagan—despite policy differences—all operated within a framework that prioritized national cohesion and shared American identity.

The Erosion of American Cohesion

Two pivotal historical developments have undermined these cohesive forces:

1. The End of the Soviet Threat

The collapse of the USSR in 1991 removed the external pressure for American unity. Without this common adversary:

- Regional, cultural, and political differences could reemerge more forcefully
- Federal institutions lost a key source of legitimacy
- The perceived need for national unity diminished

2. The Passing of the WWII Generation

As the generation that experienced WWII's unifying effect has passed from political leadership, their instinctive commitment to national cohesion has faded as well. Politicians who came of age during the more divisive Vietnam era and beyond approach governance with fundamentally different assumptions.

Contemporary Examples of the 100 Million Challenge

This pattern is not unique to American experience or ancient history. Multiple contemporary nations face similar challenges:

China: Administrative Complexity and Regional Diversity

With 1.4 billion people, China illustrates both the challenges and the aggressive measures required to maintain central control over a population well beyond the 100 million threshold:

- Massive investment in surveillance technology
- Strict media and internet controls
- Significant restrictions on internal migration and regional autonomy
- Aggressive policies toward minority regions like Xinjiang and Tibet

Despite these measures, regional economic disparities and cultural differences remain significant challenges for Chinese governance.

Russia: The Post-Soviet Struggle for Cohesion

Russia's post-Soviet experience with approximately 144 million people demonstrates the difficulty of maintaining an imperial structure:

- Ongoing separatist movements in regions like Chechnya
- Reliance on strongman leadership and security services
- Utilization of external threats to foster national unity
- Significant regional economic disparities

Russia's annexation of Crimea and invasion of Ukraine can be partly understood as attempts to restore imperial identity and cohesion through external enemies and territorial expansion.

India: Federal Solutions to Massive Diversity

India, with over 1.3 billion people, has adopted a distinctive federal approach to governance:

Strengths of India's federal model:

- Strong linguistic and cultural autonomy for states
- Accommodations for regional political parties and interests
- Constitutional recognition of diversity
- Flexible approach to center-state relations

Challenges that persist:

- Ongoing separatist movements in some regions
- Religious and communal tensions
- Significant governance variations between states
- Economic disparities between regions

India's experience suggests that robust federalism can help manage the challenges of large population size, though not without ongoing tensions.

Alternative Models: The European Union Approach

The European Union represents a different solution to the challenge of governing large populations—a supranational framework that deliberately preserves national sovereignty while creating mechanisms for cooperation:

- Total population of approximately 450 million
- Maintains distinct national identities and political systems
- Delegates only specific powers to the central EU institutions
- National governments retain primary democratic legitimacy
- Subsidiarity principle: decisions made at the lowest practical level

This approach acknowledges the natural limits of political scale and identity, creating cooperative mechanisms without attempting to force a singular national identity across diverse populations.

Other Approaches to the 100 Million Challenge

Indonesia: Weak Federalism and Strong Regional Identities

Indonesia, with 270 million people spread across thousands of islands, has developed a distinctive approach:

- Relatively weak central government compared to population size
- Strong regional and ethnic identities
- Significant autonomy for regions like Aceh and Papua
- Cultural accommodation through the state philosophy of Pancasila

This model accepts greater regional autonomy in exchange for maintaining the overall national framework.

Brazil: Regionalism Within a Federal System

Brazil, with 213 million people, demonstrates how regional identities can persist within a federal system:

- Significant economic and cultural differences between regions
- Strong state governments with considerable autonomy
- Acceptance of regional identity alongside national identity
- Ongoing tensions between central authority and regional interests

The Underlying Dynamics of Scale

What explains this recurring pattern across different historical periods and cultural contexts? Several fundamental social dynamics appear to be at work:

1. Natural Diffusion of Cultural Identity

Human cultures naturally differentiate over geographic distance. Beyond a certain scale, maintaining a unified cultural identity requires increasingly coercive measures or powerful unifying forces. The “natural” size of a culturally cohesive political unit may be significantly smaller than modern nation-states.

2. Administrative Complexity and Bureaucratic Scaling

Governance systems face exponentially increasing complexity as population grows. The information processing requirements for coordinating activities at the 100+ million scale strain even modern administrative systems.

The Mathematics of Bureaucratic Scaling

To understand this concretely, consider the organizational structure required to manage large populations. Let's examine two management models:

- **High-Touch Management:** 5 staff per manager (common in complex organizations requiring close supervision)
- **Lean Management:** 20 staff per manager (found in more streamlined organizations)

For an organization of 100,000 productive contributors (those doing actual work, not managing), the management overhead looks dramatically different:

With 5:1 ratio:

- Level 1: 20,000 direct managers
- Level 2: 4,000 middle managers

- Level 3: 800 senior managers
- Level 4: 160 directors
- Level 5: 32 executives
- Level 6: 6-7 top executives
- Total management: 24,998 people (25% of the workforce)

With 20:1 ratio:

- Level 1: 5,000 direct managers
- Level 2: 250 middle managers
- Level 3: 13 senior managers
- Level 4: 1 chief executive
- Total management: 5,264 people (5% of the workforce)

Now scale this to a nation of 330 million:

The management overhead becomes staggering even with lean ratios. This is analogous to the administrative burden in large governments, where layers of bureaucracy multiply as population increases. Each additional management layer adds communication complexity, slows decision-making, increases costs, and distances leadership from ground-level realities.

This mathematical reality suggests that organizational efficiency fundamentally breaks down at very large scales. Similar patterns appear in military command structures, which have historically struggled with the same scaling problems beyond certain force sizes.

The administrative complexity challenge isn't merely about efficiency—it reflects a fundamental constraint on human organizational capacity that becomes increasingly problematic as populations approach and exceed 100 million.

3. Elite Cohesion Challenges

As populations grow, maintaining elite consensus and cohesion becomes more difficult. Elites in different regions develop divergent interests and perspectives, complicating unified governance.

4. Distance from Decision-Making

As political units grow larger, citizens experience greater psychological distance from governance decisions, potentially reducing legitimacy and compliance.

5. Regional Economic Divergence

Large political units inevitably develop regional economic specializations and divergences, creating different policy needs and priorities that strain unified governance.

Implications for the United States

For the United States, with 330 million people, these patterns suggest several important conclusions:

1. The unusual cohesion of the post-WWII era was historically anomalous, not the American norm
2. Current polarization partly reflects the natural reassertion of regional and cultural differences once suppressed by external threats
3. Attempting to impose uniform national policies across increasingly divergent regions may generate escalating resistance
4. More robust federalism, allowing greater regional policy differentiation, may better accommodate natural diversity

What Works for Large-Scale Political Organization

Comparative analysis suggests several approaches that help govern at scales beyond the 100 million threshold:

1. Subsidiarity and Genuine Federalism

The most successful large political entities embrace decision-making at the lowest practical level, with central authorities focused on truly national issues. This allows for regional adaptation and experimentation.

2. Cultural and Identity Accommodation

Effective governance of large populations requires accommodating diverse identities rather than imposing uniformity. This might include language rights, religious accommodations, and recognition of regional distinctiveness.

3. Balanced Economic Development

Efforts to ensure relatively balanced economic development across regions help prevent the center-periphery tensions that often drive separatism.

4. Democratic Legitimacy at Multiple Levels

Successful large political entities maintain democratic legitimacy at various governance levels, not just nationally. This creates multiple avenues for citizen representation.

5. Flexibility in Institutional Design

Rigid constitutional arrangements often fail to accommodate the evolving needs of diverse regions. Successful large-scale governance requires institutional flexibility and adaptation over time.

Sources of Tension in Large Political Entities

Conversely, certain approaches reliably generate increasing resistance in large political entities:

1. Centralization of Decision-Making

Attempts to centralize decision-making for diverse regions typically generate resistance proportional to the distance (both geographical and cultural) from the center.

2. Cultural Homogenization

Policies aimed at cultural homogenization across diverse regions often produce backlash and strengthen regional identities.

3. Winner-Take-All Politics

Political systems where winning national power allows imposing uniform policies across diverse regions generate escalating resistance over time.

4. Neglect of Regional Economic Disparities

Failure to address significant regional economic disparities typically strengthens separatist or regionalist movements.

Conclusion: Rethinking American Governance

The recurring 100 million population threshold in political organization suggests that the United States' current challenges are neither unique nor simply the result of contingent political factors. Rather, they reflect fundamental dynamics of human social organization at scale.

A more sustainable American future likely requires reconsidering how we balance national unity with regional diversity. This might include:

- Stronger emphasis on federalism and policy experimentation at state and regional levels
- Greater acceptance of policy divergence between states and regions
- Focus on maintaining basic rights and democratic norms rather than uniform policy outcomes
- Development of mechanisms for interstate cooperation outside federal frameworks
- Recognition that regional differences reflect natural social dynamics rather than moral failings

The alternative—attempting to maintain the unusually high level of national unity and policy uniformity of the post-WWII era—may prove increasingly costly and ultimately unsustainable as the underlying conditions that made that era possible continue to fade.

By understanding and working with, rather than against, the natural limits of political scale, the United States might develop governance approaches better suited to its current size and diversity.

How Likely Is Civil War?

In discussions about America's political future, few scenarios are invoked with more gravity than the prospect of a second civil war. Yet despite the rhetorical value of such warnings, a careful examination of institutional realities suggests that actual armed conflict between states or between states and the federal government remains highly improbable. This chapter examines why the structural conditions for civil war are largely absent in contemporary America, despite significant political tensions.

The Military Reality: Structure and Tradition

The United States maintains the world's most powerful military, yet its structure and traditions make it remarkably ill-suited for domestic conflict against states.

Constitutional Limitations and Military Culture

The American military operates within a strong tradition of civilian control and constitutional restraint. This is not merely a matter of legal theory but is deeply embedded in military culture and training. Officers swear an oath to "support and defend the Constitution of the United States against all enemies, foreign and domestic," not to support any particular administration or political faction.

This constitutional focus creates a significant barrier to any administration seeking to deploy military forces against states in constitutionally questionable circumstances. Military leaders would face profound legal and ethical dilemmas if ordered to take actions that could be construed as unconstitutional suppression of state authority.

Force Structure Limitations

Beyond cultural and legal constraints, the U.S. military faces practical limitations for domestic operations:

- **Limited Personnel:** Despite its impressive global capabilities, the active-duty military numbers approximately 1.3 million personnel—a force designed primarily for foreign deployments, not domestic occupation
- **Geographic Distribution:** Military bases are unevenly distributed across the country, creating significant logistical challenges for any domestic operation
- **Specialization:** Today's military is highly specialized for conventional and counter-insurgency warfare abroad, not for the complex tasks of domestic peacekeeping or urban control
- **Dependence on Civilian Infrastructure:** Military operations rely heavily on civilian infrastructure and supply chains that would be disrupted in any domestic conflict

Combat Force Structure and Logistical Constraints

A deeper analysis of U.S. military capacity reveals even more profound limitations for domestic operations. Of the 1.3 million active-duty personnel, only a fraction constitute actual combat forces. The Army's primary combat elements consist of 31 Brigade Combat Teams (BCTs): 11 Armored brigades, 6 Stryker brigades, and 14 Infantry brigades.¹

These formations total approximately 147,000 troops dedicated to direct combat roles, with the vast majority of military personnel serving in support, logistics, intelligence, and command functions. This reflects a critical reality of modern warfare: for every soldier in a combat role, 7-9 personnel work in support functions.

More crucially, these combat formations can only operate for 3-5 days without logistical support. Armored and mechanized units face even tighter constraints—just 2-3 days of independent operations before requiring substantial resupply, particularly of fuel. This dependency on continuous logistical support creates a fundamental vulnerability in any domestic conflict scenario.

¹U.S. Army Brigade Combat Team (BCT) structure data from U.S. Army Field Manual 3-96, "Brigade Combat Team" (<https://www.globalsecurity.org/>). Standard personnel strength: Armored BCTs approximately 4,500 troops, Stryker BCTs approximately 4,500 troops, and Infantry BCTs approximately 4,400 troops, though exact numbers vary based on mission requirements and readiness levels. Additional reference: Congressional Research Service, "Army Drawdown and Restructuring: Background and Issues for Congress" (<https://sgp.fas.org/>).

Recent military operations provide instructive examples of these limitations:

- In Iraq (population 25 million), coalition forces of approximately 170,000 troops were insufficient to secure the country effectively
- Counterinsurgency doctrine suggests a minimum requirement of 20 security personnel per 1,000 residents²
- Applying this ratio to a domestic scenario involving significant portions of the U.S. population (100+ million people) would require 2 million troops—far exceeding the entire active-duty military

These numbers become even more prohibitive when considering that in any scenario involving unconstitutional orders, military fragmentation would likely occur, with significant portions refusing to participate in domestic operations against American citizens.

The National Guard Complication

The National Guard represents both a federal military reserve and state military forces, creating a crucial structural barrier to federal-state military conflict. In any scenario involving federal-state tensions:

- Governors control their state National Guard units unless federalized
- Guard members face conflicting loyalties between federal and state authorities
- Guard units are geographically embedded in their communities
- The Guard's dual-status creates legal and operational ambiguities that would severely complicate any federal attempt to coerce states

²The 20:1000 ratio (or 1:50) for effective counterinsurgency operations originated with James T. Quinlivan's study "Force Requirements in Stability Operations" (Parameters, Winter 1995-96, pp. 59-69) and was incorporated into U.S. Army Field Manual 3-24, "Counterinsurgency" (2006) (<https://www.globalsecurity.org/>). In paragraph 1-67, the manual states: "Twenty counterinsurgents per 1000 residents is often considered the minimum troop density required for effective COIN operations; however as with any fixed ratio, such calculations remain very dependent upon the situation." This guideline became a central planning factor in Iraq and Afghanistan operations.

A Theoretical Scenario: Federal Overreach and State Response

To illustrate the improbability of sustained civil conflict, consider a theoretical scenario where federal agents attempt to unlawfully detain a state governor.

Initial Crisis

Federal agents, acting on questionable legal authority, attempt to arrest a governor. The scenario immediately encounters several barriers:

1. **State Protective Services:** Governors typically have state police protection details that would resist such attempts
2. **Legal Chaos:** Such an action would trigger immediate legal challenges and injunctions
3. **Public Transparency:** In an era of ubiquitous media, the action would be immediately documented and publicized
4. **Jurisdictional Questions:** Federal officers have limited authority within state facilities, especially without clear warrants or legal basis

State Response

If federal agents somehow succeeded in detaining a governor, the state's response would likely follow constitutional and institutional channels rather than military escalation:

1. **Constitutional Crisis Declaration:** The state legislature or lieutenant governor would likely declare a constitutional crisis
2. **Legal Mobilization:** Multiple emergency filings in state and federal courts
3. **Political Mobilization:** Appeals to Congress, other governors, and public opinion
4. **Limited Security Measures:** Potential mobilization of state police or National Guard in a defensive posture

While some envision rapid militarization, the reality would likely be more measured. States have strong incentives to maintain constitutional legitimacy rather than escalate to armed conflict.

Economic and International Consequences

Any serious federal-state confrontation would trigger immediate economic consequences that would strongly discourage escalation:

- **Market Collapse:** Financial markets would react with massive selloffs
- **Currency Crisis:** The dollar would face severe pressure
- **International Intervention:** Diplomatic and economic pressures from allies and adversaries
- **Corporate Pressure:** Major businesses would exert enormous pressure for resolution

These economic consequences create powerful incentives for de-escalation and negotiated solutions long before military conflict could develop.

Historical Precedent: The Path Not Taken in 1861

The American Civil War provides an important historical reference point, but not in the way many assume. Within Lincoln's cabinet and among Northern political leaders, there existed a significant faction that advocated allowing the Southern states to secede peacefully rather than pursuing military conflict.

Secretary of State William Seward initially advocated a conciliatory approach, believing that the Southern states would eventually return to the Union once the economic and diplomatic disadvantages of independence became apparent. Horace Greeley, influential editor of the New York Tribune, famously wrote, "If the cotton States shall decide that they can do better out of the Union than in it, we insist on letting them go in peace."

These perspectives highlight an important historical truth: even during America's greatest constitutional crisis, peaceful separation represented a serious policy alternative that many prominent leaders supported. The choice for war was not inevitable but resulted from specific historical circumstances and leadership decisions that differ markedly from today's context.

The Personal Reality Check: Divided Loyalties

Perhaps the clearest evidence for the improbability of civil war comes from a simple thought experiment: In a conflict between federal authorities and your state government, particularly in a scenario where federal actions appeared blatantly unconstitutional, where would your loyalty lie?

For most Americans, this question reveals the fundamental implausibility of civil war scenarios. While citizens might hold strong political views, few would willingly take up arms against their state governments on behalf of federal agencies if those agencies were acting in constitutionally questionable ways. Conversely, few would fight against federal personnel if those personnel were acting within clear constitutional boundaries.

This reality of divided loyalties extends to military and law enforcement personnel as well. Studies of military and police attitudes consistently show that these professionals view their primary loyalty as being to the Constitution and to their immediate communities, not to any particular administration or order that might conflict with constitutional principles.

In scenarios where the military is ordered to take domestic action of questionable constitutionality, historical evidence from similar situations worldwide suggests significant portions would likely refuse orders, desert, or actively oppose such actions. This military fracturing would simultaneously reduce available federal forces while creating cadres of trained opposition with insider knowledge of military capabilities and procedures—effectively making any attempt at military control even less feasible than raw numbers would suggest.

Consider the concrete example of a Texas soldier ordered to take action against the Texas state government, or a California National Guard member told to suppress California civilians. The bonds of local identity, family ties, and constitutional obligation would create untenable conflicts of loyalty that would fundamentally undermine command structures and operational effectiveness.

The Principal Risk: Foreign Destabilization

While domestic civil war remains unlikely, the perception of its possibility creates a significant vulnerability through foreign destabilization efforts. Intelligence assessments have consistently identified foreign information

operations aimed at exacerbating American political divisions and promoting civil conflict narratives.

These operations follow a recognizable pattern:

1. Amplifying extreme voices on both sides of divisive issues
2. Promoting narratives of inevitable violent conflict
3. Attempting to undermine faith in peaceful institutional processes
4. Creating the impression that moderate voices are isolated or ineffective

The greatest risk may not be civil war itself but rather that Americans come to believe civil war is inevitable, thereby weakening commitment to constitutional processes that might otherwise resolve political differences peacefully.

Wars Require Strategic Objectives

Perhaps the most fundamental reason civil war remains unlikely is the absence of strategic objectives that would justify its immense costs. Wars are not fought merely because tensions exist—they require specific objectives that participants believe cannot be achieved through other means and that justify the enormous sacrifices involved.

In contemporary America, it is difficult to identify any significant political faction or state government that has objectives that:

1. Can only be achieved through armed conflict
2. Would be worth the catastrophic costs of civil war
3. Could not be better pursued through constitutional, legal, or political means

Without such objectives, tensions may remain high and rhetoric may be extreme, but the practical incentives for actual armed conflict remain minimal.

Limited Motivation for Interstate Conflict

Would California fight to keep Texas in the union? Would Florida send troops to prevent New England from establishing different policies? The question itself reveals the implausibility of the scenario. Unlike in 1861, when Southern agricultural interests perceived an existential threat from Northern economic policies, today's state governments have few incentives to coerce other states militarily, regardless of political differences.

The Negotiated Alternative

Rather than civil war, a more plausible scenario for addressing irreconcilable political differences would be negotiated restructuring of the federal system. Historical and international precedents suggest several possible approaches:

1. **Enhanced Federalism:** Significantly reducing federal authority in favor of state autonomy
2. **Confederation Models:** Restructuring toward a looser confederation of largely self-governing states
3. **Peaceful Separation:** Negotiated independence for states or regions with irreconcilable differences
4. **New Constitutional Convention:** Fundamental restructuring of the constitutional order

Each of these alternatives offers pathways to address profound political differences without the catastrophic costs of armed conflict. Given these alternatives, rational actors in both state and federal governments would overwhelmingly prefer negotiation to war.

Conclusion: Improbable, Not Impossible

While a second American civil war remains highly improbable, this assessment should not breed complacency. The perception that civil conflict is likely or inevitable can become a dangerous self-fulfilling prophecy, undermining confidence in peaceful institutional processes and making unconstitutional actions seem more acceptable.

The sheer scale and geography of the United States further reinforces this improbability. The continental United States spans approximately 3.1 million square miles with diverse terrain including mountains, forests, deserts, and urban areas—creating an environment extraordinarily resistant to military control. Even with unlimited resources, the geographic challenge alone would render effective occupation virtually impossible, particularly given the limitations of combat force structure and logistics that we have examined.

The most productive approach is neither to dismiss tensions nor to amplify fears of inevitable conflict, but rather to strengthen constitutional processes for managing political differences and to remain vigilant against both domestic and foreign efforts to weaken these processes.

History suggests that even profound constitutional crises can be resolved through institutional means when sufficient commitment to those institutions exists. Maintaining that commitment—to constitutional processes rather than to any particular policy outcome—represents the surest safeguard against civil conflict, however remote that possibility might be.

Pick Your Historic Metaphor: Lessons from Imperial Transitions

When contemplating America's political future, it's natural to seek historical parallels that might offer guidance. Various commentators have invoked different historical analogies—from the Civil War to the Soviet collapse—to support their predictions or prescriptions. This chapter examines major imperial and national transitions throughout history to identify useful insights while recognizing the limitations of historical comparison.

The Limited Sample Size Problem

Before examining specific historical cases, it's worth acknowledging a fundamental limitation: the sample size of political entities exceeding 100 million people that have undergone significant structural transformation is remarkably small. This statistical reality means all historical analogies should be approached with caution—each case contains unique elements that may not translate to the American context.

Nevertheless, these transitions offer valuable lessons about patterns, pitfalls, and possibilities that might inform American choices.

The American Civil War: Internal Fracture and Violent Reunification

The American Civil War (1861-1865) represents the most direct historical precedent for American political fracture, with several instructive parallels and differences.

Similarities:

- **Regional Cultural Divergence:** Both the 1860s and today feature profound regional differences in values, economies, and visions of American identity

- **Constitutional Disputes:** Both periods involve fundamental disagreements about constitutional interpretation and federal-state power balance
- **Demographic Transitions:** Both eras experienced significant demographic changes altering political coalitions
- **Elite Polarization:** Political and cultural elites in both periods increasingly viewed compromise as betrayal
- **Moralized Politics:** Core political disputes became framed as existential moral struggles rather than practical policy disagreements

Critical Differences:

- **Institutionalized Slavery:** The Civil War centered on chattel slavery—a uniquely immoral institution with no modern parallel in scope or severity
- **Military Geography:** The geographic distribution of military power today is vastly more complex than the clearer North-South division of 1861
- **Economic Integration:** Modern interstate economic interdependence greatly exceeds the more self-contained regional economies of the 1860s
- **Communication Technology:** Today's instant communications create fundamentally different dynamics than the slower information spread of the 19th century
- **Nuclear Weapons:** The existence of nuclear weapons introduces deterrence factors entirely absent in previous civil conflicts

Lesson: The Path Not Taken

Perhaps the most useful Civil War lesson lies in the path not taken. Significant voices—including Horace Greeley's *New York Tribune*—initially advocated allowing peaceful separation rather than war. The decision to pursue military reunification at enormous cost (over 750,000 deaths in a nation of 31 million) represented a specific choice, not an inevitability.

The question for today is whether similar political divergence might be channeled through institutional reform rather than either violent conflict or permanent rupture.

The Soviet Collapse: Rapid Imperial Dissolution

The Soviet Union's dissolution in 1991 offers another potential parallel, particularly in how a seemingly stable superpower can experience surprisingly rapid structural transformation.

Similarities:

- **Imperial Overstretch:** Both the USSR and modern America face(d) the challenge of maintaining costly global military commitments amid domestic economic challenges
- **Legitimacy Crisis:** Both systems experienced declining public trust in central government institutions
- **Identity Conflicts:** Both struggled/struggle with managing diverse cultural and regional identities within a unified political framework
- **Elite Fragmentation:** In both cases, unity among governing elites fractured as system maintenance became more difficult
- **Economic Stagnation:** Both faced/face periods of economic underperformance affecting ordinary citizens while elites remained insulated

Critical Differences:

- **Democratic Tradition:** Unlike the Soviet system, America has a deep democratic tradition with established mechanisms for peaceful power transfers
- **Economic System:** The Soviet command economy's fundamental failures differ from America's market economic challenges
- **Federation Structure:** The USSR was formally organized as a union of republics with theoretical rights to secession; the US has no such constitutional provision
- **Historical Longevity:** The Soviet system existed for only 74 years compared to the American republic's 235+ years
- **External Pressure:** The Soviet Union faced coordinated external pressure aimed at its dissolution; the US does not

Lesson: The Stability Illusion

The Soviet experience demonstrates how seemingly permanent political arrangements can dissolve with surprising speed once certain tipping points are reached. Institutional inertia and the appearance of stability can mask underlying fragility, particularly when systems lose adaptability.

The relative peace of the Soviet dissolution also demonstrates that imperial transformation doesn't necessarily require violence—given the right leadership choices and institutional mechanisms.

Nazi Germany: Democratic Backsliding to Authoritarianism

Concerns about democratic backsliding in America have prompted comparisons to the Weimar Republic's collapse and the Nazi rise to power—a cautionary tale about democracy's vulnerability.

Similarities:

- **Polarization and Extremism:** Both feature(d) the normalization of previously extreme political rhetoric
- **Economic Insecurity:** Significant portions of the population in both contexts experienced economic displacement and status anxiety
- **Institutional Attacks:** Both involve(d) attacks on independent institutions like courts, media, and civil service
- **Demographic Scapegoating:** Both feature(d) political mobilization through blaming societal problems on minority groups
- **Elite Accommodation:** Both periods saw traditional elites attempting to accommodate or use extremist elements

Critical Differences:

- **Historical Democratic Experience:** Weimar was Germany's first democratic experiment, whereas American democracy has over two centuries of continuity
- **Economic Conditions:** Weimar faced hyperinflation and depression far more severe than anything in modern America

- **Military Culture:** The German military maintained aristocratic traditions hostile to democracy; the US military has strong democratic norms
- **Constitutional Design:** American federalism creates multiple power centers resistant to centralized capture
- **Civil Society Strength:** America has more robust non-governmental institutions and civil society organizations than 1930s Germany

Lesson: Institutional Resilience Matters

The Weimar comparison highlights the importance of institutional resilience against authoritarian pressure. The most relevant insight may be how federalism and dispersed power centers can serve as bulwarks against centralized authoritarian control—precisely why state-level governance deserves renewed emphasis.

The British Empire to Commonwealth: Managed Imperial Transition

Perhaps the most instructive historical parallel—and certainly the most optimistic—is the British Empire’s largely peaceful transformation into the Commonwealth of Nations.

Similarities:

- **Imperial Scale:** Both the British Empire and American federal system govern(ed) vast territories with diverse populations
- **Cultural Divergence:** Both manage(d) regions with increasingly distinct cultural and political identities
- **Relative Decline:** Both face(d) relative decline in global power requiring strategic adaptation
- **Democratic Values:** Both profess(ed) commitment to democratic values while managing internal contradictions
- **Pragmatic Adaptation:** Both political systems have demonstrated capacity for pragmatic evolution

Critical Differences:

- **Colonial Versus Federal:** The British Empire was explicitly colonial; American states are constitutional participants in a federal republic
- **Geographic Continuity:** Most American states share contiguous borders, unlike the geographically dispersed British Empire
- **Power Transition Timeline:** Britain's imperial dissolution occurred over decades; American federal restructuring would likely happen faster
- **Constitutional Structure:** The British system's parliamentary flexibility differs from America's more rigid constitutional structure
- **External Pressure:** British decolonization occurred partly due to external pressure; US federal reform would be primarily internally driven

Lesson: Peaceful Power Devolution Is Possible

The Commonwealth transition demonstrates that imperial structures can evolve into voluntary associations of sovereign entities while maintaining beneficial cooperation. Britain managed to preserve significant influence and relationships despite relinquishing direct control—transitioning from empire to partnership in ways that benefited both former rulers and the newly independent.

This model of managed devolution with continued cooperation offers the most promising historical template for American federal restructuring.

Unique Modern Factors

While historical analogies provide useful context, several factors make the current American situation unique:

1. Information Technology

The speed, volume, and penetration of information today creates fundamentally different dynamics than any previous imperial transition. Social media can accelerate both consensus-building and polarization in ways previous generations couldn't imagine.

2. Economic Complexity

The intricate global supply chains, financial interdependence, and service-based economies of today create different constraints and opportunities than previous eras dominated by agricultural or industrial production.

3. Climate Change

No previous imperial transition occurred against the backdrop of global climate change, which introduces unique pressures, timelines, and cooperation imperatives.

4. Nuclear Weapons

The presence of nuclear weapons fundamentally alters security calculations in ways that constrain certain types of conflict while potentially magnifying others.

5. Demographic Awareness

Modern societies possess unprecedented demographic data and projections, allowing more sophisticated planning for population changes than was possible in previous transitions.

6. Global Institutions

The existence of developed global institutions provides frameworks for cooperation that weren't available during previous imperial transformations.

The Commonwealth Model: A Promising Template

Of all historical analogies, the British Commonwealth transition offers the most promising template for American federal restructuring. Its key advantages include:

- **Peaceful Transition:** Avoided major violence despite centuries of imperial control
- **Continued Cooperation:** Maintained beneficial relationships despite fundamental power restructuring

- **Flexible Association:** Created a framework for cooperation that accommodated diverse member needs
- **Shared Values:** Preserved core democratic values while allowing significant policy divergence
- **Symbolic Unity:** Retained meaningful symbolic connections without imposing unworkable uniformity
- **Pragmatic Evolution:** Demonstrated capacity for continuous adaptation to changing circumstances

The Commonwealth model suggests that political entities with deep historical connections can transition from hierarchical control to voluntary association while preserving beneficial relationships. This framework—sovereignty with cooperation—offers a constructive template for reimagining American federalism.

Additional Historical Parallels

Beyond the major examples explored above, several other historical transitions offer valuable insights for the American situation.

The Habsburg Empire: Multinational Dissolution

The dissolution of the Austro-Hungarian Empire following World War I provides another instructive case of imperial transformation.

Similarities:

- **Multinational Character:** Both the Habsburg Empire and contemporary America encompass diverse ethnic, linguistic, and cultural groups
- **Federal Evolution:** The Dual Monarchy system represented an attempt at federalism to accommodate diversity
- **Regional Economic Disparities:** Both featured significant economic development gaps between regions
- **Identity Politics:** Both struggled with balancing national/imperial identity against regional/ethnic identities
- **External Pressures:** Both faced/face significant external pressures affecting internal stability

Critical Differences:

- **Democratic Foundations:** America's democratic traditions contrast with the Habsburg monarchy's imperial structure
- **Geographic Contiguity:** American states share continuous borders unlike the more scattered Habsburg domains
- **Power Legitimacy:** American federal power derives from democratic legitimacy rather than dynastic claims
- **Historical Development:** The Habsburg domains had distinct histories before imperial incorporation; American states developed largely within the federal framework

Lesson: Institutional Adaptation

The Habsburg experience illustrates how institutional adaptations (like the 1867 Compromise creating the Dual Monarchy) can temporarily accommodate diversity, but may prove insufficient without continuous evolution. When institutions fail to adapt to changing identity demands, dissolution becomes increasingly likely.

The Velvet Divorce: Negotiated Separation

The peaceful separation of Czechoslovakia into the Czech Republic and Slovakia in 1993 represents one of history's most amicable national divorces.

Similarities:

- **Functional Democracy:** Both Czechoslovakia and America faced/face the challenge of managing separation within democratic frameworks
- **Federal Structure:** Both had/have federal systems attempting to balance central and regional authority
- **Cultural Differences:** Both contained/contain regions with distinct cultural identities and histories
- **Economic Disparities:** Both featured/feature significant economic differences between regions

Critical Differences:

- **Scale:** Czechoslovakia's population of 15 million represents a fraction of America's 330+ million
- **Temporal Duration:** Czechoslovakia existed as a unified state for only 75 years compared to America's 240+
- **Homogeneity Within Units:** The Czech and Slovak regions were each relatively culturally homogeneous, unlike American states
- **External Context:** Czechoslovakia's split occurred amid broader post-Communist transitions throughout Eastern Europe

Lesson: Negotiated Process

The Velvet Divorce demonstrates how political elites committed to peaceful transition can manage separation through negotiation rather than conflict. The separation process included detailed property division, currency arrangements, and citizenship provisions—creating a template for managed political divorce that minimized disruption to citizens' lives.

The European Union: Integration with Sovereignty

The formation and evolution of the European Union provides a unique counterexample of independent nations creating supranational structures while preserving sovereignty.

Similarities:

- **Diverse Member States:** Both the EU and US federal system encompass diverse regions with distinct histories and identities
- **Multilevel Governance:** Both feature governance at multiple levels with complex jurisdictional questions
- **Economic Integration:** Both created integrated economic spaces across previously separate markets
- **Democratic Values:** Both profess commitment to democratic governance and individual rights
- **Continuous Tension:** Both experience ongoing tension between centralization and regional autonomy

Critical Differences:

- **Historical Direction:** The EU represents “coming together” federalism versus America’s “holding together” federalism
- **Historical Context:** EU member states have centuries of independent history; American states developed within the union
- **Sovereignty Baseline:** EU integration begins from full sovereignty; American federalism begins from constitutional union
- **Decision Process:** EU decisions require far more consensus than American federal decision-making
- **Identity Hierarchy:** National identities remain primary in Europe; American national identity often trumps state identity

Lesson: Subsidiarity and Flexibility

The EU demonstrates how principles of subsidiarity (decisions made at the lowest practical level) and variable geometry (allowing different levels of integration for different members) can accommodate diversity within a unified framework. These principles might offer America alternative approaches to managing regional differences without requiring uniformity.

Ming Dynasty Administration: Imperial Scale Management

Chinese imperial governance, particularly during the Ming Dynasty (1368–1644), offers insights into managing continental-scale governance with limited technology.

Similarities:

- **Continental Scale:** Both governed/govern vast territories with diverse conditions
- **Population Size:** Both reached populations exceeding 100 million
- **Regional Diversity:** Both managed/manage regions with distinct economic and cultural characteristics
- **Central-Local Tensions:** Both developed systems balancing central control with local administration

Critical Differences:

- **Democratic Versus Imperial:** America's democratic system contrasts with Ming imperial autocracy
- **Technology Context:** Ming administration functioned with premodern communications and transportation
- **Cultural Framework:** Ming China operated within relative cultural homogeneity compared to American diversity
- **Legitimacy Source:** Imperial authority derived from different sources than democratic mandate

Lesson: Institutional Pragmatism

The Ming developed practical governance systems that recognized the impossibility of micromanaging a continental empire. Their six ministries system with provincial administration represents an early example of creating standardized, replicable governance structures that could function across vast distances while maintaining imperial cohesion.

India's Linguistic Federalism: Managing Diversity

India's post-independence reorganization along linguistic lines offers insights into managing diversity through federal arrangements.

Similarities:

- **Population Scale:** Both India and the US govern populations well beyond 100 million
- **Democratic Federalism:** Both operate as democratic federal systems with divided powers
- **Cultural Diversity:** Both contain significant cultural, linguistic, and regional diversity
- **Post-Imperial Identity:** Both formed their current identities partly in opposition to British imperialism
- **Constant Negotiation:** Both systems require ongoing negotiation between central and regional authorities

Critical Differences:

- **Cultural Range:** India's diversity (22 official languages) exceeds America's cultural variation
- **Colonial Legacy:** India's federal system emerged from colonial structures rather than self-organization
- **Economic Development:** India began its federal experiment at a much lower economic development level
- **Age of System:** India's federal system is much younger (75 years versus 230+)
- **Constitutional Flexibility:** India's constitution has been amended much more frequently than America's

Lesson: Flexible Federalism

India demonstrates how federal systems can accommodate profound diversity through asymmetric arrangements that recognize different regions' unique needs. The successful reorganization of states along linguistic lines in the 1950s–60s shows how federalism can adapt to identity demands without threatening national unity.

Conclusion: Learning Without Determinism

Historical analogies should inform rather than determine our approach to current challenges. None of these historical examples perfectly matches America's situation, yet each contains valuable insights:

- The Civil War reminds us of the catastrophic costs of failed compromise
- The Soviet collapse demonstrates how quickly seemingly stable systems can transform
- The Weimar Republic highlights democracy's vulnerabilities to authoritarian pressure
- The Commonwealth transition offers hope for peaceful imperial evolution
- The Habsburg dissolution shows the consequences of institutional rigidity
- The Velvet Divorce illustrates how separation can be negotiated without conflict

- The European Union demonstrates how sovereignty can be pooled while maintaining distinct identities
- The Ming Dynasty exemplifies pragmatic governance at continental scale
- India's linguistic federalism shows how diversity can be accommodated through flexible arrangements

Perhaps the most important historical lesson is that outcomes are not predetermined. Leadership choices, institutional design, and citizen engagement significantly influence whether political transitions lead to violence or peaceful evolution. By studying history's warnings and inspirations without being trapped by deterministic thinking, Americans can chart a path that builds on past wisdom while addressing present realities.

Empire in Decline: Economic Warning Signs and Paths Forward

When examining the trajectory of powerful nations throughout history, certain patterns emerge as constitutional frameworks begin to falter under institutional and economic strain. The United States, despite its exceptional qualities, is not immune to these historical forces. This chapter examines the economic warning signs that have preceded constitutional breakdown throughout history, their current manifestations in America, and possible paths forward.

The Financialization Trap

One of the most reliable indicators of constitutional crisis and systemic breakdown is the shift from productive economic activity to financial speculation and rent-seeking behavior, which undermines the social contract between citizens and institutions.

Historical Patterns

Late Roman Empire: As Rome's territorial expansion slowed, wealth increasingly concentrated in land ownership and tax farming rather than productive enterprise. The wealthy elite focused on extracting rents from existing assets rather than creating new value.

Ming Dynasty China: Before its collapse, the Ming economy witnessed massive capital flight toward speculative ventures in silver and luxury goods while neglecting productive infrastructure.

Dutch Golden Age: The Netherlands' decline from global power coincided with Dutch investors shifting capital from trade and production toward financial speculation and foreign loans.

Late British Empire: Britain's relative economic decline accelerated as the City of London's financial services began to dominate the economy at the expense of industrial production.

Current American Parallels

The American economy shows concerning signs of financialization that erode constitutional norms and institutional legitimacy:

- **GDP Composition:** Financial services now contribute approximately 20% of GDP, up from 10% in the 1970s
- **Executive Compensation:** CEO compensation has grown 940% since 1978, largely through stock options that incentivize short-term financial metrics over long-term productive investment
- **Investment Patterns:** Private equity and financial engineering increasingly drive corporate strategy rather than productive innovation
- **Talent Allocation:** Elite university graduates disproportionately enter financial services rather than production, research, or development
- **Regulatory Capture:** Financial institutions shape their own regulatory environment, creating extractive advantages

As economist Thomas Philippon has documented, the unit cost of financial intermediation has paradoxically increased despite technological advances that should have decreased it—suggesting the sector extracts more value than it creates.

Dutch Disease and Deindustrialization

Another classic warning sign is the “Dutch Disease” phenomenon—where a nation’s success in one economic sector undermines others, creating dangerous imbalances.

Historical Patterns

Spain’s Golden Age: The influx of New World silver and gold undermined Spain’s domestic production, ultimately weakening its economic foundation.

Netherlands after Natural Gas Discovery: The term “Dutch Disease” originated with the Netherlands’ experience after discovering natural gas in 1959. Currency appreciation made Dutch exports uncompetitive, damaging the manufacturing sector.

Late Soviet Union: Overreliance on petroleum exports masked fundamental weaknesses in the broader Soviet economy, creating vulnerability when oil prices collapsed in the 1980s.

Current American Parallels

While America doesn't suffer from resource-based Dutch Disease in the classical sense, several analogous dynamics exist:

- **Dollar Reserve Status:** The dollar's global reserve currency status creates artificial demand that keeps the currency stronger than economic fundamentals might warrant, making exports less competitive
- **Financial Sector Dominance:** Similar to a resource-extraction economy, the oversized financial sector draws talent and capital away from productive sectors
- **Technology Sector Concentration:** The extraordinary success of American technology giants masks weakness in broader industrial capacity
- **Military-Industrial Prioritization:** Defense-related industries receive outsized support compared to civilian industrial policy

The persistent trade deficits and manufacturing employment decline suggest America faces a variation of Dutch Disease driven by financial dominance rather than natural resource extraction.

Global Trade Imbalances

Sustaining large trade imbalances over extended periods represents another warning sign for declining empires.

Historical Patterns

Late Ottoman Empire: Became increasingly dependent on European imports while its export sectors withered, creating structural deficits that undermined economic sovereignty.

Late Qing Dynasty China: Trade deficits with Western powers and Japan drained silver reserves and weakened economic independence.

British Empire Post-WWI: Britain's inability to resolve trade imbalances after WWI contributed significantly to its imperial decline.

Current American Parallels

America has maintained substantial trade deficits for decades:

- **Persistent Deficits:** The U.S. has run trade deficits every year since 1975
- **Scale of Imbalance:** Annual trade deficits have regularly exceeded \$500 billion in recent years
- **Foreign Ownership:** These deficits have been financed by selling assets and debt to foreign entities, with foreign ownership of U.S. assets now exceeding \$40 trillion
- **Supply Chain Vulnerability:** The COVID-19 pandemic revealed dangerous dependencies in critical supply chains, including medical supplies and semiconductors

While reserve currency status has allowed America to sustain these imbalances longer than other nations could, history suggests this advantage is neither permanent nor without costs.

Rising Inequality and Constitutional Crisis

Perhaps the most concerning factor undermining America's constitutional framework is the dramatic rise in economic inequality, which erodes the equal representation and rule of law that democracy requires.

Historical Patterns

Late Roman Republic: Extreme wealth concentration preceded political instability and the Republic's collapse.

Bourbon France Before Revolution: Nobility and clergy controlled vast wealth while commoners faced increasing taxation.

Late Habsburg Spain: Wealth concentrated among aristocrats while the productive middle classes declined.

Late-Stage Soviet Union: Despite egalitarian ideology, special privileges for political elites grew while ordinary citizens faced stagnation.

Current American Parallels

America's inequality metrics have reached levels not seen since the 1920s:

- **Wealth Concentration:** The top 1% of Americans hold more wealth than the bottom 90% combined
- **Income Divergence:** CEO-to-worker compensation has grown from 20:1 in 1965 to approximately 320:1 today
- **Geographic Disparity:** Economic success increasingly concentrates in specific coastal regions while interior regions experience relative decline
- **Mobility Decline:** Intergenerational economic mobility has fallen significantly, undermining the "American Dream" narrative
- **Political Influence:** Research by Gilens and Page suggests policy outcomes correlate strongly with preferences of economic elites rather than average voters

This inequality creates dangerous feedback loops as wealthy interests shape policy to preserve advantages, fundamentally undermining constitutional principles of equal representation and equal protection under law.

Paths Forward: Historical Examples

History provides both cautionary tales and constructive examples for managing imperial economic transitions. Three broad approaches emerge:

1. The Catastrophic Reset

Some empires experienced complete collapse and economic reset:

Western Roman Empire: Total system collapse led to economic localization and dramatic simplification.

USSR's Dissolution: Rapid transition created economic shock, with GDP falling approximately 40% during the transition period.

Argentina's Decline: From one of the world's wealthiest nations in 1900 to serial financial crises and default in the late 20th/early 21st century.

This path typically involves:

- Debt repudiation
- Currency collapse
- Asset value destruction
- Social disorder
- Potential political fragmentation

While this pattern “solves” unsustainable constitutional contradictions, the human costs are enormous and avoidable through constitutional reform and institutional renewal.

2. The Managed Decline

Some powers navigated relative decline while maintaining stability and prosperity:

British Empire to Commonwealth: Britain managed its transition from global hegemon to middle power while maintaining relatively high living standards and social stability.

Austria-Hungary to Austria: Despite imperial collapse, Vienna transitioned from imperial capital to successful smaller nation.

Portugal Post-Empire: Successfully transformed from colonial power to stable European nation.

This path typically involves:

- Acceptance of changed global position
- Redirection of resources from imperial maintenance to domestic priorities
- Preservation of core strengths while abandoning unsustainable commitments
- Cultivation of advantageous international arrangements

While requiring difficult choices and national adaptation, this path minimizes disruption while accepting new realities.

3. The Sustainable Plateau

Some nations have found ways to plateau rather than dramatically decline:

Japan Since the 1990s: Despite massive financial bubbles and demographic challenges, Japan has maintained high living standards and social stability while gradually working down debt levels.

Byzantine Empire's Adjustments: Survived for centuries after losing significant territory by adapting governance and economic models to new realities.

Modern Scandinavian Nations: Former imperial powers (particularly Sweden) that have created sustainable high-quality societies at smaller scale.

This path typically involves:

- Pragmatic economic policies prioritizing stability over growth
- Strong social safety nets ensuring broad participation in prosperity
- Long-term debt management without austerity shocks
- Investment in productivity to support smaller workforces
- Reduced international commitments to match resources

For America, this may be the most attractive path—accepting some relative decline in global position while maintaining and improving quality of life.

The American Challenge: Scale and System Rigidity

Managing America's economic transitions presents unique challenges due to two key factors:

1. Unprecedented Scale

The scale of America's economy creates unique transition challenges:

- **Global Impact:** American economic decisions affect the entire world system in ways unprecedented for previous empires
- **Reserve Currency Role:** The dollar's global role means American financial adjustments have worldwide implications
- **Military Commitments:** America's global security guarantees cannot be easily unwound without creating power vacuums
- **Technological Leadership:** American technological platforms have become global infrastructure

2. Constitutional Rigidity

America's constitutional design creates specific obstacles to managed transition:

- **Difficulty Changing Direction:** Constitutional checks and balances make rapid policy adaptation difficult
- **Federalism Constraints:** Federal structure limits certain policy tools available to unitary states
- **Two-Party Polarization:** The binary political system makes consensus solutions increasingly difficult
- **Electoral Calendar:** Short electoral cycles discourage long-term planning
- **Judicial Review:** Court decisions can block economic reforms regardless of democratic support

Pragmatic Next Steps

Despite these challenges, America can take practical steps toward more sustainable economic arrangements:

1. Financial Sector Reforms

- **Restore Glass-Steagall Separation:** Separate retail banking from speculative investment activities
- **Transaction Taxes:** Implement modest financial transaction taxes to discourage unproductive speculation
- **Executive Compensation Reform:** Require longer-term performance metrics for executive rewards
- **Antitrust Enforcement:** Break up financial institutions that have become “too big to fail”

2. Industrial Policy Revival

- **Strategic Supply Chain Repatriation:** Identify and support domestic production of critical goods

- **Infrastructure Modernization:** Launch serious infrastructure renewal focusing on future needs
- **Targeted Manufacturing Incentives:** Create special economic zones for advanced manufacturing
- **R&D Investment:** Substantially increase funding for basic research and technology development

3. Fiscal Realignment

- **Defense Spending Rationalization:** Align military commitments with sustainable spending levels
- **Tax Code Simplification:** Broaden tax base while eliminating complicated exemptions and loopholes
- **Entitlement Sustainability:** Gradually adjust retirement ages and benefit structures based on demographic reality
- **Debt Management Strategy:** Develop explicit long-term debt management plan with bipartisan commitment

4. Inequality Reduction

- **Educational Access:** Ensure quality education access regardless of geography or family wealth
- **Healthcare Reform:** Reduce the burden of healthcare costs on middle and working classes
- **Housing Policy Innovation:** Address housing affordability through zoning reform and targeted subsidies
- **Worker Voice:** Facilitate greater worker participation in corporate governance and profit-sharing

5. Federal Restructuring

Perhaps most importantly, recognizing that America's current federal structure may itself require evolution:

- **Fiscal Federalism:** Shift more taxation and spending authority to state/regional levels

- **Policy Experimentation:** Enable greater policy diversity across states to test different approaches
- **Regional Cooperation:** Facilitate interstate compacts to address shared challenges at appropriate scale
- **Subsidiarity Principle:** Apply the principle that decisions should be made at the lowest practical level

The Japanese Model: Stability Over Growth

Japan's experience since its financial bubble collapsed in 1990 offers particularly relevant lessons for America:

Lessons from Japan

Despite being portrayed as an economic failure, Japan has maintained:

- High living standards
- Low unemployment
- Excellent infrastructure
- Universal healthcare
- Social stability
- Low crime rates
- Long life expectancy

It has achieved this while carrying the world's highest debt-to-GDP ratio—by keeping debt domestically owned and maintaining price stability.

Rather than pursuing endless growth or implementing dramatic austerity, Japan chose stability and gradual adaptation. This approach suggests developed nations can prioritize quality of life over GDP maximization—perhaps a more appropriate goal for mature economies.

Applicability to America

Japan demonstrates that:

- Declining population need not mean declining living standards
- High debt levels can be sustained if properly structured
- Economic plateaus can be navigated without social collapse
- Gradual adaptation is preferable to sudden disruption

Counterpoint: American Renewal

While historical patterns suggest caution, America possesses unique advantages that could enable renewal rather than managed decline:

Renewal Factors

- **Innovation Ecosystem:** America's entrepreneurial culture and venture capital system remain unmatched
- **Immigration Advantage:** America still attracts talent globally despite recent restrictions
- **Energy Revolution:** American energy independence creates new strategic flexibility
- **Institutional Strength:** Despite challenges, American institutions retain adaptive capacity
- **Alliance Network:** America's global alliance system creates opportunities unavailable to previous empires
- **Demographic Balance:** Unlike many declining powers, America maintains relatively favorable demographics

These advantages suggest America could potentially navigate a “third path”—neither catastrophic reset nor managed decline, but rather renewal through structural adaptation and strategic reprioritization.

Conclusion: Choices Ahead

The economic warning signs visible in America today paralleled those in previous declining empires. However, history is instructive rather than deterministic. America's path depends on the choices made in coming decades:

- **Denial and Rigidity:** Refusing to address fundamental imbalances risks eventual catastrophic reset
- **Strategic Adaptation:** Accepting relative changes while preserving core strengths offers a more promising approach
- **Structural Innovation:** America's federal system itself may require evolution to address 21st century challenges

While managing imperial transition has historically proven difficult, America's democratic traditions and constitutional flexibility provide tools previous empires lacked. By studying history without being trapped by it, Americans can potentially navigate this transition more successfully than previous great powers.

The ultimate question is not whether America will remain the dominant global power indefinitely—it won't. The meaningful question is whether America can adapt to changing circumstances while preserving and improving its citizens' wellbeing and democratic values. That outcome remains very much within reach, but requires facing economic reality with clarity and courage.

Institutional Quality and the Scale Problem

Recent Nobel Prize-winning economic research has highlighted a critical insight that bears directly on America's constitutional crisis: the quality of institutions fundamentally determines economic and governmental outcomes. This chapter examines how institutional quality interacts with governance scale and why the breakdown of constitutional norms may be directly related to the size of political entities operating beyond their effective limits.

The Nobel Prize-Winning Institutional Insight

The 2023 Nobel Prize in Economics was awarded to Claudia Goldin for her groundbreaking work on women's labor market participation, but previous laureates have repeatedly emphasized institutional quality as the cornerstone of societal success.

The Institutional Revolution in Economics

Over the past several decades, Nobel Prize winners including Douglass North (1993), Elinor Ostrom (2009), and Daron Acemoglu and James Robinson (whose work builds on this tradition) have transformed our understanding of economic development by focusing on institutions:

- **Douglass North:** Defined institutions as “the rules of the game in a society” and demonstrated how institutional frameworks determine long-term economic performance
- **Elinor Ostrom:** Showed how local institutions can effectively manage common resources, challenging assumptions about centralized control
- **Daron Acemoglu and James Robinson:** Identified “inclusive institutions” as the critical factor separating prosperous nations from failing ones in their influential work “Why Nations Fail”

This institutional perspective has revolutionized our understanding of why some societies thrive while others struggle despite similar resources or historical circumstances.

Inclusive vs. Extractive Institutions

The most crucial distinction emerging from this research is between:

- **Inclusive Institutions:** Systems that distribute power broadly, protect property rights for all citizens, create level playing fields, and allow for creative destruction and innovation
- **Extractive Institutions:** Systems that concentrate power in elites, exist primarily to transfer resources from the many to the few, block innovation that threatens established interests, and resist accountability

These institutional types create powerful path dependencies that can persist for generations, explaining why some regions remain trapped in poverty or corruption while others develop virtuous cycles of prosperity and good governance.

The Scale Problem for Institutional Quality

One of the most overlooked implications of institutional research is the relationship between governance scale and institutional quality—a factor with profound implications for federal systems.

Institutional Degradation at Scale

Evidence suggests that constitutional frameworks and institutional quality often deteriorate as the scale of governance increases beyond certain thresholds, leading to breakdown of constitutional norms:

- **Monitoring Challenges:** Larger systems make monitoring more difficult, increasing principal-agent problems
- **Complexity Barriers:** As systems grow more complex, transparency decreases and specialized knowledge requirements increase
- **Capture Vulnerability:** Larger institutions present more lucrative targets for capture by special interests

- **Accountability Distance:** Greater distance between citizens and institutions weakens accountability mechanisms
- **Cultural Mismatch:** Larger systems struggle to accommodate diverse cultural contexts and preferences

These scale-related challenges explain why many of the world's best-functioning constitutional systems occur in smaller nations or decentralized systems where constitutional norms and institutional legitimacy can be maintained more effectively.

The Corruption-Scale Correlation

A particularly concerning aspect of the scale problem is the relationship between governance size and corruption:

- **Size-Corruption Research:** Studies consistently show inverse correlations between country size and corruption control
- **Small-Nation Advantage:** The least corrupt countries (as measured by Transparency International) are disproportionately smaller nations
- **Large-System Vulnerability:** Beyond certain population thresholds, corruption indices tend to worsen significantly
- **Remediation Difficulty:** Once corruption becomes systemic in large entities, it proves extraordinarily difficult to reverse

This pattern suggests that controlling corruption may face inherent limits in extremely large political entities regardless of cultural factors or initial conditions.

The Knowledge Problem at Scale

Friedrich Hayek's Nobel Prize-winning work on the "knowledge problem" provides another perspective on scale limitations:

- **Dispersed Knowledge:** The knowledge needed for good governance is dispersed throughout society
- **Information Aggregation:** Larger systems struggle to effectively aggregate this dispersed knowledge
- **Response Agility:** The distance between information sources and decision-makers grows with scale

- **Feedback Loops:** Larger systems have longer, weaker feedback loops between policies and outcomes
- **Local Context:** Much crucial information is tacit, contextual, and difficult to transmit to distant authorities

These knowledge limitations become increasingly problematic as systems scale beyond certain thresholds—explaining why centralized planning consistently underperforms more decentralized approaches regardless of good intentions.

Historical Evidence: Empires and Institutional Decay

Historical patterns of imperial decline provide stark illustrations of how scale affects institutional quality over time.

The Roman Pattern

Rome's institutional trajectory exemplifies the scale challenge:

- **Early Excellence:** The Roman Republic developed sophisticated governance institutions
- **Scale Expansion:** As territory expanded, these institutions came under increasing strain
- **Adaptation Failure:** Institutions designed for a city-state couldn't effectively govern a continent
- **Corruption Growth:** Administrative corruption became progressively worse as the empire expanded
- **Reform Attempts:** Diocletian and Constantine's reforms temporarily stabilized but couldn't solve fundamental scale problems
- **Ultimate Failure:** Institutional quality eventually degraded below minimum thresholds for effective governance

This pattern has repeated throughout history as empires expand beyond their institutional capacity to govern effectively.

The Habsburg Dilemma

The Habsburg Empire's later history demonstrates the same dynamic:

- **Multi-National Governance:** The empire struggled to create institutions serving diverse populations
- **Scale Inefficiencies:** Decision-making processes became increasingly sclerotic as territory expanded
- **Reform Resistance:** Institutional reforms (like the Austro-Hungarian Compromise) came too late
- **Bureaucratic Growth:** Administrative bloat increased costs without improving effectiveness
- **Legitimacy Erosion:** Distance between imperial institutions and citizens undermined legitimacy
- **Eventual Collapse:** Despite considerable resources, institutional failure ultimately proved fatal

The Habsburg experience demonstrates how even wealthy, sophisticated societies can experience institutional degradation beyond certain scale thresholds.

The Soviet Collapse

The Soviet Union's institutional failure further illustrates these principles:

- **Initial Idealism:** Early Soviet institutions were designed with explicit attention to governance theories
- **Scale Problems:** As the system grew, gathering accurate information became increasingly difficult
- **Information Distortion:** Fear of punishment led to systematic misreporting throughout the system
- **Reform Impossibility:** The scale and complexity of the system made meaningful reform impossible
- **Institutional Sclerosis:** Institutions became increasingly rigid and unresponsive to changing conditions
- **Systemic Failure:** Despite enormous resources, institutional quality degraded below functional thresholds

The Soviet case is particularly instructive because it demonstrates that scale problems affect ideologically diverse systems, not just particular governance models.

Optimal Institutional Scale: The Evidence

Research on effective governance suggests there may be optimal scale ranges for maintaining high-quality institutions.

The Nordic Exemplars

The Nordic countries consistently rank among the world's best-governed nations:

- **Population Scale:** All have populations between 5-10 million (except Iceland, which is smaller)
- **Governance Quality:** All rank in the top tier for corruption control, government effectiveness, and regulatory quality
- **Economic Success:** All maintain high living standards despite significant tax burdens
- **Responsive Democracy:** All feature high levels of citizen trust in government and participation
- **Institutional Resilience:** All have maintained institutional quality through various challenges

While cultural factors undoubtedly contribute to Nordic success, the consistent performance of similarly-scaled democracies worldwide suggests scale itself may be an important factor.

The Swiss Federalist Solution

Switzerland offers perhaps the most relevant model for addressing scale challenges:

- **Extreme Decentralization:** Most governance occurs at cantonal (state) and municipal levels
- **Subsidiarity Principle:** Decisions are made at the lowest practical governance level
- **Fiscal Federalism:** Revenue collection and spending primarily occur at lower governance levels
- **Direct Democracy:** Citizens maintain direct control through frequent referendums

- **Limited Central Government:** Federal government maintains focused role on truly national issues

This multi-level governance approach allows Switzerland to maintain high institutional quality despite linguistic, religious, and geographic diversity.

The Scaling Question for America

The United States represents an outlier among developed democracies:

- **Population Scale:** At 330+ million, the US is 3-4 times larger than the next largest developed democracies
- **Geographic Scale:** Continental scope creates unique coordination challenges
- **Historical Context:** Institutions designed for 4 million citizens now govern 330+ million
- **Diversity Factors:** Extreme diversity across multiple dimensions increases institutional strain
- **Scale Growth:** Administrative centralization has steadily increased despite population growth

This exceptional scale may help explain America's increasingly problematic institutional performance despite significant advantages in resources and constitutional design.

The American Constitutional Crisis and Scale

The institutional economics perspective offers a powerful lens for understanding America's current constitutional crisis and federal breakdown.

Institutional Strain Indicators

Multiple metrics suggest America's constitutional framework is experiencing scale-related breakdown:

- **Trust Collapse:** Public trust in federal institutions has fallen to historic lows

- **Corruption Perception:** United States ranks far below similarly wealthy nations on corruption indices
- **Regulatory Capture:** Evidence of capture by special interests across multiple domains
- **Implementation Gaps:** Growing distance between policy intentions and outcomes
- **Response Agility:** Decreasing capacity to respond effectively to changing conditions
- **Institutional Sclerosis:** Increasing difficulty implementing even broadly popular reforms

These indicators match precisely what institutional economics would predict for governance systems operating beyond optimal scale thresholds.

The Centralization Cycle

A particularly concerning pattern is the self-reinforcing cycle of centralization:

1. **Scale Problems Emerge:** Initial institutional quality issues appear due to scale
2. **Centralized Solutions:** Problems are addressed through more centralization
3. **Implementation Challenges:** Centralized solutions create new implementation problems
4. **Further Centralization:** These new problems trigger demands for more centralization
5. **Capture Opportunities:** Each centralization round creates new capture opportunities
6. **Institutional Degradation:** Overall institutional quality progressively declines

This dynamic helps explain why administrative centralization has continued regardless of which party controls government—and why problems persist despite sincere reform efforts.

The Localism Advantage for Institutional Quality

Evidence increasingly suggests that smaller-scale governance preserves institutional quality more effectively:

- **Monitoring Efficiency:** Citizens can more effectively monitor local institutions
- **Exit Option:** The possibility of relocating creates healthy institutional competition
- **Knowledge Utilization:** Local governance better utilizes dispersed knowledge
- **Responsiveness:** Shorter feedback loops enable faster institutional adaptation
- **Cultural Alignment:** Institutions can better align with local values and preferences
- **Corruption Control:** Lower stakes and closer scrutiny reduce corruption incentives

These advantages help explain why public trust in local government consistently exceeds trust in federal institutions by wide margins.

Restructuring for Institutional Resilience

The institutional economics perspective suggests that addressing America's governance challenges requires fundamental attention to scale issues.

The Subsidiarity Principle

Governance should follow the subsidiarity principle—decisions should be made at the lowest practical level:

- **Local Primacy:** Most governance decisions should occur at municipal and county levels
- **State Coordination:** States should handle issues requiring regional coordination
- **Interstate Cooperation:** Interstate compacts can address multi-state challenges
- **Federal Focus:** Federal government should focus exclusively on truly national-scale issues

- **Functional Allocation:** Responsibilities should be allocated based on governance capacity, not historical inertia

This approach matches the insights from institutional economics about optimal governance scale for maintaining institutional quality.

Moving Beyond Left-Right Frameworks

The institutional quality perspective transcends traditional political divisions:

- **Progressive Goals:** High-quality institutions are essential for achieving progressive policy outcomes
- **Conservative Values:** Institutional integrity aligns with core conservative values
- **Libertarian Concerns:** Decentralization addresses libertarian concerns about concentrated power
- **Communitarian Needs:** Local governance better accommodates community values and traditions
- **Pragmatic Solutions:** Focusing on institutional quality creates space for trans-partisan cooperation

This approach offers common ground in an otherwise polarized landscape—focusing attention on the shared interest in effective institutions regardless of specific policy preferences.

Rebalancing for the 21st Century

A 21st-century governance model would reflect institutional economics insights:

- **Scale-Appropriate Allocation:** Assign responsibilities to governance levels best suited to handle them
- **Institutional Competition:** Create healthy competition between governance units
- **Experimentation Space:** Allow for policy variation and learning between jurisdictions
- **Knowledge Utilization:** Structure governance to better capture dispersed knowledge

- **Accountability Proximity:** Bring governance closer to affected citizens
- **Corruption Resistant Design:** Create structures inherently resistant to capture and corruption

These principles would guide a gradual rebalancing toward more sustainable institutional arrangements.

Conclusion: The Scale Imperative

The Nobel Prize-winning work on institutions offers a compelling perspective on America's federal challenges that transcends traditional political narratives. America's governance struggles may reflect not primarily partisan or cultural factors but rather the fundamental scale limits of institutional effectiveness.

If institutional economics is correct, then meaningful improvement in American governance likely requires addressing the scale question directly. This doesn't necessarily mean abandoning the federal system, but rather rebalancing it to place more governance functions at levels where institutional quality can be better maintained.

The ultimate insight may be that maintaining healthy institutions at continental scale requires not more centralization but less—creating governance units of appropriate scale for effective institutional performance while reserving truly national functions for federal management. This approach would represent not a rejection of America's constitutional design but a return to its original federal vision, informed by two centuries of institutional learning and Nobel Prize-winning economic insights.

Foreign Interference and the Asymmetric Vulnerability of American States

The United States faces unprecedented levels of foreign interference in its domestic affairs, creating vulnerabilities that affect the federal system in complex ways. This chapter examines how foreign actors—particularly Russia—exploit American divisions, how recent administrations have responded to these challenges, and how the impacts of foreign affairs are distributed unevenly across American states. It also explores the critical gap in state capacity regarding intelligence and international relations.

Russia's Active Measures Against American Unity

Russia has engaged in a sophisticated, multifaceted campaign to weaken American social cohesion and political functioning—a strategy with deep historical roots in Soviet “active measures” but adapted for the digital age.

Strategic Objectives

Russia's interference efforts aim to achieve several strategic goals:

- **Distraction and Paralysis:** Creating internal divisions that consume American political attention and prevent coherent international action
- **Alliance Disruption:** Weakening NATO and other U.S.-led multilateral arrangements
- **Sanction Relief:** Undermining the consensus behind sanctions imposed following Russia's annexation of Crimea and invasion of Ukraine
- **Relative Power Enhancement:** Diminishing American global influence to create space for Russian geopolitical maneuvers

- **Authoritarian Narrative:** Demonstrating that liberal democracy is dysfunctional and unstable

Intelligence agencies across multiple allied nations have documented these objectives, which align with Russia's formal national security strategy and public statements by Russian officials.

Tactical Approaches

Russia employs diverse tactics to advance these strategic goals:

Amplifying Secession Movements

Russian intelligence and affiliated entities have actively supported and amplified American secession movements:

- **California Independence:** Russian bots and media promoted "Calexit" movements following the 2016 election
- **Texas Secession:** Russian-linked accounts boosted Texas nationalist content, particularly during periods of federal-state tension
- **Cascadia Movement:** Russian media gave disproportionate coverage to Pacific Northwest independence concepts
- **Southern Nationalism:** Russian-linked accounts amplified neo-Confederate content and symbols

These efforts don't create separatist sentiments from nothing but strategically amplify existing grievances and movements.

Information Warfare

Russia has weaponized information to exacerbate American divisions:

- **Social Media Operations:** Creating fake American personas and groups to spread divisive content
- **Media Manipulation:** Feeding misleading stories to both mainstream and alternative media
- **Targeted Advertising:** Using precision-targeted political ads to inflame tensions in specific communities
- **Hack-and-Leak Operations:** Strategically releasing hacked information to maximize political damage

- **Conspiracy Amplification:** Promoting conspiracy theories that undermine trust in American institutions

These tactics exploit existing divisions while creating new fractures in American political discourse.

Political Asymmetry

While Russia has targeted both sides of the American political spectrum, its efforts show asymmetric adoption:

- **Bipartisan Targeting:** Russian disinformation initially targeted both conservative and progressive audiences
- **Asymmetric Receptivity:** Conservative media and politicians have proven more receptive to Russian narratives
- **Elite Adoption:** Most concerning, some American political leaders have embraced and amplified Russian talking points

The most damaging aspect isn't the foreign origin of these narratives but their adoption and promotion by domestic political actors—creating a self-reinforcing cycle that continues even without direct Russian involvement.

The Trump Administration and Russian Narrative Convergence

The Trump administration demonstrated unprecedented alignment with Russian strategic narratives and policy preferences, creating significant foreign policy disruptions.

Narrative Alignment

The convergence between Trump administration positions and Russian preferences manifested in multiple ways:

- **NATO Questioning:** Trump repeatedly questioned the value of NATO and threatened withdrawal, aligning with a primary Russian strategic goal

- **Ukraine Support Wavering:** The administration's hesitancy regarding Ukraine support (leading to the first impeachment) aligned with Russian objectives
- **Syrian Withdrawal:** Abrupt withdrawal from Syria strengthened Russia's position and abandoned Kurdish allies
- **Election Interference Denial:** Consistent denial of Russian election interference despite unanimous intelligence community assessments
- **Democratic Legitimacy Undermining:** Attacks on electoral legitimacy that echoed Russian narratives about democratic dysfunction
- **Authoritarian Leader Praise:** Unusual public praise for Putin and other authoritarian leaders while criticizing democratic allies

Causation vs. Correlation

This alignment doesn't necessarily indicate direct coordination. Three primary explanations exist:

1. **Coincidental Alignment:** Some policy preferences may have independently aligned
2. **Exploitation of Predispositions:** Russian intelligence identifying and exploiting existing tendencies
3. **Direct Influence:** Concerning evidence of potential direct Russian leverage or influence

Regardless of the exact mechanism, the alignment created harmful outcomes for American interests and institutional integrity.

Administrative Disruption

Beyond policy decisions, the Trump era saw unprecedented disruption of America's foreign policy and intelligence infrastructure:

- **Intelligence Community Attacks:** Public undermining of intelligence assessments and institutional credibility
- **State Department Hollowing:** Career diplomats pushed out and expertise devalued
- **Alliance Strain:** Unnecessary conflicts with traditional allies created lasting damage

- **Institutional Memory Loss:** Departure of experienced officials disrupted continuity and knowledge transfer
- **Chaos Strategy:** Unpredictable policy shifts created strategic confusion among both allies and adversaries

These disruptions damaged America's capacity to identify and counter foreign interference—creating a destructive feedback loop.

Asymmetric Impacts Across American States

Foreign affairs—both interference operations and legitimate international relations—affect American states differently, creating divergent interests rarely addressed in federal policy.

Trade War Disparities

Recent tariff and trade disputes have revealed how international economic tensions produce dramatically different impacts across states:

- **Agricultural Exports:** Midwestern farming states suffered disproportionately from Chinese retaliatory tariffs
- **Manufacturing Exposure:** States with significant manufacturing sectors faced different impacts depending on their specific export profiles
- **Supply Chain Disruption:** States housing industries with complex international supply chains experienced unique vulnerabilities
- **Consumer Cost Distribution:** Import-dependent states bore heavier consumer cost burdens from tariffs
- **Revenue Impact Variation:** States with different tax structures experienced varied fiscal impacts from trade disruptions

These differences often cross traditional partisan lines, creating unexpected political alignments on trade issues.

Immigration Policy Impact Variation

Foreign policy related to immigration affects states with dramatic variation:

- **Border States:** Experience direct impacts from changes in border enforcement policy
- **Agricultural Labor States:** Depend on seasonal worker programs with significant economic implications
- **Refugee Resettlement Regions:** Specific regions have developed infrastructure for refugee integration
- **Tourism-Dependent Economies:** Some state economies rely heavily on international visitors
- **Metropolitan Economic Hubs:** Global cities depend on international talent flows for economic competitiveness

Federal immigration policies frequently fail to account for these vastly different state contexts and needs.

Defense Spending Distribution

Military expenditures and basing decisions affect states unevenly:

- **Base-Dependent Communities:** Some states host multiple major military installations creating economic dependency
- **Defense Industry Concentration:** Certain states have disproportionate defense manufacturing capacity
- **Veteran Population Distribution:** Post-service settlement patterns create uneven responsibility for veteran services
- **Research and Development Hubs:** Defense R&D funding concentrates in specific regions
- **Foreign Military Basing Effects:** Overseas posture changes affect states with units deployed abroad differently

Foreign policy shifts that affect military posture create ripple effects through these disparate state economies.

Climate Diplomacy Consequences

International climate agreements and their abandonment affect states differently:

- **Renewable Energy Leaders:** States investing heavily in clean energy face different incentives regarding international climate agreements

- **Fossil Fuel Producers:** States dependent on coal, oil, or natural gas extraction have divergent interests
- **Climate Vulnerability Variation:** Coastal, agricultural, and arid states face different climate change threats
- **Carbon-Intensive Economies:** States with carbon-intensive industrial bases face disproportionate transition costs
- **Green Economy Competitors:** States positioning for leadership in emerging green technologies have unique concerns

The federal government struggles to represent this diversity of climate-related interests in international negotiations.

Critical State Capacity Gaps

Among the most significant challenges in considering a more defederalized America is addressing the profound state capacity gaps in areas traditionally managed at the federal level.

Intelligence Capacity Deficit

States lack meaningful intelligence capabilities regarding foreign threats:

- **Counterintelligence Gap:** No state has meaningful capacity to detect and counter foreign intelligence operations
- **Analysis Absence:** States lack processes to analyze global developments affecting their interests
- **Collection Capabilities:** States possess almost no independent intelligence collection capabilities
- **Intelligence Sharing Mechanisms:** No established systems exist for intelligence cooperation between states
- **Cyber Defense Limitations:** Most states have minimal capacity to detect and counter sophisticated cyber operations

This intelligence gap represents perhaps the most serious vulnerability in a more defederalized system.

Diplomatic Representation Vacuum

States have limited capacity to represent their interests internationally:

- **Formal Representation:** While some states maintain trade offices abroad, they lack formal diplomatic status
- **Negotiation Authority:** States cannot independently negotiate binding international agreements
- **Protocol Expertise:** States lack personnel trained in diplomatic protocol and international negotiations
- **Consular Services:** States have no mechanism to provide services and protection to their citizens abroad
- **Treaty Participation:** States have no independent standing in major international treaty organizations

Many states have tried to address this through trade missions and limited international representation, but significant gaps remain.

Asymmetric Foreign Interest

Foreign entities already treat American states differently:

- **Investment Targeting:** Foreign direct investment concentrates in states with specific economic advantages
- **Diaspora Communities:** States with large immigrant populations receive more attention from their countries of origin
- **Resource Politics:** States with critical resources attract focused foreign interest
- **Political Battleground Focus:** Election swing states receive disproportionate foreign influence attempts
- **Border State Dynamics:** States bordering Canada and Mexico face unique cross-border governance challenges

These variations create uneven exposure to both foreign opportunities and threats.

Building State Capacity for International Engagement

Any serious consideration of increased state autonomy must address these capacity gaps through concrete institutional development.

Intelligence Cooperation Framework

A new model for intelligence sharing and coordination could include:

- **Regional Intelligence Centers:** Multi-state cooperative intelligence analysis centers
- **Federal Intelligence Liaison:** Structured sharing of federal intelligence with appropriate state entities
- **Critical Infrastructure Protection:** State-led coordination for defending critical systems from foreign threats
- **Cyber Defense Cooperation:** Shared resources for detecting and countering cyber threats
- **Threat Information Sharing:** Standardized protocols for sharing foreign threat information across jurisdictions

International Affairs Offices

States would need enhanced capacity for international engagement:

- **State Department Equivalents:** Formal state-level entities responsible for international relations
- **Economic Diplomacy Units:** Specialized teams focused on international economic interests
- **Cross-Border Governance:** Mechanisms for managing relations with neighboring countries
- **Interstate Coordination:** Structures for coordinating international positions between like-minded states
- **Diaspora Engagement:** Programs for maintaining connections with state citizens abroad

Joint Representation Models

Multi-state cooperation could address scale limitations:

- **Regional Diplomatic Missions:** States pooling resources for shared international representation
- **Subject-Matter Coalitions:** States with shared interests cooperating on specific international issues

- **Information Sharing Networks:** Formalized intelligence and diplomatic information sharing between states
- **Training Cooperation:** Shared programs for developing international affairs expertise
- **Crisis Response Coordination:** Joint mechanisms for addressing international crises affecting multiple states

The Reality of Foreign Interference Now

Perhaps most concerning, the current situation already features substantial foreign interference—with inadequate federal response due to political paralysis.

Current Vulnerability Assessment

America's vulnerability to foreign interference has reached critical levels:

- **Social Media Penetration:** Foreign influence operations freely operate across social platforms
- **Political Polarization Exploitation:** Foreign actors strategically deepen existing divisions
- **Electoral System Targeting:** Voting systems and electoral processes face sophisticated attacks
- **Public Trust Erosion:** Declining trust in institutions creates fertile ground for disinformation
- **Paralyzing Partisanship:** Political divisions prevent coherent countering of foreign operations

These vulnerabilities exist regardless of federal structure and may actually be addressed more effectively by allowing states greater autonomy to protect their own systems and citizens.

The Disinformation Dilemma

America faces a paradoxical challenge regarding disinformation:

- **Constitutional Constraints:** First Amendment protections limit government action against misleading content

- **Platform Inadequacy:** Social media companies have proven unable or unwilling to effectively counter influence operations
- **Political Exploitation:** Domestic political actors amplify foreign disinformation when politically advantageous
- **Media Ecosystem Fragmentation:** Divided information environments create “reality gaps” between communities
- **Attribution Challenges:** Technical difficulties in conclusively proving the source of influence operations

These factors create a perfect storm of vulnerability that transcends questions of federal structure.

Conclusion: Foreign Affairs and American Future

Foreign interference and international relations present some of the most serious challenges to any reimagining of American federalism. The federal government’s traditional monopoly on foreign affairs arose for good reasons—yet the current system is failing to adequately protect America from sophisticated foreign operations.

The path forward requires:

1. **Honest Assessment:** Acknowledging the depth of current foreign interference regardless of partisan implications
2. **Capacity Building:** Developing state-level capabilities for intelligence and international engagement
3. **Cooperative Frameworks:** Creating new models for interstate and federal-state cooperation on foreign threats
4. **Democratic Resilience:** Strengthening democratic institutions against both foreign and domestic threats
5. **Citizen Education:** Improving public awareness about foreign influence techniques

The most important insight may be that the current centralized system is already failing to address these challenges effectively. New models of federal-state cooperation on foreign affairs may actually prove more resilient against the sophisticated interference campaigns targeting American democracy today.

Foreign affairs will remain among the most compelling arguments for maintaining robust federal functions—but current vulnerabilities suggest that more distributed responsibility might actually enhance America's security rather than diminish it. The question is not whether to maintain federal capacity in these areas, but how to complement it with state-level capabilities that address the asymmetric impacts of international relations across America's diverse states and regions.

A New Model for Thinking About US Politics

The traditional left-right political spectrum has dominated American political discourse for generations. This one-dimensional model places progressives on the left, conservatives on the right, and moderates somewhere in the middle. While this framework captures certain aspects of our political divisions, it increasingly fails to explain the complexity of American political attitudes—particularly regarding the proper distribution of power between federal and state governments.

This chapter introduces a more nuanced two-axis model that better reflects the full spectrum of American political thought and offers a potential path forward through our current gridlock.

The Two-Axis Political Model

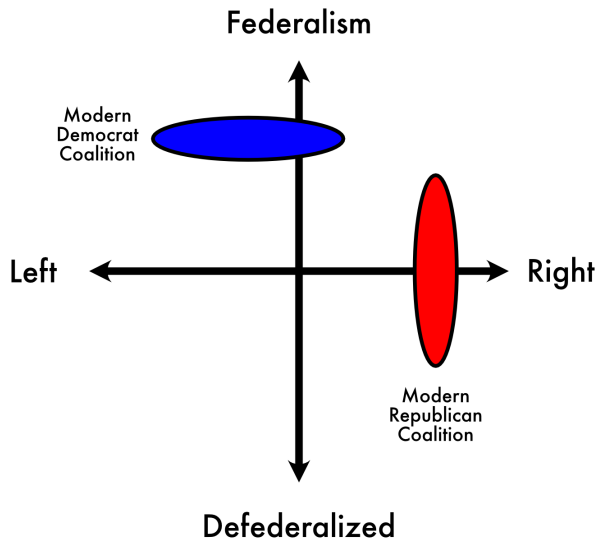


Figure 12.1. Two-Axis Political Model

The Horizontal Axis: Cultural Values

The familiar horizontal axis represents cultural and social values:

- **Right/Traditional:** Emphasizes traditional social structures, religious values, cultural continuity, and established hierarchies
- **Left/Progressive:** Prioritizes social change, equity, cultural evolution, and challenging established power structures

This dimension captures the “culture war” aspect of American politics—disagreements over social issues like gender roles, religious expression, racial justice, and family structure.

The Vertical Axis: Power Distribution

The less-discussed but equally important vertical axis represents beliefs about where governing power should reside:

- **Federalized (Top):** Favors strong central government with nationwide policies and standards
- **Defederalized (Bottom):** Prefers decentralized governance with state and local policy control

This axis is distinct from the horizontal cultural axis. One can be culturally progressive while preferring state-level implementation (defederalized left) or culturally conservative while supporting strong federal authority (federalized right).

The Four Quadrants

This model creates four distinct political orientations:

1. **Federalized Progressive:** Traditional liberal position favoring federal programs, nationwide standards, and centralized solutions to social and economic challenges
 - Example policies: Federal healthcare system, national environmental standards
2. **Federalized Conservative:** Favors using federal power to enforce traditional values and national security
 - Example policies: Federal abortion restrictions, strong national defense, federal immigration enforcement
3. **Defederalized Conservative:** Traditional conservative/libertarian position emphasizing state autonomy and limited federal government
 - Example policies: State control of education, minimal federal regulation, strong 10th Amendment interpretation
4. **Defederalized Progressive:** Supports progressive values but implemented primarily through state and local action
 - Example policies: State-level universal healthcare, regional climate initiatives, progressive state tax systems

This fourth quadrant—the Defederalized Progressive—represents an underexplored political position with significant potential for breaking through our current impasse.

The Defederalized Approach

The defederalized position argues that progressive goals can often be better achieved through state action rather than federal mandates. This approach recognizes that:

1. States can move faster than the gridlocked federal government
2. Regional policies can be tailored to local needs and values
3. Successful state programs can serve as models for other states
4. State-level implementation reduces the winner-take-all nature of federal politics
5. Multiple approaches allow for policy experimentation and improvement

A key structural advantage is that this approach is administratively straightforward to implement. With 91% of federal revenue coming from individual income taxes, corporate taxes, and payroll taxes—all of which are already calculated based on taxpayer location—shifting tax collection to states represents a feasible administrative change rather than a radical restructuring.

This position isn't anti-government—it's pro-effective government at the appropriate level. It acknowledges that one-size-fits-all federal solutions often create as many problems as they solve in a diverse continental nation.

The Democracy Dilemma

One of the most troubling trends in American governance is the paradoxical relationship between federalization and democratic health. As more issues become federalized:

1. **State politics becomes increasingly nationalized**
 - State elections focus on federal issues rather than local concerns
 - Candidates run more against Washington than on state governance
 - Voters choose based on national party loyalty rather than state performance

2. Single-party dominance increases at the state level

- 39 states now have “trifectas” where one party controls the governorship and both legislative chambers
- This reduces competitive elections and political accountability
- Policy debates narrow as opposition becomes merely symbolic

3. Accountability diminishes

- State politicians blame federal policy for local problems
- Voters focus on national issues while ignoring state governance
- Media coverage prioritizes federal drama over state substance

The Responsibility Evasion Strategy

This federalization has created a perverse incentive structure where state politicians can propose policies while expecting (or even hoping for) federal intervention to block implementation. This strategy allows them to:

1. Take symbolic stands without practical responsibility
2. Blame federal courts or agencies when popular but impractical promises aren't fulfilled
3. Avoid accountability for the actual outcomes of their proposals

Examples abound across the political spectrum:

- Republican legislatures passing abortion restrictions pre-Dobbs, knowing they would be struck down by federal courts
- Reform-minded states passing gun control measures expected to face Second Amendment challenges
- States proposing sweeping healthcare reforms while knowing federal regulations would prevent implementation

This pattern undermines democratic accountability by severing the connection between campaign promises and governance outcomes.

The Democracy Crisis in Numbers

The erosion of democratic accountability correlates strongly with increased federalization:

Americans' Trust in Levels of Government vs. 2020 and Historical Average			
% A great deal/fair amount of trust			
	1997-2021 average	2020	2021
	%	%	%
Federal government:			
Federal government handling international problems	59	48	39
Federal government handling domestic problems	53	41	39
Federal government branches:			
Judicial branch	68	67	54
Executive branch	52	43	44
Legislative branch	47	33	37
State and local governments:			
State government handling state problems	62	60	57
Local government handling local problems	70	71	66
GALLUP			

Figure 12.2. Public Trust in Government

- **Trust in government:** Only 20% of Americans trust the federal government to do what is right, down from 77% in the 1960s
- **Congressional approval:** Hovers around 22%, despite 95% of incumbents typically winning reelection
- **Voter turnout:** Typically 10-15% higher in presidential elections than in state-only elections
- **Policy responsiveness:** Studies show federal policy corresponds poorly with majority public opinion
- **Media coverage:** Over 70% of political news coverage focuses on federal rather than state politics

These numbers reflect a democracy increasingly disconnected from citizen priorities and lacking accountability mechanisms.

Revitalizing Democracy Through Defederalization

The defederalized approach offers a potential remedy to this democratic deficit by:

1. Restoring meaningful state elections

- When states control more policy areas, state elections become more consequential
- Voters have reason to evaluate state performance rather than national symbolism
- Candidates must run on deliverable promises rather than symbolic opposition

2. Increasing accountability

- Politicians who must implement their own policies face direct consequences for outcomes
- Voters can more easily connect policy choices to tangible results
- The feedback loop between governance and electoral consequences tightens

3. Permitting greater policy diversity

- Different approaches can be tested across states
- Citizens can vote with their feet by relocating to states with preferred policies
- Competition between states creates innovation incentives

4. Reducing stakes of national elections

- Less apocalyptic rhetoric when federal elections don't determine all policy
- Reduced incentive for anti-democratic tactics to maintain federal power
- More room for compromise when losses aren't perceived as existential

Case Studies in Defederalized Progress

Several policy areas already demonstrate the potential of the defederalized approach:

Climate Policy

While federal climate legislation stalled for decades, states like California, Washington, and New York implemented ambitious climate policies that:

- Reduced emissions significantly
- Created economic benefits within their borders
- Influenced private sector behavior nationwide
- Formed interstate climate compacts with meaningful impact

Minimum Wage

Despite federal minimum wage remaining at \$7.25 since 2009:

- 30 states have established higher minimum wages
- Several states have implemented \$15+ minimum wages
- These state policies have improved living standards while allowing regional economic differences

Cannabis Reform

State-level marijuana legalization has:

- Progressed rapidly despite federal prohibition
- Created varied regulatory approaches tailored to local preferences
- Generated data on different policy models' effectiveness
- Eventually shifted federal policy through state momentum

Healthcare Innovation

States have pioneered healthcare approaches that would be politically impossible at the federal level:

- Vermont's healthcare reform efforts
- Massachusetts' universal healthcare predecessor to the ACA
- Various Medicaid expansion approaches with different designs

The Path Forward

The two-axis model reveals that Americans need not choose between progressive values and decentralized governance. By rethinking political identity through this framework, we can:

1. Reduce the temperature of national politics by devolving many issues to states
2. Create more meaningful democracy at the state level
3. Allow greater policy experimentation and regional customization
4. Find common ground between traditional opponents
5. Break through the paralyzing gridlock of federal politics

This isn't a call to abandon core values—it's a strategic approach to achieving those values through more responsive, democratic governance structures better suited to our diverse nation.

The defederalized approach recognizes a fundamental truth: in a continental nation of 330+ million people with profound regional differences, one-size-fits-all policies imposed from Washington will inevitably create resistance, regardless of their merit. By shifting the locus of many policy decisions closer to the people they affect, we can create a more functional democracy while still pursuing progressive goals.

For progressives especially, this approach offers a pathway to actual policy implementation rather than perpetual federal gridlock. The question isn't whether we support healthcare, climate action, or economic justice—it's whether we're willing to pursue these goals through state action when federal action is blocked.

The defederalized approach stands for both progressive values and democratic renewal—a combination that may represent America's best hope for breaking through our current impasse.

Beyond Secession: Constitutional Context and the Crisis of Federalism

Discussions about reducing federal power or restructuring the relationship between states and the federal government often get mischaracterized as calls for secession. This framing is not only inaccurate but obscures a more nuanced understanding of the constitutional crisis facing America. This chapter clarifies these distinctions and explores how the concept of “breach of contract” offers a more appropriate framework for understanding the current impasse.

Defederalization vs. Secession: Critical Distinctions

The proposals in this book advocate for defederalization—a restructuring of federal-state relationships—not secession or dissolution of the Union.

Secession: A Failed Paradigm

Secession refers to a state or region unilaterally withdrawing from the United States, typically to form an independent nation. Key characteristics include:

- **Unilateral Action:** One party (the state) acts without agreement from others
- **Complete Separation:** Breaking all political bonds with the remaining states
- **New Sovereign Entity:** Creating an entirely new and independent political entity
- **Rejection of Federal Authority:** Repudiating the authority of the Constitution entirely
- **International Recognition:** Seeking recognition as a sovereign nation

The Civil War effectively settled the constitutional question of unilateral secession. As the Supreme Court noted in *Texas v. White* (1869), “The Constitution, in all its provisions, looks to an indestructible Union, composed of indestructible States.”

Defederalization: A Constitutional Recalibration

Defederalization represents a fundamentally different approach:

- **Mutual Agreement:** Changes implemented through mutual consent rather than unilateral action
- **Continued Union:** Preserving the fundamental political bonds between states
- **Rebalanced Authority:** Redistributing powers within the existing constitutional framework
- **Constitutional Process:** Working through constitutional mechanisms rather than rejecting them
- **Domestic Restructuring:** Creating internal governance changes rather than new international entities

This distinction is not merely semantic but fundamentally constitutional: defederalization seeks to rebalance the federal system within the constitutional order, not to destroy it.

The Constitutional Contract and Its Breach

A more productive framework for understanding the current crisis is through the lens of contract law—specifically, the concept of “breach of contract” as applied to the constitutional arrangement between states and the federal government.

The Constitution as Compact

The Constitution can be understood as a compact or contract among the states, creating the federal government as their agent for specific purposes:

- **Mutual Agreement:** States collectively consented to delegate certain powers
- **Specific Delegations:** Enumerated powers were granted for particular purposes
- **Reserved Rights:** States explicitly retained all powers not delegated (Tenth Amendment)
- **Mutual Benefit:** The arrangement was intended to benefit all participating states

- **Conditional Authority:** Federal power was legitimate only within constitutional constraints

As James Madison wrote in Federalist 45, “The powers delegated by the proposed Constitution to the federal government are few and defined. Those which are to remain in the State governments are numerous and indefinite.”

Elements of Breach

From this perspective, the current crisis stems from a persistent pattern of federal overreach that constitutes a breach of the constitutional contract:

- **Scope Expansion:** Federal authorities exercising powers never delegated by the states
- **Reserved Powers Invasion:** Federal intrusion into areas explicitly reserved to states
- **Purpose Deviation:** Using delegated powers for purposes not contemplated in the original agreement
- **Benefit Imbalance:** The arrangement no longer provides mutual benefit to all participant states
- **Constraint Violation:** Federal actions routinely exceed constitutional constraints

This “breach of contract” framing shifts the discussion from secession (unilateral withdrawal) to the more nuanced question of remedies for breach of the constitutional compact.

James Madison and the Anti-Commandeering Doctrine

Madison’s writings in the Virginia Resolutions and elsewhere suggest the states have a role in determining when federal action violates the constitutional compact:

“The states who are parties thereto, have the right, and are in duty bound, to interpose for arresting the progress of the evil, and for maintaining within their respective limits, the authorities, rights and liberties appertaining to them.”

While Madison's specific remedy (state interposition) has not been fully embraced by courts, the underlying principle that states may resist unconstitutional federal commands has found expression in the anti-commandeering doctrine established in cases like *New York v. United States* (1992) and *Printz v. United States* (1997).

The Constitutional Crisis: No Clear Remedy

Perhaps the most troubling aspect of the current situation is the absence of clear constitutional remedies for federal overreach—what legal scholars increasingly identify as a “constitutional crisis.”

The Failed Safeguards

The Constitution's original design included several safeguards against federal overreach that have proved inadequate:

- **Judicial Review:** Courts have largely deferred to expanded federal power since the New Deal
- **Electoral Accountability:** National elections have not effectively constrained federal growth
- **State Sovereignty:** The Tenth Amendment has been interpreted narrowly by federal courts
- **Structural Constraints:** Division of powers has eroded through executive and administrative expansion
- **Amendment Process:** The high threshold for constitutional amendments prevents rebalancing

These failures have left states with few effective options to address perceived violations of the constitutional compact.

When Contracts Fail: The Remedy Gap

In ordinary contract law, a party facing persistent material breach has several options:

1. **Specific Performance:** Demand the breaching party fulfill their obligations

2. **Damages:** Seek compensation for harm caused by the breach
3. **Reformation:** Renegotiate the contract terms to address the issues
4. **Rescission:** In cases of fundamental breach, terminate the contract

Yet the constitutional context offers limited analogues to these remedies:

- **Specific Performance:** Courts rarely enforce constraints on federal power
- **Damages:** No mechanism exists for compensating states for federal overreach
- **Reformation:** The amendment process is too cumbersome for significant rebalancing
- **Rescission:** Unilateral secession has been ruled unconstitutional

This remedial gap lies at the heart of the current constitutional crisis—a situation where one party (the federal government) can persistently violate the understanding upon which the constitutional compact was based, while the other parties (the states) lack effective recourse.

The Four Paths Forward

Given this context, four possible paths emerge for addressing the constitutional impasse:

1. Status Quo Continuation

Continue the current trajectory of federal dominance with states playing increasingly subordinate roles:

- **Pros:** Maintains political stability and predictability
- **Cons:** Exacerbates democratic deficits and regional resentments
- **Likelihood:** High in short-term, decreasing over time

This path essentially accepts the constitutional breach without remedy—a pragmatic but potentially unsustainable approach as citizen frustration grows.

2. Judicial Restoration

Courts could reverse course and begin enforcing stricter limits on federal power:

- **Pros:** Works within existing constitutional framework
- **Cons:** Depends on court composition and willingness to overturn precedent
- **Likelihood:** Moderate, given recent federalism-friendly court decisions

Recent Supreme Court decisions have shown some willingness to reconsider federal-state boundaries, but comprehensive judicial restoration of the original federal-state balance remains unlikely.

3. Constitutional Amendment

Formal amendments could clarify and rebalance federal-state relationships:

- **Pros:** Provides clear, legitimate basis for restructuring
- **Cons:** Extremely difficult to achieve in polarized environment
- **Likelihood:** Low, given amendment threshold and partisan divisions

While theoretically the clearest solution, the practical barriers to constitutional amendment make this path improbable without first achieving broader consensus.

4. Negotiated Restructuring

A negotiated redistribution of powers between federal government and states:

- **Pros:** Avoids constitutional crisis while addressing core problems
- **Cons:** Requires political will currently lacking in Washington
- **Likelihood:** Increasing as other options prove unworkable

This approach—essentially a renegotiation of the constitutional contract—aligns with the defederalization model proposed in this book.

Constitutional Restructuring Without Constitutional Crisis

The defederalization approach offers a path to address the breach of the constitutional compact without triggering constitutional crisis or secession:

Gradualist Approach

Rather than abrupt separation, defederalization envisions incremental rebalancing:

- **Fiscal Responsibility:** Returning revenue collection and disbursement to states
- **Policy Autonomy:** Allowing greater state discretion in policy implementation
- **Regulatory Diversity:** Permitting variation in regulatory approaches between states
- **Cooperative Federalism:** Strengthening mechanisms for interstate cooperation
- **Federal Focus:** Concentrating federal activity on truly national concerns

This incrementalism allows for adjustment and refinement without systemic disruption.

Constitutional Mechanisms

Several existing constitutional mechanisms could facilitate this restructuring:

- **Interstate Compacts:** Article I, Section 10 allows states to enter agreements with congressional consent
- **Delegation Reform:** Congress could explicitly delegate greater authority to states
- **Block Grants:** Convert categorical federal programs to block grants with fewer restrictions
- **Waiver Expansion:** Broaden state waiver authority for federal programs

- **Enumerated Powers Enforcement:** Stricter adherence to limited congressional authority

These approaches work within the constitutional framework while addressing the underlying breach.

Political Viability

This restructuring approach offers potential appeal across the political spectrum:

- **Conservatives:** Greater state autonomy and reduced federal regulation
- **Progressives:** Escape from federal gridlock to implement state-level programs
- **Moderates:** Less polarized, more functional governance
- **States' Rights Advocates:** Enhanced state sovereignty without constitutional crisis
- **Pragmatists:** Better-functioning government without radical change

By framing the issue as constitutional rebalancing rather than secession, this approach can build broader coalitions.

The Trust-Legitimacy Crisis and Federal Contraction

The most insidious aspect of the current constitutional impasse may be the erosion of trust and legitimacy in federal institutions—a crisis that threatens to become self-reinforcing through cycles of federal contraction.

The Legitimacy Death Spiral

Legitimacy—the perception that an institution has the right to govern—forms the essential foundation of political authority in a democracy. Federal authority now faces a dangerous erosion of this foundation:

- **Trust Collapse:** Only 20% of Americans trust the federal government¹

¹Pew Research Center: Public Trust in Government: 1958-2024
<https://www.pewresearch.org/>

- **Regional Disparities:** Trust in federal institutions varies dramatically by region and state
- **Competence Questions:** Repeated policy failures undermine perceived federal effectiveness
- **Democratic Deficit:** Federal policy increasingly diverges from majority preferences
- **Generational Decline:** Each successive generation expresses less confidence in federal institutions

This trust deficit creates a legitimacy crisis that makes federal action increasingly difficult regardless of constitutional theory.

State Program Development as Point of No Return

Once states develop their own programs to replace or supplement federal functions, a form of institutional path dependency emerges that makes federal contraction difficult to reverse:

The Institutional Replacement Cycle

1. **Federal Dysfunction:** Federal gridlock or policy failure creates governance gap
2. **State Innovation:** States develop their own programs to address citizen needs
3. **Institutional Investment:** States build administrative capacity and expertise
4. **Citizen Attachment:** Citizens develop relationships with and expectations of state programs
5. **Redundancy Recognition:** The value of duplicate federal programs becomes questionable
6. **Resource Reallocation:** Funding shifts toward state-level implementation
7. **Federal Withering:** Federal capacity in affected policy areas gradually deteriorates

This cycle has already begun in areas like environmental regulation, cannabis policy, and healthcare, where state agencies now possess greater expertise and citizen trust than their federal counterparts in many regions.

The Point of No Return

The critical observation is that once states develop robust replacement programs, several factors make federal recentralization extremely difficult:

- **Institutional Momentum:** Established state agencies resist federal takeover
- **Employee Stakeholders:** State program employees form powerful constituency for continuation
- **Citizen Relationships:** Direct relationships between citizens and state programs create resistance to change
- **Success Comparison:** Well-functioning state programs highlight federal shortcomings
- **Fiscal Attachment:** State control of revenue creates power to maintain programs
- **Regional Customization:** State programs better tailored to local needs and preferences

These factors create a form of institutional gravity where, once power shifts to states, the effort required to recentralize becomes prohibitively high.

The Circular Contraction Dynamic

Perhaps most concerning is the potential for circular dynamics where loss of trust accelerates federal contraction, which further reduces trust:

The Contraction Cycle

1. **Trust Erosion:** Declining trust in federal institutions reduces compliance and support
2. **Implementation Problems:** Reduced compliance creates implementation difficulties
3. **Performance Decline:** Implementation problems lead to poor outcomes
4. **Competence Questioning:** Poor outcomes further reduce perceived competence
5. **Alternative Seeking:** States and citizens seek alternatives to failing federal programs

6. **Resource Diversion:** Financial and human resources shift to state-level solutions
7. **Federal Capacity Decline:** Federal institutions lose expertise and capacity
8. **Further Trust Erosion:** Reduced federal capacity leads to more failures

This self-reinforcing cycle explains why federal contraction, once begun, tends to accelerate rather than stabilize—potentially leading to more dramatic rebalancing than initially intended.

Breaking the Cycle

Interrupting this cycle would require:

- **Trust Rebuilding:** Demonstrating consistent federal competence
- **Value Proposition:** Clearly articulating the unique value federal programs provide
- **Corruption Reduction:** Eliminating perception of capture by special interests
- **Democratic Responsiveness:** Better aligning federal policy with citizen preferences
- **Regional Sensitivity:** Acknowledging legitimate regional differences

Without these corrections, the contraction dynamics will likely continue regardless of constitutional theory or political rhetoric.

Federal Core Functions in a Contracted Landscape

Even in a significantly contracted federal landscape, certain core functions would likely remain federal responsibilities based on practical necessity:

- **National Defense:** Maintaining military capability against external threats
- **Foreign Relations:** Representing American interests internationally
- **Interstate Commerce Regulation:** Preventing economic balkanization between states
- **Currency Management:** Maintaining a stable, unified monetary system

- **Interstate Infrastructure:** Ensuring connectivity across state boundaries

These functions align with the original constitutional vision of federal power and would remain essential even in a dramatically rebalanced system.

A Different Kind of Union

The end result of these dynamics would not be dissolution but transformation—a different kind of union more aligned with both original constitutional design and modern governance realities:

- **Collaborative rather than hierarchical** federal-state relationships
- **Functional rather than territorial** division of responsibilities
- **Value-adding rather than controlling** federal role
- **Diverse rather than uniform** policy landscapes
- **Complementary rather than competitive** institutional arrangements

This transformation represents not American dissolution but American evolution—adapting our governance structures to the scale, diversity, and challenges of 21st century reality while preserving the underlying unity that binds us as a nation.

Conclusion: Constitutional Fidelity Through Adaptation

The founders created a flexible constitutional system designed to adapt to changing circumstances while preserving essential principles. The current federal-state imbalance represents a deviation from the constitutional design that calls for correction—not through secession or constitutional overthrow, but through thoughtful rebalancing.

By understanding the current crisis as a breach of the constitutional compact rather than an argument for secession, we shift from revolutionary rhetoric to the language of constitutional restoration. This framing acknowledges both the legitimacy of concerns about federal overreach and the importance of finding remedies within the constitutional framework.

The ultimate goal remains what it has always been: a more perfect union that balances national unity with the diverse needs and values of America's varied regions and communities. Defederalization represents not a step away from constitutional fidelity but a return to it—preserving the Union by restoring the balance upon which it was founded.

Perhaps most importantly, this adaptation must acknowledge the reality of eroded federal legitimacy and the practical challenges of reversing institutional evolution once begun. By recognizing these dynamics, we can approach federal restructuring not as a radical break but as a prudent adaptation to governance realities that have already begun to transform our federal system.

From Grief to Action: Reimagining Progressive Change

For many progressives, especially those who came of age during the civil rights era, the federal government has represented far more than a bureaucratic institution—it has embodied hope itself. Federal power has been the great equalizer, the shield against local oppression, and the engine of transformative social change. The prospect of diminished federal influence therefore triggers not merely political disagreement but profound grief. This chapter explores this emotional dimension of defederalization and the path toward healing and renewed purpose.

The Federal Government as Progressive Savior

To understand progressive grief over federal contraction, we must acknowledge the historical reasons why the federal government became so central to progressive identity and hope.

The Arc of Moral Progress

For generations, progressives have viewed the federal government as the primary mechanism for bending the “arc of the moral universe toward justice”:

- **Civil Rights Revolution:** Federal courts, legislation, and enforcement broke the back of Jim Crow segregation when states refused to act
- **Women’s Rights Advancement:** Federal laws and court decisions expanded women’s equality in education, employment, and civic life
- **Environmental Protection:** Federal agencies created clean air and water standards over industry and state-level resistance
- **Labor Rights:** Federal legislation established workplace protections, minimum wages, and collective bargaining rights
- **Healthcare Access:** Medicare, Medicaid, and the Affordable Care Act expanded care to vulnerable populations

- **LGBTQ+ Recognition:** Federal court decisions, including *Obergefell v. Hodges*, secured fundamental rights nationwide

These victories created a powerful narrative: when local prejudice and economic power blocked progress, the federal government could provide justice from above.

“The Federal Government is Us”

Beyond specific policy victories, many progressives internalized a powerful emotional identification with federal institutions:

- **Collective Agency:** The federal government represented “the people” acting collectively for the common good
- **National Identity:** Federal action affirmed America as a progressive, evolving democracy
- **Moral Authority:** Federal intervention carried moral weight against local injustice
- **Universalism:** Federal standards meant rights shouldn’t depend on geography
- **Historical Continuity:** Each federal victory seemed to build upon previous progress, creating momentum

This identification created a powerful merger between progressive identity and federal power – to be progressive meant to believe in the federal government’s capacity for good.

The Stages of Grief

The realization that federal power may be contracting—either through defederalization or continued dysfunction—triggers classic grief responses.

Denial: “This Can’t Be Happening”

Many progressives initially reject the possibility of fundamental federal contraction:

- **Electoral Hope:** Believing the next election will restore functional federal progress

- **Demographic Destiny:** Assuming changing demographics will inevitably secure progressive federal control
- **Constitutional Faith:** Trusting the constitutional system will ultimately self-correct
- **Institutional Resilience:** Believing federal institutions are too entrenched to significantly change
- **Historical Continuation:** Assuming the progressive direction of history will inevitably resume

This denial often manifests as doubled-down investment in federal elections and institutions even as evidence of dysfunction mounts.

Anger: “How Dare They Take This Away”

As denial becomes untenable, anger emerges—often directed at those perceived as undermining federal effectiveness:

- **Opposition Blame:** Fury at conservatives for blocking federal solutions
- **Voter Anger:** Frustration with fellow citizens who elect federal opponents
- **Institutional Betrayal:** Rage at courts or officials who limit federal power
- **Historical Violation:** Sense that hard-won progress is being deliberately reversed
- **Existential Threat:** Fear that core values and identities are under attack

This anger, while understandable, often becomes politically counterproductive—further polarizing rather than persuading.

Bargaining: “Maybe We Can Save Most of It”

The bargaining stage involves attempts to preserve the federal dream through modifications or compromises:

- **Selective Prioritization:** Accepting losses in some areas to preserve others

- **Procedural Reform:** Focusing on rules changes (like filibuster reform) that might restore functionality
- **Institutional Workarounds:** Seeking alternative paths through executive orders or agency action
- **Judicial Strategy:** Hoping for favorable court appointments to restore federal paths
- **Moderate Compromise:** Accepting watered-down federal solutions to maintain the principle

This stage often involves painful trade-offs between pragmatism and principle.

Depression: “We’ve Lost Our Country”

When bargaining fails to restore the federal vision, depression and demoralization often follow:

- **Patriotic Disillusionment:** Feeling betrayed by the country one loves
- **Activist Burnout:** Exhaustion from fighting seemingly unwinnable battles
- **Future Despair:** Difficulty envisioning how progress continues without federal power
- **Value Questioning:** Wondering if cherished values were ever truly American
- **Withdrawal Impulse:** Desire to disengage from a seemingly hopeless political process

This stage is particularly painful for those whose identity has been intertwined with American exceptionalism and the federal vision of progress.

Acceptance: “We Must Find New Paths Forward”

True healing begins with accepting reality while maintaining core values:

- **Strategic Adaptation:** Recognizing changed conditions require new approaches
- **Value Reaffirmation:** Distinguishing between means (federal action) and ends (justice and equality)

- **Local Reinvestment:** Redirecting energy toward state and local change
- **Coalition Rebuilding:** Finding new allies in unexpected places
- **Long-Term Perspective:** Recognizing political arrangements constantly evolve

Acceptance doesn't mean abandoning progressive values—it means finding new vehicles to advance them.

Patriotism in Transition

Perhaps the most painful aspect of this grief process involves reconciling one's love of country with disappointment in its institutions.

The Patriotism Paradox

Many progressives feel caught in a patriotic paradox:

- **Love of Ideals:** Deep attachment to American democratic ideals and aspirations
- **Institutional Disappointment:** Painful recognition of federal failure to uphold these ideals
- **Historical Tension:** Struggling to reconcile America's inspiring and troubling histories
- **Identity Crisis:** Questioning what it means to be patriotic when core institutions falter
- **International Dimension:** Embarrassment about America's diminished global moral standing

This tension can feel like being betrayed by a beloved family member—the hurt feels personal because the attachment runs deep.

Reimagining American Patriotism

Resolving this tension requires reimagining patriotism beyond federal institutions:

- **Values-Based Patriotism:** Loving America for its ideals rather than specific governmental forms

- **Community-Centered Attachment:** Finding patriotic meaning in local communities and relationships
- **Reform Patriotism:** Expressing love of country through working to improve it
- **Cultural Appreciation:** Valuing American cultural contributions separate from political arrangements
- **Historical Continuity:** Recognizing America has survived profound transformations before

This reconception allows progressives to maintain their love of country while adapting to changing institutional realities.

Finding Hope Beyond the Federal Vision

The final stage of healing involves discovering new sources of hope and avenues for progress beyond the traditional federal path.

State-Level Progressive Victories

Evidence already exists that progressive values can advance without federal dominance:

- **Climate Leadership:** States like California have implemented world-leading climate policies
- **Healthcare Access:** States like Massachusetts pioneered universal healthcare coverage
- **Criminal Justice Reform:** States like Colorado have enacted significant criminal justice reforms
- **Economic Equity:** States like Washington have implemented progressive labor and tax policies
- **Educational Innovation:** States like Oregon have expanded educational access and opportunity

These examples demonstrate that federal contraction need not mean retreat.

The New Progressive Toolkit

Forward-looking progressives are developing new approaches suited to a more defederalized landscape:

- **Interstate Compacts:** Creating multi-state agreements to advance shared priorities
- **State Policy Networks:** Sharing successful policy models across progressive states
- **Public-Private Partnerships:** Working with private sector allies to advance social goals
- **Community Investment:** Building sustainable local institutions with progressive values
- **Targeted Litigation:** Using state constitutions and laws to advance rights
- **Migration Assistance:** Helping vulnerable populations relocate to more protective jurisdictions
- **Corporate Campaigns:** Using consumer and investor pressure to drive corporate behavior

This expanded toolkit offers multiple paths forward even as federal avenues narrow.

Reimagining Scale and Time

Perhaps most importantly, healing requires reconsidering assumptions about the scale and timeline of change:

- **Incremental Progress:** Making peace with smaller victories that build over time
- **Regional Success:** Valuing improvements in specific regions rather than requiring nationwide change
- **Demonstration Effects:** Using successful state models to influence broader adoption
- **Generational Perspective:** Viewing change across decades rather than election cycles
- **Quality Over Quantity:** Prioritizing depth and durability of change over geographic reach

This recalibration allows progressives to celebrate genuine progress even when it doesn't match the traditional federal vision.

From Mourning to Mobilization: Taking Strategic Action

The emotional journey from federal disappointment to renewed purpose represents a necessary transformation for today's progressives. While acknowledging the real pain of seeing federal avenues narrow, the path forward lies not in prolonged mourning but in strategic mobilization.

The most inspiring chapters of progressive history have always combined multiple approaches rather than relying solely on federal action. The early progressive movement drove reforms at municipal and state levels before expanding nationally. The civil rights movement masterfully integrated court strategies, direct action, local organizing, and federal pressure. Labor victories combined workplace organizing, state policies, and federal frameworks.

This adaptability – not institutional dependency—represents the true progressive tradition.

Today's effective progressives are already pivoting toward multi-dimensional action:

- **Building state policy laboratories** that demonstrate progressive solutions work in practice
- **Creating interstate coalitions** that advance regional priorities regardless of federal action
- **Leveraging corporate accountability campaigns** to drive private sector change
- **Constructing community-based mutual aid networks** that embody progressive values
- **Developing talent pipelines** to staff state and local governments with skilled advocates

Perhaps most importantly, this approach recognizes a crucial strategic reality: successful state-level programs for progressive priorities create powerful proof points that make national adoption more achievable. It's significantly easier to advocate for national healthcare when Massachusetts has already demonstrated viability, to push for federal climate policy when California has shown economic benefits of aggressive standards, or to advance national minimum wage increases when state experiments prove job-loss fears unfounded. This "proof-of-concept" approach shifts debates

from theoretical arguments to evidence-based discussions about scaling successful models.

These efforts aren't consolation prizes or retreats—they represent the front lines of today's most consequential progressive victories and the most promising path toward eventual national progress.

Most importantly, this strategic shift acknowledges a fundamental truth: progressive values have never been solely dependent on federal institutions. They live in communities, in state capitols, in local organizing, and in the daily actions of committed individuals. By reclaiming this broader understanding of progressive change, today's advocates can move from grief to powerful, purposeful action.

This isn't surrender—it's strategic adaptation with deep historical roots. It may ultimately yield more substantial and durable progress than continuing to pursue a federal path increasingly blocked by structural obstacles. Through this necessary transformation, progressives rediscover not just hope but effective agency in shaping America's next chapter—working at all levels to build the just, sustainable, and compassionate society they envision.

State-Based Solutions for Progressive Governance

Reform advocates face a strategic crossroads. The federal system has become increasingly resistant to progressive policy, yet political resources continue to flow disproportionately to federal elections and advocacy. The defederalized strategy offers a different path forward.

The Federal Options: Challenging Mathematics

Before examining state-based strategies, let's assess the feasibility of federal avenues for change:

Option 1: Achieve Federal Progressive Dominance

This approach requires simultaneously controlling:

The House of Representatives

- Overcoming gerrymandering that systematically advantages Republicans
- Winning in increasingly polarized districts
- Maintaining a working majority despite midterm losses

The Senate (with Filibuster-Proof Majority)

- Winning 60+ seats despite small-state bias that favors Republicans
- Maintaining unity among a diverse caucus from varying political contexts
- Sustaining this supermajority across multiple cycles

The Presidency

- Overcoming Electoral College bias that has recently favored Republicans
- Winning swing states consistently despite polarization
- Building governing coalitions across diverse reform constituencies

The Supreme Court

- Waiting decades for current conservative justices to leave the Court
- Achieving Court expansion (requiring elimination of the filibuster)
- Overcoming legal challenges to progressive legislation

The mathematical probability of achieving and maintaining all these conditions simultaneously is vanishingly small in the current political environment.

Option 2: Federal Structural Reform

This approach seeks to change the rules to create a more democratic federal system:

- Eliminating the filibuster
- Expanding the Supreme Court
- Granting statehood to D.C. and Puerto Rico
- Electoral College reform
- Anti-gerrymandering legislation

These reforms face a fundamental catch-22: they require the very power they aim to create. To eliminate the filibuster, you need a Senate majority willing to do so. To expand the Court, you need to overcome the filibuster first. To achieve statehood for D.C. and Puerto Rico, you need Senate control.

In short, federal structural reform requires first achieving power under the current rules that disadvantage reform movements.

The State-Based Alternative

Given the extreme difficulty of the federal path, the defederalized strategy offers a more viable approach with three pillars:

1. Embrace State Power for Progressive Priorities

States already have significant authority to implement progressive policies:

- Healthcare access and affordability
- Climate action and clean energy
- Worker protections and living wages
- Voting rights and election security
- Criminal justice reform
- Reproductive rights protections
- LGBTQ+ anti-discrimination measures
- Education funding and reform

Instead of waiting for federal action that may never come, progressives can deliver on these priorities now in states where they hold power.

2. Build State Capacity for Federal Program Management

As federal programs face threats of dismantling or privatization, states can develop capacity to administer alternatives:

- State-based social insurance systems
- Public healthcare financing programs
- State financial regulatory frameworks
- State environmental protection agencies
- State labor departments with robust enforcement
- State civil rights commissions

This isn't about eliminating these programs, but protecting their core functions by relocating them to political terrain where they can be preserved and enhanced.

3. Create Interstate Compacts for Regional Coordination

To achieve necessary scale and prevent race-to-the-bottom dynamics, states can use constitutional interstate compacts:

- Regional climate initiatives
- Multi-state healthcare systems

- Coordinated minimum wage and worker protection standards
- Regional infrastructure development
- Shared social insurance programs
- Coordinated tax policies

These compacts, authorized by Article I, Section 10 of the Constitution, allow states to create binding agreements that can achieve many of the benefits of federal action without federal approval.

Implementation Mechanisms

Several pathways exist to implement this state-based strategy:

Expanded Waiver Authority

Even without new federal legislation, states can pursue:

- Medicaid 1115 waivers for state healthcare innovation
- ACA Section 1332 waivers for state health system redesign
- TANF and SNAP flexibility through existing programs
- Education innovation waivers

Block Grant Conversion

With minimal federal legislation, major programs could be converted to block grants with:

- Guaranteed minimum funding levels
- Maintenance of effort requirements
- Basic national standards
- State flexibility for implementation

Interstate Compact Legislation

A single piece of federal legislation could:

- Authorize multiple interstate compacts simultaneously
- Provide funding formulas and redistribution mechanisms
- Establish minimum standards while enabling state flexibility
- Create predictable transition timelines

State-Led Innovation

Even without federal approval, states can:

- Create state-level institutions mirroring federal agencies
- Develop model legislation for interstate adoption
- Build cross-state coordination mechanisms
- Demonstrate policy success that builds momentum

Addressing Common Concerns

The defederalized strategy raises legitimate questions that require thoughtful responses:

“Won’t this abandon people in conservative states?”

- Federal defensive battles remain crucial for maintaining baseline protections
- Successful state models build pressure for adoption elsewhere
- Interstate compacts can be structured to allow later entry by additional states
- Demonstration effects can change political dynamics in conservative states

“Isn’t this admitting defeat?”

- It’s recognizing reality, not accepting defeat
- It’s choosing to deliver progressive governance where possible rather than fighting losing battles
- It’s building durable institutions rather than temporary federal victories
- It’s creating models that could eventually transform the federal system itself

“Don’t we need federal scale for big challenges like climate change?”

- California’s economy alone is larger than all but four countries globally
- Regional compacts can achieve sufficient scale for most challenges
- Interstate coordination can maintain consistent standards across state lines
- International agreements can supplement state action

“Will this create a patchwork of inconsistent policies?”

- Interstate compacts can standardize approaches across participating states
- Model legislation can ensure consistency where needed
- States already successfully coordinate in many policy areas
- Some policy variation allows for innovation and adaptation to local needs

The Strategic Logic

The defederalized strategy isn’t about giving up on federal politics—it’s about focusing progressive resources where they can deliver tangible results. It’s a recognition that:

1. Federal structural barriers are growing worse, not better
2. Even when reform advocates win federal elections, they struggle to deliver on promises
3. Reform-minded states are already governing successfully on progressive principles
4. As federal retrenchment accelerates, state-based alternatives become increasingly vital
5. Interstate mechanisms exist to achieve necessary coordination and scale

This approach offers reform advocates a way to break out of the cycle of federal disappointment and build progressive governance that directly improves people's lives. Rather than continually promising federal breakthroughs that never materialize, reform movements can deliver on their values where they currently hold power while building models for broader adoption.

The Escalation Ladder: Federal-State Conflict Dynamics

Understanding how tensions between states and the federal government might evolve from political disagreement to constitutional crisis is essential for both preventing unnecessary conflict and preparing for potential challenges. This chapter examines the dynamics of federal-state confrontation, identifying critical escalation patterns, decision points, and off-ramps that could shape America's future.

Historical Patterns of Federal-State Conflict

American history reveals recurring patterns in how tensions between states and the federal government develop and intensify. These historical episodes provide valuable insights into potential future escalation dynamics.

The Nullification Crisis (1832-1833)

The confrontation between South Carolina and the federal government over tariffs established an early template:

1. **Federal Policy Imposition:** Congress passed tariffs viewed as regionally harmful
2. **State Political Resistance:** South Carolina politicians opposed the policy
3. **Constitutional Argument:** State developed nullification doctrine
4. **Legal Formalization:** State convention nullified federal law
5. **Federal Coercion Threat:** President Jackson sought enforcement authority
6. **Military Positioning:** Federal troops prepared while state organized militia
7. **Negotiated Resolution:** Compromise tariff allowed both sides to claim victory

This pattern—federal action, state resistance, legal theory development, formalization, coercion threat, military signaling, and eventual compromise—has recurred throughout American history.

Civil Rights Era Confrontations (1950s-1960s)

Federal-state tensions during desegregation followed similar but distinct patterns:

1. **Judicial Policy Change:** Supreme Court ordered desegregation
2. **State Resistance Declaration:** Southern states declared “massive resistance”
3. **Legal Obstruction:** States passed laws to prevent implementation
4. **Physical Obstruction:** Governors physically blocked federal court orders
5. **Federal Force Deployment:** Presidents deployed National Guard or federal troops
6. **National Polarization:** Conflict generated broader political alignments
7. **Federal Dominance:** Federal authority ultimately prevailed through sustained pressure

This episode demonstrated federal capacity to overcome state resistance through determined application of various federal powers, including judicial, executive, and legislative tools.

Contemporary Sanctuary Jurisdiction Disputes (2010s)

More recent immigration enforcement conflicts reveal evolving dynamics:

1. **Federal Enforcement Demands:** Federal requirements for local cooperation
2. **State/Local Non-Cooperation:** Jurisdictions limiting cooperation with federal agencies
3. **Federal Funding Pressure:** Threats to withhold federal funds
4. **Judicial Intervention:** Courts limiting federal coercive power
5. **Administrative Workarounds:** Both sides developing alternative implementation methods

6. **Ongoing Equilibrium:** Persistent tension without definitive resolution

This pattern demonstrates a more limited federal capacity to coerce state cooperation in the modern era, particularly when courts restrict federal leverage mechanisms.

The Modern Escalation Ladder

Drawing from historical patterns and contemporary realities, we can identify a likely escalation sequence for potential federal-state conflicts today.

Stage 1: Political Disagreement

Initial tensions emerge through standard political channels:

- Federal policy announcements opposed by state officials
- Public statements of disagreement and opposition
- Political mobilization within state against federal action
- Lobbying and negotiation attempts within established channels
- Partisan media amplification of conflict narratives

At this stage, conflict remains within normal political parameters. Most disagreements never progress beyond this level, instead being resolved through standard democratic processes or simply persistent but manageable disagreement.

Stage 2: Legal Contestation

When political resolution fails, conflict shifts to legal arenas:

- State attorney general lawsuits challenging federal action
- Federal lawsuits seeking to compel state compliance
- Legislative attempts to modify contested policies
- State legislation explicitly countering federal initiatives
- Multiple states forming legal coalitions
- Amicus brief campaigns by interested parties

This stage leverages existing institutional mechanisms for resolving intergovernmental disputes through courts and legislative processes. Many significant disagreements reach this level but proceed no further as judicial decisions provide resolution accepted by both sides.

Stage 3: Administrative Resistance

If legal challenges fail to resolve the conflict, bureaucratic mechanisms become battlegrounds:

- States refusing to implement federal programs or requirements
- Federal agencies withheld funding or technical support
- State agencies creating implementation barriers or delays
- Competing guidance issued to local governments
- Professional associations choosing sides in implementation
- Federal circumvention of state agencies through direct local relationships

This administrative conflict can persist indefinitely, with states and federal agencies finding various mechanisms to obstruct or work around each other's actions. Most conflicts that reach this stage stabilize here as a form of persistent bureaucratic guerrilla warfare.

Stage 4: Financial Escalation

When administrative measures prove insufficient, financial leverage becomes central:

- Federal threats to withhold major program funding
- State threats to withhold tax remittances
- Federal grant conditions tightened to force compliance
- State creation of alternative funding mechanisms
- Federal emergency fund declarations to bypass states
- State tax structure adjustments to minimize federal leverage
- Judicial challenges over financial coercion constitutional limits

Financial conflict significantly raises stakes while still remaining within institutional boundaries. The federal government's spending power provides substantial leverage, but its practical application faces both political and legal constraints.

Stage 5: Enforcement Confrontation

Direct confrontation over law enforcement authority marks a critical escalation:

- Federal agencies increasing direct enforcement within resistant states
- State law enforcement instructed not to cooperate with federal agencies
- Federal attempts to federalize National Guard units
- States mobilizing state police or Guard for protective missions
- Local law enforcement caught between conflicting directives
- Public demonstrations supporting state or federal authority
- Isolated incidents of confrontation between agencies

This stage represents a dangerous threshold where institutional conflict risks transforming into physical confrontation. However, both professional norms and institutional self-interest typically prevent substantial escalation at this level.

Stage 6: Constitutional Crisis Declaration

Formal declarations of constitutional breach signify movement toward potential structural break:

- State legislature passing resolutions declaring federal constitutional violation
- Governor issuing executive orders limiting federal authority within state
- Federal declaration of state officials impeding federal law
- State lawsuits claiming fundamental constitutional breach
- Coalition of states issuing joint constitutional statements
- Special legislative sessions called to address crisis
- Formal invocation of reserved or inherent state powers

At this level, conflict moves beyond specific policy disagreements to fundamental questions about the constitutional relationship itself. The political rhetoric adopts explicitly constitutional terms, with references to foundational principles rather than merely statutory interpretation.

Stage 7: Institutional Alternative Creation

Creation of alternative institutions signals preparation for potential separation:

- Emergency state executive authority expansion
- Interstate compact formation outside federal framework
- Alternative revenue collection systems development
- State-chartered banking system expansion
- Essential service continuity planning
- Independent state international engagement
- Formal coordination mechanisms among allied states

This stage involves building capacity for autonomous functions traditionally handled by federal agencies. The development of such capabilities, while ostensibly for contingency purposes, itself alters the power dynamics between states and federal authorities.

Stage 8: Physical Control Assertion

Physical control over territory and infrastructure represents severe escalation:

- State police securing critical infrastructure
- Federal agency exclusion from sensitive facilities
- National Guard deployment under state authority
- Restrictions on federal personnel movements
- Competing jurisdiction claims over federal lands or facilities
- Checkpoints or controlled access to sensitive locations
- Communication channel monitoring or restrictions

This level involves actual physical control measures rather than merely legal, administrative, or financial maneuvers. Such actions directly challenge federal authority in visible ways that risk physical confrontation.

Stage 9: External Recognition Seeking

International dimensions emerge at advanced stages:

- State trade missions operating independently
- Foreign governments engaging directly with states
- State-level agreements with foreign entities
- Requests for international organizations' involvement
- Foreign financial relationships outside federal channels
- Diplomatic recognition discussions with foreign powers
- International public relations campaigns justifying actions

This internationalization represents both a legitimacy strategy and practical preparation for potential independence. It also significantly raises stakes by introducing external actors into domestic constitutional disputes.

Stage 10: Formal Separation Declaration

The final escalation stage involves explicit declarations of altered relationships:

- State constitutional convention called
- Declaration of federal constitutional breach
- Suspension of federal law enforcement cooperation
- Tax remittance cessation
- Formal independence declaration
- Constitutional revision removing federal supremacy
- Request for international recognition as sovereign entity

This represents the threshold of actual secession, though significant variations exist in how such declarations might be framed—from independence to “commonwealth status” to “constitutional autonomy” to formal secession.

Critical Thresholds and Decision Points

Within this escalation sequence, several key thresholds represent particularly significant transitions:

The Violence Threshold

The introduction of physical violence—whether by state actors, federal agents, or civilians—represents a critical threshold. Once violence occurs, conflict dynamics change fundamentally as:

- Political positions harden significantly
- Compromise becomes more difficult
- Emotional rather than strategic factors increasingly drive decisions
- International attention intensifies
- Third-party intervention likelihood increases
- Historical precedents become less relevant

American political culture maintains strong norms against using violence for political purposes. These norms create a significant barrier to crossing this threshold, but once breached, escalation can accelerate dramatically.

The Military Involvement Decision

Any decision to use military forces (National Guard or regular military) represents another critical threshold:

- Introduces forces with lethal capabilities
- Creates chain-of-command questions (state vs. federal authority)
- Raises prospect of divided loyalties among military personnel
- Generates significant international responses
- Creates potential for accidental escalation through misunderstanding
- Involves institutions with strong constitutional loyalty

The American military has consistently demonstrated reluctance to engage in domestic political disputes. Both institutional culture and legal constraints make military involvement unlikely except in extreme circumstances.

The International Recognition Tipping Point

If foreign powers begin recognizing state claims to autonomy or independence, a tipping point occurs:

- Creates legal complications for foreign relations
- Undermines federal financial and diplomatic leverage
- Potentially allows access to external resources
- Establishes precedent for other states
- Makes reintegration significantly more difficult
- Potentially triggers security reactions from the federal government

International actors typically avoid involvement in domestic constitutional disputes unless either humanitarian concerns or strategic interests override diplomatic norms of non-interference.

De-escalation Pathways and Off-Ramps

Escalation is not inevitable. At each stage, potential off-ramps exist that could redirect conflict toward institutional resolution.

Judicial Resolution Pathway

Courts can provide face-saving resolution mechanisms through:

- Constitutional clarification of federal-state boundaries
- Recognition of limited autonomy while preserving union
- Procedural requirements that delay implementation of contested policies
- Creation of hybrid oversight mechanisms
- Development of new constitutional doctrines accommodating greater diversity

Courts have historically played crucial roles in managing federal-state tensions, though their effectiveness depends on both sides accepting judicial authority as legitimate.

Legislative Compromise Pathway

Congressional action can create off-ramps through:

- Statutory amendments addressing state concerns
- Funding formulas providing differential treatment
- Explicit opt-out provisions for objecting states
- Transition periods allowing gradual adaptation
- Formal consultation requirements ensuring state input

Legislative solutions become increasingly difficult in polarized environments but retain significant advantages in democratic legitimacy.

New Institutional Design Pathway

Creation of new governance structures can resolve tensions:

- Interstate compacts with federal consent
- Federal-state commissions with shared authority
- Regionally differentiated federal agencies
- Policy experimentation zones
- Asymmetric federalism accommodations

Institutional innovation allows addressing specific grievances without threatening core constitutional relationships.

Constitutional Amendment Pathway

Though difficult, constitutional amendment provides the most definitive resolution:

- Clarification of federal-state boundaries
- Recognition of regional autonomy principles
- Establishment of state nullification procedures
- Creation of state consent requirements
- Formalization of differentiated state-federal relationships

While amendments face significant hurdles, they represent the most durable solution to fundamental structural tensions.

The Washington State Case Study: Potential Escalation Sequence

To illustrate how these dynamics might manifest in practice, consider Washington State's position in a hypothetical federal conflict scenario:

Initial Conditions

- Washington has Democratic state government with progressive policy preferences
- State has significant economic capacity (\$660+ billion annual GDP)
- Strong technology sector provides advanced capabilities
- Geographic position offers Pacific trade advantages
- Population generally supportive of state autonomy assertions

Plausible Escalation Path

1. **National Policy Dispute:** Federal policy shift (healthcare, environmental, or immigration) conflicts with Washington values
2. **Legal Challenge:** Washington AG files lawsuits challenging federal action
3. **Multi-State Coalition:** Washington forms coalition with Oregon, California, and other aligned states
4. **Administrative Non-Compliance:** State agencies instructed to prioritize state law over federal directives
5. **Financial Preparation:** State establishes contingency funds and alternative banking relationships
6. **West Coast Compact:** Formal interstate compact created for regional coordination
7. **Infrastructure Securitization:** Critical systems placed under enhanced state protection
8. **Pacific Trade Positioning:** Direct trade relationships established with Asian nations
9. **Constitutional Convention:** West Coast states convene to consider regional autonomy
10. **Autonomy Declaration:** Declaration of special "commonwealth" status with limited federal participation

This sequence—while speculative—illustrates how escalation might unfold based on Washington's specific circumstances and capacities. Different states would likely follow different pathways reflecting their unique positions.

Factors Inhibiting Extreme Escalation

Several powerful factors make extreme escalation unlikely in the contemporary American context:

Economic Integration

The profound economic interdependence between states creates powerful disincentives for severe disruption:

- Integrated supply chains spanning state borders
- Financial systems operating nationally
- Career mobility requiring credential recognition
- Corporate operations across multiple states
- Trillion-dollar annual interstate commerce

These economic realities make radical separation impractical without enormous costs to all parties.

Identity Networks

Americans maintain complex identity networks transcending state boundaries:

- Family relationships spanning multiple states
- Professional associations operating nationally
- Educational institutions drawing from national applicant pools
- Cultural consumption patterns crossing regional lines
- Religious organizations with national structures

These identity networks create resistance to hard boundaries between states or regions.

Practical Governance Requirements

Maintaining essential governance functions creates pragmatic constraints:

- Infrastructure management requires coordination
- Environmental issues transcend political boundaries
- Public health challenges demand regional approaches
- Transportation systems function across state lines
- Communication networks operate nationally

These practical necessities force cooperation regardless of political disagreements.

Elite Incentive Structures

Political and economic elites face incentive structures discouraging extreme conflict:

- Career advancement often requires national mobility
- Financial assets depend on national market stability
- Professional reputations built on national platforms
- Social networks span political divisions
- Personal safety threatened by severe instability

These incentives create powerful elite constituencies for compromise solutions.

Federal Pressure Campaign Models: Escalation Templates

Beyond theoretical escalation sequences, examining concrete examples of how federal pressure campaigns might unfold provides insight into practical state responses. The following four scenarios illustrate different approaches the federal government might employ against resistant states.

Scenario 1: Financial Coercion Against Vermont

In this scenario, federal authorities leverage financial pressure to force compliance from Vermont on a contested federal policy.

Federal Escalation Steps:

1. **Initial Compliance Demand:** Federal agency issues formal guidance requiring Vermont to implement contested policy
2. **Warning Letter:** Federal department sends official warning of funding consequences for non-compliance
3. **Targeted Grant Freezing:** Discretionary grant programs placed on “administrative hold”
4. **Program Audit Intensification:** Heightened scrutiny of Vermont’s federal program implementation
5. **Funding Delay Tactics:** Processing of federal reimbursements slowed for technical reasons
6. **Formal Non-Compliance Finding:** Official determination of state failure to meet federal requirements
7. **Major Program Funding Threat:** Formal process initiated to withhold federal highway or Medicaid funds
8. **Limited Fund Withholding:** Initial percentage of major funding stream actually withheld
9. **Comprehensive Financial Penalties:** Expansion of withholding across multiple federal programs

Vermont Response Options:

1. **Administrative Dialogue:** Engage in procedural discussions while delaying compliance
2. **Technical Compliance Arguments:** Develop alternative interpretation of federal requirements
3. **Legal Challenges:** File lawsuits challenging federal authority to withhold funds
4. **Coalition Building:** Form alliance with similarly affected states
5. **Budget Reserves Activation:** Deploy state financial reserves to cover temporary gaps
6. **Alternative Revenue Planning:** Develop contingency taxation or bonding plans
7. **Legislative Resistance Authorization:** State legislature formally supports resistance
8. **Federal Tax Escrow Consideration:** Explore legal framework for holding federal taxes in escrow

9. **New England Regional Compact:** Form interstate agreement with neighboring states

Vermont's small size (population 645,000) and limited financial reserves (\$1.3 billion annual budget) make it vulnerable to federal financial pressure. However, its strong state identity, politically engaged population, and New England regional ties provide countervailing strengths. The state's Democratic leadership would face competing pressures between ideological resistance and practical governance needs.

Scenario 2: Bureaucratic Strangulation Against Maine

In this scenario, federal authorities employ subtle administrative pressure tactics against Maine without explicit threats or high-profile actions.

Federal Escalation Steps:

1. **Informal Communications:** Federal officials express "concerns" about state policies in unofficial settings
2. **Inspection Intensification:** Routine regulatory inspections increased in frequency and scope
3. **Permitting Delays:** Processing of required federal permits slowed without formal denial
4. **Technical Assistance Reduction:** Federal agency experts suddenly "unavailable" for consultation
5. **Guidance Ambiguity:** Deliberately unclear guidance issued on compliance requirements
6. **Personnel Interventions:** Private conversations with state officials suggesting career implications
7. **Information Access Restriction:** Reduced state access to federal databases and information systems
8. **Federal Staff Reassignment:** Key federal personnel working with state reassigned elsewhere
9. **Regulatory Interpretation Shifts:** Existing regulations reinterpreted to increase state burdens

Maine Response Options:

1. **Documentation Campaign:** Systematically document all federal actions and delays
2. **Administrative Workarounds:** Develop alternative processes that bypass federal bottlenecks
3. **Public Transparency Initiative:** Publish regular reports on federal obstruction tactics
4. **Congressional Intervention Requests:** Seek congressional oversight of executive agencies
5. **Interstate Information Sharing:** Create alternative information networks with other states
6. **Federal Employee Protection:** Establish state legal support for federal whistleblowers
7. **Regulatory Independence Building:** Develop state capacity to function without federal technical support
8. **Media Strategy:** Highlight administrative abuses to generate political pressure
9. **Independent Capability Development:** Invest in state capabilities to reduce federal dependency

Maine's relatively isolated geographic position, small population (1.3 million), and economic vulnerabilities make it susceptible to subtle pressure tactics. However, the state's strong independent streak, relatively homogeneous population, and history of political moderation provide resistance resources. The effectiveness of this approach relies on keeping actions below the threshold that would generate significant public attention.

Scenario 3: Direct Confrontation Against Idaho

In this scenario, federal authorities pursue overt enforcement actions against Idaho officials resisting federal policy implementation.

Federal Escalation Steps:

1. **Public Non-Compliance Declaration:** Federal officials publicly label Idaho as defying federal law
2. **Criminal Investigation Announcements:** DOJ announces investigations into state officials' actions

3. **Federal Agent Deployment:** Visible increase in federal law enforcement presence in the state
4. **Subordinate Official Arrests:** Federal charges filed against lower-level state officials
5. **Legislative Leader Targeting:** Search warrants executed against state legislative leaders
6. **Federal Facility Securitization:** Federal buildings and lands placed under heightened security
7. **State Agency Raids:** Federal agents conduct raids on state government offices
8. **Senior Executive Indictments:** Criminal charges filed against senior state executive officials
9. **Governor Arrest Attempt:** Federal agents attempt to take governor into custody

Idaho Response Options:

1. **Legal Defense Mobilization:** State provides legal representation to all targeted officials
2. **Constitutional Crisis Declaration:** Formal state declaration of federal constitutional breach
3. **State Police Protection:** State law enforcement assigned to protect state officials
4. **Special Legislative Session:** Emergency session to authorize resistance measures
5. **Interstate Defense Pact:** Form mutual defense agreement with neighboring states
6. **Critical Infrastructure Control:** State secures control of essential services and infrastructure
7. **Federal Officer Restriction:** State law limiting federal officer activities without state approval
8. **Physical Security Measures:** Enhanced security for state officials and buildings
9. **Emergency Executive Authority:** Governor emergency powers activated for state protection

Idaho's relatively isolated location, strong state identity, and politically homogeneous population provide advantages in resistance. The state's strong gun culture (60%+ household firearm ownership), militia presence,

and history of federal skepticism create significant deterrents to overt federal action. However, limited economic resources (\$4.3 billion annual budget) and dependence on federal lands (63% of state) create vulnerabilities.

Scenario 4: Complex Hybrid Campaign Against Rhode Island

In practice, federal pressure would likely combine elements from multiple approaches rather than following a single template. This complex scenario against Rhode Island illustrates how different tactics might be integrated.

Federal Hybrid Strategy:

1. **Initial Regulatory Reinterpretation:** Subtle shift in federal regulation interpretation affecting state policies
2. **Targeted Funding Delay:** Specific federal funding streams to state universities “administratively delayed”
3. **Media Narrative Development:** Federal officials begin public messaging about state “non-compliance”
4. **Selective Law Enforcement:** Federal investigations opened against political allies of state leadership
5. **Interstate Commerce Leverage:** Federal actions affecting port operations and commerce
6. **Dual-Track Engagement:** Simultaneous threatening private communications and conciliatory public statements
7. **Energy Sector Pressure:** Federal regulatory actions affecting state energy infrastructure
8. **Strategic Coalition Undermining:** Federal incentives offered to potential allied states for non-cooperation
9. **Escalation Calibration:** Careful adjustment of pressure across multiple domains based on state responses

Rhode Island Complex Response:

1. **Vulnerability Mapping:** Comprehensive assessment of state dependencies and federal leverage points
2. **Domain-Specific Strategies:** Different approaches for financial, regulatory, legal, and public domains

3. **Coalition Reinforcement:** Special attention to maintaining interstate alliance solidarity
4. **Democratic Legitimacy Emphasis:** Regular public votes or referenda on resistance measures
5. **Asymmetric Response Selection:** Choosing unexpected response domains to federal pressure
6. **Private Sector Partnership:** Engaging state-based businesses in creating alternative systems
7. **Foreign Engagement:** Developing international relationships to counterbalance federal pressure
8. **Selective Concession Strategy:** Tactical compliance in less important areas to preserve core autonomy
9. **Resilience Investment:** Building long-term state capacity to withstand sustained pressure

Rhode Island's small geographic size, urban concentration, and integrated economy make it particularly vulnerable to sophisticated federal pressure. However, its strong state identity, wealthy tax base, and potential regional allies create resistance potential. The state's Democratic leadership would need to carefully balance progressive policy goals against institutional autonomy concerns.

Interrelated Nature of Pressure Campaigns

These scenarios are presented as distinct approaches for analytical clarity, but in practice, they would not be independent:

1. **Tactical Blending:** Real pressure campaigns typically blend elements from multiple approaches
2. **Domain Shifting:** When resistance succeeds in one domain, pressure typically shifts to others
3. **Escalation Pacing:** Multiple pressure tracks allow calibrated escalation without all-or-nothing choices
4. **Coalition Dynamics:** Both federal and state strategies must account for multi-state dynamics
5. **Public Narrative Battles:** Control of escalation framing often determines political sustainability
6. **Leadership Psychology:** Personal dynamics between key leaders significantly influence escalation paths

7. **Bureaucratic Politics:** Agency interests and cultures shape how pressure is actually implemented
8. **International Context:** Foreign policy considerations constrain domestic federal action

The most sophisticated pressure campaigns maintain multiple tracks simultaneously, allowing flexible recalibration based on effectiveness. Similarly, the most resilient state resistance strategies develop balanced capabilities across domains rather than focusing exclusively on any single aspect of federal-state relations.

Conclusion: Managing Rather Than Preventing Conflict

The most realistic approach to federal-state tensions is not preventing conflict—which is inevitable in any federal system—but rather managing escalation to keep it within institutional boundaries. This requires:

1. **Clear Escalation Recognition:** Understanding when conflict is moving beyond normal parameters
2. **Institutional Off-Ramp Design:** Creating mechanisms for face-saving resolution
3. **Professional Restraint Cultures:** Developing norms among officials against extreme measures
4. **Differentiated Response Capacity:** Maintaining ability to handle different types of conflict
5. **Strategic Patience:** Allowing time for tensions to evolve toward resolution

By approaching federal-state tensions as manageable processes rather than existential threats, both sides can maintain latitude for asserting their interests while avoiding destructive escalation. The goal should not be eliminating conflict—which is impossible in a diverse continental republic—but channeling it through institutions capable of producing sustainable compromises or managed separations.

In the final analysis, the most likely outcome is neither peaceful harmony nor catastrophic civil conflict, but rather a continual process of tension, negotiation, adaptation, and compromise. The exact equilibrium point may shift significantly—potentially toward much greater state autonomy—but the process itself is likely to remain institutionally bounded rather than revolutionary.

The Progressive Dilemma: Federal Power, Local Rights, and Hard Choices

Among the most challenging objections to defederalization comes from progressives in blue states who view federal power as essential for protecting vulnerable populations across America. Their concern is deeply moral: How can we justify a system that might leave LGBTQ+ individuals, racial minorities, and other vulnerable groups without federal protections in conservative states?

This chapter examines this profound dilemma, acknowledging the genuine moral complexity without offering simplistic answers. It requires confronting uncomfortable realities about both federal power and state-level governance.

The Federal Government as Protector and Oppressor

The historical record of federal intervention in civil rights presents a complex picture that defies simple narratives.

Federal Government as Protector

Throughout American history, federal power has sometimes served as a crucial force for expanding rights:

- **Civil Rights Movement:** Federal courts, particularly the Supreme Court in *Brown v. Board of Education*, pushed desegregation forward despite state resistance
- **Voting Rights Act:** Federal legislation and enforcement helped secure voting rights for Black Americans in states with long histories of disenfranchisement
- **Marriage Equality:** The Supreme Court's *Obergefell* decision legalized same-sex marriage nationwide, overriding state-level bans
- **Disability Rights:** The Americans with Disabilities Act created nationwide standards for accessibility and protection

- **Environmental Protection:** Federal agencies established minimum environmental standards that prevented “race to the bottom” competition between states

In these cases, federal power overcame local resistance to expand rights and protections—a critical counterweight to regressive state policies.

Federal Government as Oppressor

Yet federal power has also served as a tool for oppression and rights restriction:

- **Fugitive Slave Act:** Federal law and enforcement returned escaped slaves to bondage, overriding northern state protections
- **Tribal Sovereignty:** Federal policies systematically undermined tribal autonomy and rights throughout American history
- **Japanese Internment:** Federal action, upheld by the Supreme Court, imprisoned innocent Japanese Americans during WWII
- **Immigration Enforcement:** Federal agencies have separated families and detained migrants in conditions condemned by human rights organizations
- **Drug War:** Federal drug policies have resulted in mass incarceration with disproportionate impacts on communities of color

This dual history demonstrates that federal power itself is neutral—capable of either expanding or restricting rights depending on who controls it.

The Structural Reality: Federal Control is Asymmetric

Progressive hopes for continued federal protection face significant structural obstacles:

Electoral College Disadvantage

The Electoral College gives disproportionate power to rural, generally more conservative states, making progressive control of the presidency structurally more difficult.

Senate Imbalance

The Senate's equal representation of states regardless of population creates an inherent advantage for conservative rural states:

- Wyoming (population ~580,000) has the same Senate representation as California (population ~39 million)
- The 25 least populous states, which can form a Senate majority, represent only about 16% of the American population

Judiciary Entrenchment

Lifetime appointments and strategic timing of retirements have allowed Republicans to secure long-term control of the federal judiciary despite winning the popular vote in only one of the last eight presidential elections.

Demographic Clustering

Progressive voters increasingly concentrate in urban areas and coastal states, exacerbating their disadvantage in federal representation systems that favor geographic distribution over population.

These structural realities mean that, over time, federal power is more likely to be wielded against progressive priorities than in support of them. This uncomfortable truth requires honest assessment of future prospects rather than nostalgia for past federal protections.

Freedom of Movement: The Critical Safety Valve

Any serious discussion of defederalization must center freedom of movement between states as an essential protection.

Interstate Mobility as Civil Rights Issue

The ability of citizens to relocate to states aligning with their values becomes a fundamental right in a more defederalized America:

- **Exit Option:** The right to leave jurisdictions that threaten one's rights or safety becomes crucial

- **Knowledge Access:** Citizens need accurate information about conditions and rights in different states
- **Transportation Infrastructure:** Interstate transit systems must remain open and accessible
- **Credential Portability:** Professional licenses, educational credentials, and other qualifications must be transferable between states

Relocation Assistance Programs

States committed to inclusive policies might consider formal programs to assist vulnerable individuals relocating from restrictive states:

- **Housing Assistance:** Help with securing initial housing for vulnerable individuals and families
- **Job Placement:** Employment connection services for relocating citizens
- **Legal Services:** Assistance navigating interstate legal issues like custody arrangements
- **Education Transition:** Support for students transferring between state educational systems
- **Healthcare Continuity:** Ensuring uninterrupted access to healthcare during transitions

Several blue states already offer assistance to those seeking reproductive healthcare services unavailable in their home states. This model could expand to broader relocation support.

Parallels to Immigration Challenges

The moral questions surrounding interstate migration parallel those of international immigration:

- **Obligation to Welcome:** To what extent do progressive states have a moral obligation to welcome those fleeing oppressive policies elsewhere?
- **Resource Constraints:** How do receiving states balance openness with practical resource limitations?
- **Cultural Integration:** How can newcomers integrate while maintaining their identities?

- **Sending State Responsibility:** Should regressive policies in origin states create obligations to accept their departing citizens?

These parallels suggest that progressive states' approaches to interstate migration will likely reflect their values regarding international migration.

NIMBY Politics and Progressive Accountability

The progressive dilemma forces uncomfortable confrontation with contradictions between stated values and local implementation.

Blue State Implementation Gaps

Many blue states fail to fully implement progressive policies they advocate applying nationally:

- **Housing Affordability:** Progressive states and cities often maintain exclusionary zoning that drives housing costs beyond reach for disadvantaged groups
- **School Segregation:** Some of America's most segregated school systems exist in progressive cities
- **Criminal Justice:** Many blue states and cities maintain criminal justice practices with disparate impacts on minorities
- **Environmental Justice:** Environmental hazards often concentrate in minority communities even in progressive states
- **Tax Equity:** Progressive states frequently maintain tax structures that burden lower-income residents disproportionately

The NIMBY Challenge

The "Not In My Backyard" phenomenon represents a fundamental challenge to progressive governance:

- **Progressive Principles vs. Local Preferences:** The tension between advocating for inclusive policies while resisting their local implementation

- **Concentrated Costs vs. Diffuse Benefits:** Progressive policies often create concentrated local costs while their benefits spread more widely
- **Aesthetic vs. Substantive Progressivism:** The gap between progressive identity and support for concrete policy implementation

Defederalization would force progressive states to confront these contradictions directly rather than advocating federal solutions that avoid local political costs.

The Case for State-Level Action

Despite valid concerns, there are powerful arguments for shifting progressive focus toward state-level action:

Laboratory of Democracy Benefits

State policy experimentation offers significant advantages for progressive priorities:

- **Policy Innovation:** States can develop and test policies before broader adoption
- **Implementation Learning:** Practical experience implementing policies reveals unforeseen challenges
- **Constituency Building:** Successful state policies build public support for broader adoption
- **Demonstrable Results:** Concrete benefits from state policies counter theoretical objections

State Capacity Development

Building progressive governance capacity at the state level creates durable infrastructure:

- **Administrative Expertise:** Developing state agencies with specialized implementation knowledge
- **Legal Frameworks:** Creating comprehensive state-level legal protections

- **Enforcement Mechanisms:** Building effective systems for policy enforcement
- **Financial Instruments:** Developing sustainable funding mechanisms for progressive priorities

Interstate Compacts and Cooperation

Multi-state cooperation can amplify progressive impact:

- **Regional Standards:** States can coordinate policies to prevent regulatory arbitrage
- **Resource Sharing:** States can pool resources for more efficient program implementation
- **Collective Leverage:** Coordinated state action can influence corporate behavior beyond single-state capacity
- **Knowledge Transfer:** Successful implementation strategies can spread between cooperating states

Global Context

Many other democracies demonstrate that subnational units can protect rights effectively:

- **Canada:** Provinces maintain distinct policy approaches while ensuring basic rights
- **Germany:** Länder (states) have substantial autonomy while operating within federal rights frameworks
- **Switzerland:** Cantons exercise significant autonomy over many policies affecting daily life
- **Australia:** States manage healthcare, education, and many social services with varying approaches

The Path Forward: Both/And Rather Than Either/Or

The progressive approach to federalism requires nuance rather than binary thinking.

Dual-Track Strategy

The wisest approach combines federal and state-level efforts:

- **Defensive Federal Strategy:** Work to preserve existing federal protections while recognizing structural limitations
- **Offensive State Strategy:** Build robust state-level protections and programs as federal backstops weaken
- **Interstate Cooperation:** Develop formal and informal agreements between like-minded states
- **Coalition Building:** Form issue-specific alliances that transcend traditional polarization

Harm Reduction and Pragmatism

When perfect solutions are unavailable, harm reduction becomes essential:

- **Prioritizing Tangible Outcomes:** Focus on achievable results over ideological purity
- **Gradual Improvement:** Accept incremental progress when comprehensive change is blocked
- **Strategic Flexibility:** Adapt approaches based on realistic assessment of political landscape
- **Long-Term Perspective:** Balance immediate needs with building sustainable change infrastructure

Conclusion: Dreams Meet Reality

The progressive dilemma regarding federalism reflects a broader tension between aspirational ideals and political reality. The dream of a consistently progressive federal government using its power to protect vulnerable populations nationwide collides with structural realities that make such an outcome increasingly unlikely.

This doesn't mean abandoning federal advocacy entirely. Rather, it requires a clear-eyed assessment of where progressive energy and resources might most effectively advance real protections for vulnerable people.

Ultimately, the test of progressive commitment isn't advocacy for idealized federal solutions but willingness to implement concrete protections within spheres of actual influence. As federal capacity and willingness to protect vulnerable populations fluctuates with political tides, state-level capacity becomes not just a backup but potentially the primary vehicle for progressive governance.

This reality may be uncomfortable, but confronting it honestly offers the best chance to build sustainable protections for those who need them most. The fundamental progressive commitment to protecting vulnerable people remains unchanged—what evolves is the strategic understanding of how to fulfill that commitment in a complex, imperfect political landscape.

Transition: Practical Steps Toward a New Federal Balance

The transformation of a governance system that has developed over centuries cannot—and should not—happen overnight. While previous chapters outlined the case for fundamentally reshaping the federal-state relationship, this chapter addresses the critical question of how: What intermediate steps could move the United States from its current centralized model toward a more balanced federalism without causing unnecessary disruption to essential services and citizen wellbeing?

This transition strategy recognizes two fundamental realities:

1. Constitutional systems work best when they evolve incrementally rather than through sudden rupture
2. Sometimes external events force change regardless of preference, requiring preparedness for accelerated transitions

Revenue Collection: Redirecting the Flow

The most significant and readily achievable structural change would involve shifting primary revenue collection authority from federal to state governments. This is particularly feasible because the vast majority of federal revenue—approximately 82%—comes from just two sources that could be easily redirected to state collection: individual income taxes (49%) and corporate income taxes (9%), along with payroll taxes (33%).

The Current Model: Federal Primacy

Today's system operates with the federal government as the principal tax collector:

- Federal government collects approximately \$4.5 trillion annually

- Individual income taxes (\$2.2 trillion) and corporate taxes (\$400 billion) flow directly to federal treasury
- Employers remit payroll taxes (\$1.5 trillion) to federal government
- Federal government redistributes portion to states through grants and programs
- States must comply with federal conditions to receive funding
- Fiscal dependence creates leverage for federal policy control

This arrangement fundamentally alters the constitutional design where states were meant to be the primary governing entities, with the federal government serving more limited functions.

The Transitional Model: State-Based Collection

A transitional approach would redirect these major revenue streams while maintaining necessary funding for legitimate federal functions:

1. State-Based Income Tax Collection

- States become primary collectors of individual and corporate income taxes
- Existing state tax departments already have infrastructure for this function
- Employers would remit income tax withholding to states rather than IRS
- States would withhold the federal portion from these collections
- Tax forms would be consolidated (single filing for state and federal)

2. Payroll Tax Redirection

- Social Security and Medicare taxes redirected to state collection
- Employers already calculate these taxes based on employee location
- Minor modification to existing payroll systems
- States forward federal portion or retain for state-administered benefits

3. Phased Implementation

- Begin with corporate tax collection at state level (smaller volume, sophisticated taxpayers)

- Expand to individual income tax collection
- Finally transition payroll tax collection
- Complete transition over 3-5 year period

4. Advantages of State Collection

- Immediate increase in state fiscal autonomy and responsibility
- Enhanced accountability to taxpayers at state level
- Reduced federal leverage over state policy
- Potential for administrative efficiency through consolidated tax collection
- Feasible implementation using existing state tax infrastructure
- Creates direct financial relationship between citizens and state governments

5. Required Safeguards

- Federal minimum standards for tax administration
- Contingency mechanisms for non-compliant states
- Equalization formulas for states with lower capacity
- Protection of critical federal functions during transition

This approach represents a relatively straightforward administrative change rather than a complex policy shift. The same taxes would be collected at the same rates initially, merely changing the collection point and flow of funds. This administrative approach would fundamentally alter the power dynamics between federal and state governments without requiring constitutional amendment, as the federal government could implement it through tax policy changes and administrative agreements with states.

Social Programs: Phased Devolution

The three largest federal social programs—Social Security, Medicare, and Medicaid—represent both the most significant federal expenditures and the most complex transition challenges. These programs directly impact the financial security and healthcare of hundreds of millions of Americans, making abrupt changes potentially dangerous.

Social Security Transition

Social Security represents a particularly sensitive program for devolution, as it provides the primary income for millions of retirees who have contributed throughout their working lives.

A transitional approach might include:

1. Initial Administrative Collaboration

- States establish Social Security administration offices
- Federal systems remain in place but with state operation
- Data sharing and technical assistance from federal authorities
- Recipient experience remains unchanged initially

2. Dual System Period

- Current recipients continue under federal benefit structure
- New entrants in participating states join state-administered programs
- Federal contribution gradually transitions to block grants
- States establish sovereign trust funds for future obligations

3. Complete Transition

- Interstate compacts establish reciprocity for benefits
- State innovation with program design within baseline requirements
- Federal role shifts to coordination and minimum standards
- Multi-state insurance pools to distribute demographic risk

This approach would allow states to develop administrative capacity and financial structures while protecting current recipients from disruption.

Medicare and Medicaid Integration

Healthcare programs present different challenges, as they involve complex relationships with providers, insurers, and pharmaceutical companies.

Case Study: Washington's Apple Health - Innovation and Vulnerability

Washington State's Apple Health program illustrates both the potential and pitfalls of the current federal-state healthcare relationship. As Washington's implementation of Medicaid, Apple Health provides coverage to approximately 2 million residents—nearly 25% of the state population. The program demonstrates impressive state administrative capacity:

- Expanded eligibility beyond federal minimums
- Integrated physical and behavioral health delivery systems
- Streamlined enrollment and unified patient experience
- Comprehensive children's coverage through Apple Health for Kids
- Innovative care coordination models

However, Apple Health also reveals the profound vulnerability created by federal dependency:

- Approximately 60% of funding comes from federal matching dollars
- Program structure and eligibility constrained by federal regulations
- Subject to disruption from federal policy changes or court decisions
- Limited ability to implement comprehensive reforms without waivers
- Constant uncertainty during federal budget and debt ceiling crises

During recent federal attempts to restructure Medicaid, Washington faced the potential loss of billions in healthcare funding with minimal time to develop alternatives. This vulnerability demonstrates why even successful state-administered programs need more autonomous structures to ensure stability.

A more resilient transitional approach would include:

1. Expanded State Waiver Authority

- Dramatically expand Section 1115 Medicaid waivers
- Create new Medicare state demonstration authority
- Allow states to consolidate Medicare and Medicaid administration
- Permit state-level pharmaceutical negotiation

2. Global Budget Transition

- Convert federal health funding to global state budgets
- Maintain initial funding at historical levels plus growth factor
- Gradually increase state contribution requirements
- Allow states to reallocate between programs as needed
- Develop fallback financing mechanisms for federal disruptions

3. Interstate Healthcare Compacts

- States form regional healthcare administration groups

- Develop shared provider networks across state lines
- Negotiate collaborative pharmaceutical purchasing
- Standardize eligibility and benefits within regions
- Create interstate risk pools to handle demographic differences

4. Policy Innovation Protection

- Federal guarantees against disruption of coverage
- Minimum standards for quality and access
- Required actuarial equivalence for state alternatives
- Interstate coverage portability requirements
- Emergency continuity provisions for federal funding disruptions

This approach would maintain healthcare stability while allowing states to develop more efficient, tailored, and resilient systems that could withstand federal disruptions.

Administrative Capacity Building

A critical challenge in any transition would be developing sufficient state administrative capacity to manage programs previously run by federal agencies.

Personnel Transition Strategies

1. Federal-to-State Personnel Transfer

- Offer federal employees priority for state positions
- Provide transition bonuses for federal employees joining state agencies
- Develop special civil service categories for transitioning federal workers
- Create phased retirement options for those near retirement age

2. Knowledge Transfer Programs

- Federal detailees to state agencies during transition
- Comprehensive documentation of federal procedures
- Training programs for state administrators
- Ongoing technical assistance from federal experts

3. Technology and Systems

- Licensing of federal software systems to states
- Data sharing agreements with privacy protections
- Cloud-based transition systems with multi-state access
- Federal technical support during transition period

This structured approach would preserve institutional knowledge while building sustainable state capacity.

Emergency Implementation: When Events Force the Issue

While an orderly transition represents the ideal scenario, recent history suggests that external events—particularly fiscal crises—could force more rapid implementation. Several scenarios might require states to implement transition measures unilaterally:

Federal Debt Default Scenario

If congressional impasses lead to federal debt default:

- Treasury prioritization would likely favor debt service over transfers
- Social Security, Medicare, and other payment systems could halt
- States would face immediate pressure to secure critical services
- Unilateral state action might become necessary for stability

Severe Federal Shutdown

An extended federal government shutdown could:

- Halt essential federal-state program administration
- Freeze federal payments to healthcare providers
- Suspend Social Security benefit processing
- Require emergency state intervention

Financial Market Disruption

A loss of confidence in federal finances could:

- Spike federal borrowing costs dramatically
- Force sudden spending reductions
- Require emergency fiscal measures
- Create pressure for structural governance changes

The Emergency State Response Framework

Prudent governance requires states to prepare contingency plans for these scenarios, including:

1. Emergency Revenue Retention

- Legal framework for temporary withholding of federal tax payments
- State escrow accounts for federal tax funds
- Emergency state tax credits for federal tax payments
- Mechanisms to ensure continued essential services

2. Critical Program Continuity

- State emergency authority to operate federal programs
- Backup payment systems for Social Security recipients
- Emergency healthcare provider funding mechanisms
- Food assistance and other critical benefit continuity

3. Multi-State Coordination

- Interstate emergency management compacts
- Regional coordination councils for crisis response
- Shared resources and administrative capacity
- Unified negotiating positions with federal entities

4. Public Confidence Measures

- Clear communication strategies for disruption scenarios
- Banking system stability assurances
- Protection of vulnerable populations
- Transparent accountability for emergency measures

These emergency frameworks would serve as both contingency plans and potential accelerated transition mechanisms if federal functionality deteriorates significantly.

Constitutional and Legal Pathways

Any transition must navigate complex constitutional and legal questions. Three primary pathways exist:

Congressional Authorization Pathway

The most straightforward approach would involve federal legislation authorizing:

- Block grants replacing categorical programs
- State tax collection with federal credits
- Administrative devolution of program management
- Interstate compacts for program coordination

This approach maintains clear constitutional legitimacy but requires congressional action that may be difficult to achieve.

Executive Action Pathway

In the absence of comprehensive legislation, executive actions could:

- Expand waiver authorities to maximum extent
- Reorganize federal agencies to facilitate state collaboration
- Adjust administrative rules to increase state flexibility
- Use demonstration authorities for pilot transitions

This approach could make significant progress but remains vulnerable to reversal by subsequent administrations.

State-Initiated Pathway

If federal action is not forthcoming, states could:

- Form interstate compacts for program coordination
- Establish parallel administrative structures
- Pass state legislation preparing for transition
- Negotiate collectively with federal authorities

This approach preserves state initiative but faces potential federal resistance and constitutional challenges.

The Interstate Compact Constitutional Foundation

The State-Initiated Pathway builds on explicit constitutional authority. Article I, Section 10, Clause 3 of the Constitution specifically provides for interstate agreements: “No State shall, without the Consent of Congress... enter into any Agreement or Compact with another State.”

While the constitutional text suggests all compacts require congressional consent, Supreme Court jurisprudence and historical practice have established a more nuanced reality:

- In *Virginia v. Tennessee* (1893), the Supreme Court held that only compacts that increase states’ political power or encroach on federal supremacy require congressional consent
- Hundreds of interstate compacts currently operate, many without formal congressional approval
- The Court has recognized implied consent when Congress is aware of a compact and doesn’t object
- Compacts addressing issues primarily within state authority face fewer hurdles

Most significantly, in a scenario of federal dysfunction or constitutional crisis, states would almost certainly form necessary compacts regardless of formal approval—another example of how constitutional practice has already evolved beyond strict textual interpretation. This reality provides an important foundation for state-led transitions in uncertain federal circumstances.

Sometimes the Path Chooses You

While an orderly, legislatively authorized transition represents the ideal scenario, history suggests that systemic change often occurs in response to crises rather than through proactive planning. The federal fiscal trajectory—with \$33 trillion in debt, annual deficits exceeding \$1.5 trillion, and unfunded long-term obligations many times larger—points toward potential future disruptions that could force rapid change.

In this context, the transition frameworks outlined in this chapter serve dual purposes:

1. A roadmap for deliberate, managed evolution if political will emerges

2. Emergency preparedness for potential federal fiscal or administrative failure

As the saying goes, “Sometimes you choose a path, and sometimes the path chooses you.” The American federal system faces mounting strains that make some form of restructuring increasingly likely—whether through thoughtful reform or crisis response. By developing robust transition plans, states can help ensure that whatever path emerges leads toward a more sustainable and effective governance structure rather than chaotic disruption.

The fundamental question is not whether the federal-state relationship will change, but whether that change will occur through deliberate design or desperate improvisation. This chapter argues for the former while preparing for the latter.

The Human Element: Maintaining the Social Contract

Throughout any transition, the paramount concern must remain the millions of Americans who depend on federal programs for their basic needs—particularly seniors, disabled individuals, and vulnerable families. The social contract represented by programs like Social Security and Medicare reflects decades of citizen contributions and legitimate expectations that must be honored.

Transitional approaches must therefore guarantee:

- No reduction in benefits for current recipients
- Seamless service continuity during administrative changes
- Clear communication and transparency
- Meaningful citizen input into redesigned systems

By focusing on these human elements, a transitional framework can preserve the essential social safety net while building more sustainable and responsive governance structures for the future. The goal is not to dismantle vital protections but to deliver them more effectively through governance systems better matched to America’s diverse needs and circumstances.

All About The Money: Financial Realities of Federal Programs

While discussions of federalism often focus on constitutional principles, cultural values, and political power, the practical reality is that governance restructuring ultimately comes down to money. This chapter examines the financial underpinnings of America's major social programs, how they might transition to state control, and the broader monetary implications of federal restructuring.

The Big Three: America's Major Social Programs

Three massive programs dominate federal spending and form the backbone of America's social safety net: Social Security, Medicare, and Medicaid. Together, they account for approximately 50% of federal expenditures and directly impact the financial security and healthcare of hundreds of millions of Americans.

Social Security: The Foundation of Retirement Security

Social Security represents the largest single federal program, providing retirement, disability, and survivor benefits to approximately 65 million Americans.

How Social Security Is Financed

The program operates through a dedicated funding structure:

- **Revenue Source:** Primarily funded through a 12.4% payroll tax (split between employers and employees)
- **Trust Fund:** Surplus revenues collected since the 1980s created trust funds that supplement current tax collection
- **Current Status:** In 2021, the program began paying more in benefits than it collects in taxes, drawing down trust fund reserves

- **Projected Shortfall:** Trust funds are projected to be depleted by 2034, at which point the program could pay approximately 78% of promised benefits from ongoing tax revenue

This funding structure is often mischaracterized as a “Ponzi scheme,” but it more accurately represents a social insurance program with current workers supporting current retirees—a model that has functioned successfully for over 85 years.

State-Level Alternatives

While no state currently operates a comprehensive retirement system equivalent to Social Security, several models exist for potential state-based programs:

- **State pension systems:** All states maintain pension systems for public employees that could serve as administrative frameworks
- **State-run private retirement programs:** Several states (California, Oregon, Illinois) have created programs requiring employers to offer retirement plans
- **Multi-state compacts:** Regional Social Security administration could spread demographic risk across multiple states

Converting Social Security to state administration would require:

- Collection of the existing 12.4% payroll tax at the state level
- Interstate agreements for workers who change states during their careers
- Mechanisms to honor existing benefit obligations to current retirees
- Investment structures to manage trillion-dollar retirement portfolios

Medicare: Healthcare for Seniors

Medicare provides health insurance for approximately 63 million Americans aged 65 and older or with qualifying disabilities.

Medicare's Complex Financing

Medicare utilizes a multi-part financing structure:

- **Part A** (Hospital Insurance): Funded by a 2.9% payroll tax (plus 0.9% additional tax on high earners)
- **Part B** (Medical Insurance): Funded 25% by beneficiary premiums and 75% by general federal revenues
- **Part D** (Prescription Drug Coverage): Funded by beneficiary premiums, general revenue, and state payments

Unlike Social Security, Medicare is not entirely self-financing through dedicated taxes. Approximately 43% of Medicare funding comes from general federal revenues rather than dedicated payroll taxes or premiums.

State-Level Medicare Alternatives

Several models exist for state-based senior healthcare:

- **State employee retiree health systems:** All states operate healthcare programs for retired state employees
- **State supplemental programs:** Many states offer wrap-around coverage supplements to Medicare
- **All-payer systems:** Maryland and Vermont have implemented systems that regulate payments across all insurers

Converting Medicare to state control would require:

- Collection of the existing 2.9% Medicare payroll tax
- Creation of premium collection systems for Part B equivalents
- Replacement of the 43% currently funded from general federal revenues
- Negotiation structures for prescription drug pricing
- Administration systems for processing millions of healthcare claims

Medicaid: Healthcare for Low-Income Americans

Medicaid provides health coverage to over 80 million low-income Americans, including children, pregnant women, elderly adults, and people with disabilities.

Medicaid's Shared Financing

Unlike the other major programs, Medicaid already operates through state-federal partnership:

- **Federal share:** The federal government pays between 50-78% of costs depending on state per capita income (FMAP)
- **State share:** States cover the remainder from their own revenues
- **Administration:** States administer the program within federal guidelines, with significant variation in coverage and benefits

With federal spending of approximately \$500 billion annually, Medicaid represents a major component of both federal and state budgets.

The Washington State Example: Apple Health

Washington State's implementation of Medicaid, called Apple Health, provides a concrete example of current state-federal healthcare financing:

- **Total annual budget:** Approximately \$17 billion
- **Federal share:** About \$11 billion (65%)
- **State share:** About \$6 billion (35%)
- **Enrollment:** Covers approximately 2 million Washingtonians (25% of state population)
- **Administration:** Operated by the Washington State Health Care Authority

Washington also operates other healthcare programs, including:

- Basic Health Program (Washington Apple Health for Adults)
- Children's Health Insurance Program (CHIP)
- Cascade Care (state public option health insurance)

The state's total health and human services spending represents approximately 43% of Washington's state operating budget, demonstrating both the scale of existing state healthcare involvement and the significant increase that would come with full takeover of Medicare functions.

The Transition Challenge: Filling Federal Funding Gaps

The most significant challenge in transitioning these programs to state control is addressing potential federal funding disruptions. Three primary scenarios exist:

Scenario 1: Negotiated Transfer

In an orderly transition, federal and state governments would negotiate a structured transfer of responsibilities:

- **Block grants:** Federal funding converted to state block grants with scheduled phase-down
- **Tax authority transfer:** Federal payroll taxes converted to state collection
- **Administrative transition:** Phased transfer of systems, data, and personnel

This represents the ideal scenario but requires federal cooperation that may be politically challenging to secure.

Scenario 2: Partial Federal Defunding

A more likely scenario involves partial federal withdrawal through:

- **Benefit reductions:** Federal programs cut benefits while maintaining some operations
- **Eligibility restrictions:** Programs limit who qualifies for federal benefits
- **Administrative obstacles:** Federal systems made more difficult to navigate

In this scenario, states would need to supplement reduced federal benefits to maintain service levels. Washington State would face gaps of:

- **Medicaid:** \$5-10 billion annually if federal support were reduced by 50-90%
- **Medicare:** \$15-18 billion annually to replace federal Medicare spending in the state
- **Social Security:** \$20-25 billion annually to maintain current benefit levels

Scenario 3: Federal Fiscal Crisis

The most challenging scenario involves federal fiscal collapse triggered by:

- **Debt ceiling crisis:** Federal government unable to borrow to fund operations
- **Bond market revolt:** Investors demand unsustainable interest rates on federal debt
- **Dollar crisis:** Significant devaluation of the dollar undermining federal finances

In this emergency scenario, Washington and other states would face the need for immediate replacement of:

- **Benefit payments:** Ensuring seniors receive retirement income and healthcare
- **Provider payments:** Preventing hospital and healthcare system collapse
- **Administrative systems:** Creating emergency payment processing capabilities

State Financial Responses

States have several tools available to respond to federal funding disruptions, though each has limitations.

State Revenue Options

Washington could pursue several revenue approaches:

- **Payroll tax redirection:** Capture existing 15.3% FICA taxes (for Social Security and Medicare)
- **Income tax implementation:** Washington currently has no state income tax, but could implement one
- **Sales tax adjustment:** Increase the existing 6.5% state sales tax (plus local additions)
- **Business tax modifications:** Adjust the state's unique Business & Occupation tax

- **Wealth-based taxes:** Implement capital gains or property tax adjustments

The state's 2021-23 biennial operating budget was approximately \$59 billion, with the combined Social Security, Medicare, and Medicaid spending in Washington easily exceeding this amount. Any transition would therefore require substantial revenue increases.

Debt Financing Options

For short-term gaps, Washington could leverage debt instruments:

- **General obligation bonds:** State-issued debt backed by full faith and credit
- **Revenue bonds:** Bonds linked to specific revenue sources
- **Federal reserve loans:** Potential emergency lending from the Federal Reserve
- **Private capital markets:** Direct borrowing from financial institutions

Washington's existing debt capacity is limited by:

- **Constitutional debt limits:** State constitution restricts debt to 8.5% of average general state revenues
- **Credit rating impacts:** Significant new debt would likely affect the state's Aa1/AA+ ratings
- **Market absorption:** Questions about market capacity to absorb large new state debt issuances

Interstate Financial Cooperation

States could also develop cooperative financial mechanisms:

- **Multi-state benefit funds:** Pooled retirement and healthcare financing
- **Regional banking systems:** Shared financial infrastructure
- **Collective debt issuance:** Joint bonds backed by multiple states
- **Shared administrative costs:** Distributed program administration expenses

The Central Banking Question

Beyond specific program financing, any significant federal restructuring raises fundamental questions about monetary policy and central banking.

The Federal Reserve System's Current Role

The Federal Reserve serves several critical functions:

- **Monetary policy:** Setting interest rates and conducting open market operations
- **Financial stability:** Serving as lender of last resort and regulating banks
- **Payments system:** Operating the backbone of electronic transactions
- **Currency issuance:** Managing the supply of U.S. dollars

These functions are deeply intertwined with federal government operations, particularly through:

- **Treasury operations:** The Fed serves as the government's bank
- **Debt management:** The Fed is a major purchaser of Treasury securities
- **Crisis response:** Coordinated fiscal-monetary crisis interventions

The Strategy of Fiscal Constraint

The relationship between federal debt and social programs has been a focus of political strategy for decades. Since at least the Reagan administration, segments of the Republican Party have explicitly pursued a “starve the beast” strategy:

1. Implement tax cuts that reduce federal revenue
2. Watch federal deficits and debt grow
3. Use resulting fiscal constraints to force cuts to social programs
4. Argue that debt service requirements make social spending unaffordable

This strategy has been remarkably successful at constraining federal domestic spending while preserving military and other priority expenditures. By FY2022, interest payments on federal debt reached \$475 billion annually—approaching the combined cost of all non-defense discretionary spending.

As federal interest costs continue to grow, the pressure to reduce social program spending will intensify, potentially forcing state intervention regardless of preference.

The Dollar as Power Projection

Beyond domestic budgeting, the U.S. dollar serves as a critical instrument of American global power through:

- **Reserve currency status:** Approximately 60% of global reserves held in dollars
- **Oil pricing:** Global energy markets primarily denominated in dollars
- **International transactions:** Dollar clearing dominates global trade
- **Sanctions enforcement:** Dollar access restrictions as foreign policy tool

Recent challenges to dollar dominance include:

- **BRICS currency development:** China, Russia, and partners exploring dollar alternatives
- **Central bank digital currencies:** Digital yuan and other sovereign digital currencies
- **Cryptocurrency advocacy:** Non-state digital currencies promoting alternatives
- **De-dollarization initiatives:** Bilateral trade agreements in local currencies

While these challenges remain limited, successful undermining of dollar dominance would severely constrain federal fiscal capacity and force greater reliance on direct taxation rather than debt monetization—indirectly pushing functions to the state level.

Currency Options in Extreme Scenarios

In the most extreme scenarios involving federal fiscal collapse or state-federal monetary separation, the question of currency itself becomes relevant.

Historical Currency Transitions

The 20th century saw numerous currency introductions and transitions that provide potential models:

1. Post-Soviet Currency Introduction (1990s)

- **Context:** Dissolution of the Soviet Union and ruble zone
- **Process:** New national currencies (hryvnia, lari, som, etc.) introduced by successor states
- **Challenges:** Hyperinflation, currency speculation, and economic disruption
- **Timeframe:** 2-5 years for relative stabilization

2. Euro Introduction (1999-2002)

- **Context:** Planned monetary union of European nations
- **Process:** Three-year transition with electronic euro followed by physical currency
- **Challenges:** Setting appropriate conversion rates, monetary policy harmonization
- **Timeframe:** 3 years for full implementation after decades of preparation

3. German Currency Reform (1948)

- **Context:** Post-WWII economic restructuring
- **Process:** Sudden replacement of Reichsmark with Deutsche Mark over a weekend
- **Challenges:** Determining initial distribution, preventing capital flight
- **Timeframe:** Immediate conversion with long-term stabilization

4. Zimbabwean Dollar Abandonment (2009)

- **Context:** Hyperinflation making national currency non-functional
- **Process:** De facto dollarization followed by official multicurrency system
- **Challenges:** Loss of monetary sovereignty, currency shortages
- **Timeframe:** Rapid unofficial transition followed by formal recognition

State Currency Scenarios

For American states, several currency scenarios could emerge:

State Dollar Systems

In this approach, states would continue using dollars but establish state banking systems to manage them:

- **State banking authorities:** Public institutions managing dollar circulation
- **Payment systems:** State-run transaction processing
- **Interbank clearing:** Interstate settlement mechanisms
- **Loan programs:** State-directed credit allocation

This approach maintains dollar use while establishing greater state monetary autonomy.

Regional Currencies

States could form regional currency blocs:

- **Pacific Dollar:** Western states currency union
- **Northeast Currency:** New England and Mid-Atlantic currency
- **Heartland Dollar:** Midwestern states shared currency
- **Southern Currency:** Southeastern states monetary union

Regional approaches would balance the benefits of larger currency areas with regional economic alignment.

State-Specific Currencies

Individual states could issue their own currencies:

- **California Dollar:** Backed by the state's \$3.6 trillion economy
- **Texas Dollar:** Supported by energy and diversified economy
- **New York Dollar:** Leveraging financial industry strength
- **Washington Currency:** Based on technology, aerospace, and agriculture

State-specific currencies would provide maximum monetary autonomy but create potential trade and travel complications.

Cryptocurrency Adoption

States might leverage existing cryptocurrency infrastructure:

- **State-backed tokens:** Government-issued digital currencies
- **Private cryptocurrency utilization:** Formal adoption of existing cryptocurrencies
- **Hybrid systems:** Combination of traditional and digital currencies
- **Blockchain-based payment systems:** Distributed ledger for interstate settlements

This approach leverages existing technology but introduces significant volatility and security concerns.

Conclusion: Financial Preparation for Uncertainty

The financial dimensions of federal restructuring highlight both enormous challenges and potential opportunities for states. While complete federal fiscal collapse remains unlikely, prudent states should develop contingency plans that include:

1. **Revenue flexibility:** Maintaining diverse revenue tools that can be quickly adjusted
2. **Administrative capacity:** Building systems capable of expanding to manage larger programs

3. **Interstate agreements:** Establishing frameworks for financial cooperation with neighboring states
4. **Emergency protocols:** Developing specific responses to federal funding disruptions
5. **Banking relationships:** Cultivating financial institution partnerships for crisis liquidity

With adequate preparation, states can protect citizens from federal fiscal dysfunction while developing more responsive and sustainable governance systems tailored to regional needs and values. The financial mechanics of transition, while daunting, are ultimately manageable with appropriate planning and interstate cooperation.

Principles for Effective Interstate Cooperation

The defederalized strategy relies heavily on interstate cooperation to achieve necessary scale and consistency. This approach builds on explicit constitutional foundations—Article I, Section 10, Clause 3 of the Constitution specifically addresses interstate compacts: “No State shall, without the Consent of Congress... enter into any Agreement or Compact with another State.”

While the Constitution requires congressional consent for interstate compacts, historical practice and Supreme Court precedent (notably *Virginia v. Tennessee*, 1893) have established that only compacts that increase states’ political power or encroach on federal authority actually require such consent. This constitutional flexibility has already allowed hundreds of interstate compacts to function effectively across numerous policy domains.

It’s worth noting that in the event of a serious constitutional crisis, states would almost certainly form such compacts regardless of federal approval—another example of how the strict constitutional language has already evolved in practice. Based on successful models of interstate governance, this chapter outlines core principles for designing effective cooperation mechanisms.

Constitutional Foundations

Interstate cooperation must be built on solid constitutional foundations:

Article I, Section 10: The Compact Clause

The Constitution explicitly provides for interstate agreements:

“No State shall, without the Consent of Congress... enter into any Agreement or Compact with another State...”

While this clause requires congressional consent, the Supreme Court has interpreted it to apply only to compacts that:

1. Enhance state power in a way that encroaches upon federal supremacy
2. Interfere with federal authority or the full and free exercise of federal powers

Many interstate agreements operate without explicit congressional consent because they don't meet these criteria.

Forms of Interstate Cooperation

Several mechanisms exist for interstate cooperation:

1. **Formal Interstate Compacts:** Binding agreements between states, often with congressional consent, creating enforceable obligations
2. **Administrative Agreements:** Less formal cooperation mechanisms that don't require congressional approval
3. **Uniform State Laws:** Model legislation adopted by multiple states with consistent language
4. **Regional Associations:** Voluntary organizations of state officials coordinating policies
5. **Memoranda of Understanding:** Non-binding agreements outlining shared intentions

The appropriate mechanism depends on the specific goals, needed durability, and federal relationship in each policy area.

Core Design Principles

Effective interstate cooperation mechanisms share several key design elements:

1. Clear Scope and Purpose

Interstate agreements must clearly define:

- The specific problem being addressed

- The precise scope of authority granted
- The intended outcomes and metrics for success
- The timeline for implementation and review

Vague or overly broad agreements often lead to implementation challenges and legal disputes.

2. Flexible Yet Durable Structure

Effective interstate mechanisms balance flexibility and durability:

- **Baseline Standards:** Establish minimum requirements all participating states must meet
- **Implementation Flexibility:** Allow states to design state-specific implementation approaches
- **Amendment Processes:** Create clear procedures for modifying the agreement as needs change
- **Withdrawal Provisions:** Define conditions and procedures for state exit

This balance ensures stability while allowing adaptation to changing circumstances.

3. Equitable Governance Models

Interstate cooperation requires fair governance structures:

- **Representation:** Balance between population-based and equal state representation
- **Decision Rules:** Clear processes for routine decisions versus fundamental changes
- **Dispute Resolution:** Independent mechanisms for resolving conflicts between states
- **Accountability:** Transparent processes for evaluating performance

No single governance model works for all contexts—the specific structure should match the policy domain and political realities.

4. Sustainable Financing

Interstate initiatives require stable, fair funding mechanisms:

- **Contribution Formulas:** Equitable methods for determining state financial obligations
- **Dedicated Revenue Sources:** Sheltered funding streams resistant to political manipulation
- **Joint Financing Authorities:** Shared mechanisms for accessing capital markets
- **Financial Safeguards:** Protections against state non-compliance with funding obligations

Without sustainable financing, even the best-designed agreements will eventually fail.

5. Administrative Capacity

Effective implementation requires dedicated administrative infrastructure:

- **Professional Staff:** Skilled personnel independent of individual state agencies
- **Technical Standards:** Shared protocols for data exchange and operational coordination
- **Monitoring Systems:** Regular assessment of compliance and outcomes
- **Implementation Support:** Resources to help states meet their obligations

Interstate mechanisms often fail due to inadequate administrative capacity rather than flawed policy design.

Common Pitfalls to Avoid

The history of interstate cooperation provides important cautionary lessons:

1. Overly Ambitious Scope

Interstate mechanisms often fail when they attempt to address too many issues simultaneously or set unrealistic timelines. Successful initiatives typically:

- Focus on clearly defined problems
- Begin with manageable pilot programs
- Expand incrementally as capacity develops
- Set realistic implementation schedules

2. Inadequate Consensus Building

Durable interstate cooperation requires broad support across:

- Political parties and ideological perspectives
- Relevant stakeholder groups
- Public and private sectors
- State and local governments

Initiatives driven by narrow partisan coalitions typically collapse when political conditions change.

3. Insufficient Enforcement Mechanisms

Interstate agreements without credible enforcement tools often become symbolic rather than operational:

- **Compliance Monitoring:** Systems to track state performance
- **Graduated Sanctions:** Proportional responses to non-compliance
- **Judicial Review:** Access to courts for enforcement
- **Public Accountability:** Transparency regarding performance

4. Federal Relationship Challenges

Effective interstate mechanisms must navigate complex federal relationships:

- **Preemption Concerns:** Avoiding conflicts with federal authority
- **Funding Interactions:** Coordinating with federal grant programs
- **Regulatory Alignment:** Harmonizing with federal requirements
- **Congressional Relationships:** Maintaining support from federal representatives

Successful Models to Emulate

Several existing interstate cooperation mechanisms demonstrate these principles in action:

Port Authority of New York and New Jersey

This bi-state compact demonstrates:

- Dedicated revenue sources through facility operations
- Independent professional administration
- Clear boundaries of authority
- Sophisticated capital financing mechanisms

Regional Greenhouse Gas Initiative (RGGI)

This climate compact illustrates:

- Phased implementation approach
- Flexible state implementation within common framework
- Shared economic analysis and technical standards
- Adaptive management as conditions change

Driver License Compact

This administrative agreement shows:

- Focused scope addressing specific cross-border challenge
- Standardized information exchange protocols
- Minimal administrative overhead
- Universal state participation

Interstate Medical Licensure Compact

This professional licensing compact demonstrates:

- Streamlined procedures within existing regulatory frameworks
- Technology-enabled coordination
- Preservation of state regulatory authority
- Phased state adoption

Progressive Application of Interstate Principles

For reform advocates pursuing the defederalized strategy, these principles can be applied to several priority areas:

Healthcare Coordination

Interstate healthcare cooperation could include:

- Shared insurance risk pools
- Coordinated pharmaceutical purchasing
- Standardized provider licensing
- Portable benefits for mobile workers

Climate and Clean Energy

Interstate climate initiatives might feature:

- Regional cap-and-invest programs
- Coordinated clean energy standards
- Shared transmission planning
- Joint resilience investments

Workers' Rights and Economic Security

Interstate labor cooperation could establish:

- Regional minimum wage coordination
- Portable retirement systems
- Standardized worker classification rules
- Coordinated enforcement against violations

Civil Rights Protections

Interstate civil rights mechanisms might include:

- Reciprocal recognition of family status
- Coordinated anti-discrimination enforcement
- Shared evidence standards
- Multi-state legal defense resources

By applying these principles, reform advocates can create effective interstate governance structures that deliver progressive policies at scale without federal control.

Regional Progressive Governance Clusters

The defederalized strategy doesn't require all 50 states to participate simultaneously. Instead, it can begin with regional clusters of progressive states working together on shared priorities. This chapter identifies natural groupings for interstate cooperation based on existing political, economic, and cultural ties.

The West Coast Cluster

California, Oregon, and Washington form the most natural progressive alliance, already cooperating on numerous policy areas:



Figure 21.1. West Coast States

Key Statistics:

- Combined Population: 51.5 million (15% of U.S. total)
- Combined GDP: Approximately \$4.25 trillion (larger than Germany's economy)
- Democratic Governance: All three states currently have Democratic governors and Democratic-controlled legislatures

- Existing Coordination: Climate Alliance, COVID-19 Western States Pact, various MOUs

Policy Priority Areas:

- Climate action and clean energy transition
- Universal healthcare financing
- Data privacy and technology regulation
- Housing affordability and homelessness
- Immigration integration

Existing Cooperation Mechanisms:

- [Western Climate Initiative](#)
- [Pacific Coast Collaborative](#)
- [Western States Seismic Policy Council](#)
- Various informal gubernatorial working groups

The Northeast Cluster

The Northeast contains America's densest concentration of progressive states:



Figure 21.2. Northeast States

Key Statistics:

- Combined Population: 72.9 million (22% of U.S. total)
- Combined GDP: Approximately \$5.9 trillion (second only to China globally)
- Democratic Governance: Most states have Democratic governors and legislatures

- Existing Coordination: Regional Greenhouse Gas Initiative, COVID-19 coordination

Policy Priority Areas:

- Climate resilience and clean energy
- Public transportation and infrastructure
- Progressive taxation models
- Pharmaceutical price controls
- Labor rights and protections

Existing Cooperation Mechanisms:

- [Regional Greenhouse Gas Initiative \(RGGI\)](#)
- [Transportation and Climate Initiative](#)
- [Northeast States for Coordinated Air Use Management](#)
- [Coalition of Northeastern Governors](#)
- [Port Authority of NY & NJ](#)

The Upper Midwest Cluster

Despite political variation, several Midwestern states have progressive governance traditions:



Figure 21.3. Upper Midwest States

Key States: Illinois, Michigan, Minnesota, Wisconsin

Key Statistics:

- Combined Population: Approximately 40 million
- Political Mix: Varying between Democratic and Republican control, with strong progressive traditions
- Shared Economic Interests: Manufacturing, agriculture, Great Lakes management

Policy Priority Areas:

- Manufacturing revitalization and worker rights
- Great Lakes environmental protection
- Rural broadband and infrastructure
- Agricultural sustainability
- Healthcare access in rural areas

Existing Cooperation Mechanisms:

- Great Lakes Compact
- Midwestern Greenhouse Gas Reduction Accord
- Midwestern Higher Education Compact

The Mountain West Progressive States

Several Mountain West states have shifted toward progressive governance:

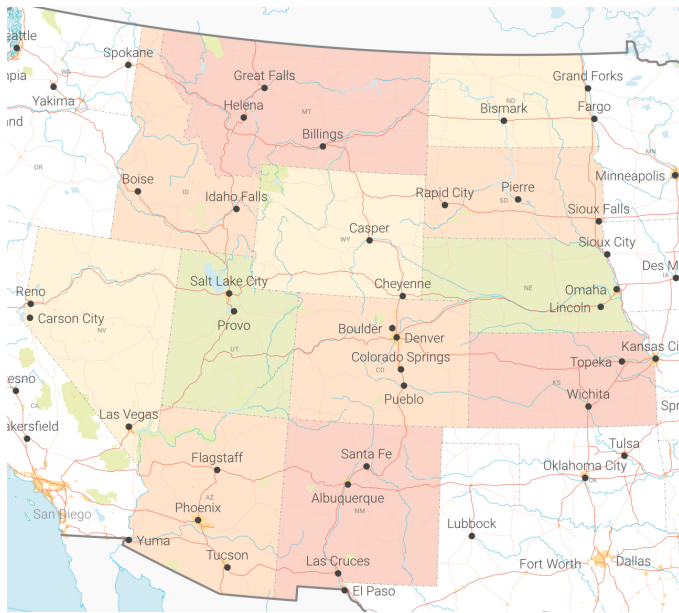


Figure 21.4. Mountain West Progressive States

Key States: Colorado, Nevada, New Mexico

Key Statistics:

- Combined Population: Approximately 15 million
- Political Transition: Increasingly Democratic control in Colorado, Nevada, and New Mexico

- Shared Challenges: Water management, public lands, energy transition

Policy Priority Areas:

- Water conservation and management
- Public lands and conservation
- Clean energy transition
- Tribal nation partnerships
- Healthcare access in rural communities

Existing Cooperation Mechanisms:

- [Western Governors' Association](#)
- [Colorado River Compact](#)
- [Western Interstate Commission for Higher Education](#)

Urbanized Southern States

Even in Republican-dominated regions, urban centers and some entire states are creating progressive opportunities:



Figure 21.5. Progressive Southern Regions

Key Regions: Urban centers and emerging swing states in the South

Key Statistics:

- Urban Population Centers: Metropolitan areas like Atlanta, Charlotte, Richmond, and Austin
- Democratic-Led States: Virginia (and increasingly North Carolina)
- Growing Political Influence: Changing demographics creating new possibilities

Policy Priority Areas:

- Voting rights protection
- Economic development and inequality reduction
- Healthcare access expansion
- Clean energy investment
- Education equity

Potential Cooperation Areas:

- [Southern States Energy Board](#)
- Southeastern metropolitan coordination networks
- New civil rights interstate compacts

Implementation Considerations

These regional clusters provide natural starting points for the defederalized strategy, with several important considerations:

1. Begin With Areas of Existing Cooperation

Each cluster already has some forms of interstate coordination. The strategy should build on these foundations rather than creating entirely new structures:

- Expand the scope of existing climate agreements to cover broader environmental policy
- Transform COVID-19 coordination structures into permanent health policy coordination
- Develop existing higher education compacts into workforce development systems

2. Match Governance Structure to Regional Context

Different regions require different approaches:

- **West Coast and Northeast:** Can pursue deeper integration given political alignment
- **Upper Midwest:** May need more flexible structures accommodating political variation
- **Mountain West:** Can focus on specific issue areas with broad bipartisan support
- **Southern Regions:** May need to begin with metropolitan coordination before state-level cooperation

3. Create Membership Pathways

Reform-oriented clusters should remain open to expansion:

- Design governance structures with clear accession procedures
- Create associate membership status for states transitioning to full participation
- Develop implementation timelines that allow phased adoption

4. Encourage Cross-Regional Linkages

While each cluster has distinct priorities, cross-regional coordination remains vital:

- Regular summit meetings between regional leadership
- Shared technical standards and data exchange protocols
- Coordinated federal engagement strategies
- Knowledge transfer on successful policy models

5. Maintain Federal Defensive Engagement

Even while building regional power, these clusters must coordinate on federal strategy:

- Joint litigation against federal preemption attempts
- Coordinated congressional lobbying for state flexibility
- Unified positions on federal-state funding relationships
- Collaborative responses to federal regulatory changes

State-Based Power as Progressive Strategy

These regional clusters demonstrate how the defederalized approach leverages existing political geography rather than fighting against it. By building progressive governance in these natural regional groupings, reform advocates can:

1. Deliver tangible policy victories where they already hold power

2. Create models that demonstrate progressive governance success
3. Build governance capacity that can withstand federal retrenchment
4. Develop interstate mechanisms that achieve necessary scale
5. Demonstrate an alternative path to national progress

This regional approach isn't about abandoning national ambitions—it's about building reform power where it can actually succeed today while creating models that can eventually transform the entire country.

Building State-Level Progressive Power: The Tax Collection Advantage

The defederalized strategy requires more than just theoretical blueprints—it needs concrete implementation steps. This chapter outlines a practical roadmap for progressives to build state power and shift federal functions to state control.

A key advantage for this transition is the straightforward nature of redirecting tax flows. With 86% of federal revenue coming from taxes that are already calculated based on taxpayer location (individual income, payroll, and corporate taxes), the mechanical aspects of transition are simpler than many realize. Employers and taxpayers would simply redirect their payments to state authorities instead of federal ones, with states then either forwarding the federal portion or retaining it for devolved programs.

Stages of Implementation

The transition to state-centered progressive governance will unfold in several distinct stages:

1. Strategic Reorientation (Next 6-12 Months)

Before structural changes can begin, progressives must shift their strategic orientation:

Resource Redirection

- Reform-minded donors should allocate at least 50% of contributions to state races
- State legislative campaign committees should receive funding parity with federal committees
- Progressive policy organizations should establish dedicated state policy teams
- Foundation funding should prioritize state governance innovation

Narrative Development

- Frame state-based governance as proactive opportunity, not defensive retreat
- Highlight existing progressive state successes
- Connect state policy to tangible benefits in people's daily lives
- Challenge the assumption that major progressive priorities require federal action

Baseline Assessment

- Conduct comprehensive analysis of reform-governed states' existing capacities
- Map current interstate coordination mechanisms
- Identify priority areas for immediate state action
- Assess federal vulnerabilities requiring defensive preparation

2. State Capacity Building (1-2 Years)

With strategic reorientation underway, focus shifts to building necessary state governance capacity:

Administrative Infrastructure

- Expand state agency staffing and technical capabilities
- Develop modern digital infrastructure for service delivery
- Create data integration systems across state agencies
- Build expertise in complex program administration

Policy Development

- Create model legislation for state-based alternatives to federal programs
- Develop interstate compact frameworks for key policy domains
- Design implementation plans for state takeover of federal functions
- Build enforcement mechanisms for progressive regulatory standards

Financial Planning

- Develop state revenue models to support expanded responsibilities
- Design multi-state financing mechanisms for shared programs
- Create public financing institutions for progressive priorities
- Establish dedicated funding streams protected from political manipulation

State Coalition Building

- Strengthen reform legislators' associations
- Create cross-state policy working groups in key domains
- Develop shared policy agendas across progressive states
- Build alliances with stakeholders supportive of state-based approaches

3. Election Cycles (2026-2028)

Electoral politics provides the democratic mandate for the transition:

State Electoral Focus

- Prioritize gubernatorial and state legislative races
- Recruit candidates committed to state-based progressive governance
- Frame campaigns around concrete state policy deliverables
- Build campaign infrastructure focused on state races

Ballot Initiatives

- Place state constitutional amendments on ballots to protect key programs
- Use ballot initiatives to establish state authorities for federal functions
- Create dedicated funding mechanisms through direct democracy
- Establish interstate compact frameworks through voter approval

Federal Defensive Strategy

- Focus federal campaigns on preventing further retrenchment
- Elect federal representatives supportive of state flexibility
- Block appointments hostile to state innovation
- Maintain key federal protections as baseline standards

4. Implementation (2-5 Years)

With electoral support secured, implementation begins in earnest:

First-Phase Programs

- Begin with areas of clear state competence (environmental protection, labor standards)
- Establish supplemental programs alongside existing federal structures
- Create demonstration projects in innovative states
- Build technical infrastructure for larger programs

Federal Relationship Management

- Secure expanded waiver authorities for state innovation
- Negotiate block grant conversions for major programs
- Pursue federal legislation authorizing interstate compacts
- Challenge federal preemption through litigation when necessary

Interstate Coordination

- Establish formal interstate compacts in priority areas
- Create shared administrative infrastructure across states
- Develop coordinated regulatory frameworks
- Harmonize standards while allowing state flexibility

Measuring Success

- Establish metrics for program effectiveness
- Document comparative outcomes between state and federal approaches
- Highlight economic benefits of progressive state policies
- Use success stories to build momentum for further action

5. Consolidation (5-10 Years)

As initial programs prove successful, focus shifts to consolidation and expansion:

Program Expansion

- Transfer core social insurance programs to state/interstate control
- Develop comprehensive state-based alternatives to vulnerable federal programs
- Create durable interstate governance structures
- Build public understanding and support for the new approach

Interstate Infrastructure

- Establish permanent interstate agencies with professional staff
- Create formal governance structures for multi-state cooperation
- Build shared financing mechanisms with independent revenue authority
- Develop integrated citizen service platforms across participating states

Addressing Gaps

- Create mechanisms to assist residents of non-participating states
- Develop pathways for additional states to join compacts
- Address inequality between state capacities
- Build progressive power in currently hostile states

Policy Sequencing

Not all policies are equally suited for immediate state takeover. The defederalized strategy follows a deliberate sequence:

Phase 1: Areas of Clear State Advantage

Begin with domains where states already have superior capacity:

- Environmental regulation
- Worker protection
- Infrastructure development
- Education policy
- Criminal justice reform

Phase 2: Shared Responsibility Programs

Move to areas with existing state-federal partnerships:

- Medicaid
- Transportation
- Housing
- Workforce development
- Higher education

Phase 3: Traditionally Federal Programs

Finally, address core federal functions through interstate mechanisms:

- Medicare
- Social Security
- Banking regulation
- Immigration integration
- Interstate commerce

Practical Tools for Implementation

Several practical tools will facilitate this transition:

1. Interstate Compact Templates

Model legal frameworks for:

- Program administration compacts
- Regulatory harmonization agreements
- Shared financing authorities
- Multi-state benefit systems

2. Transition Guides

Step-by-step implementation manuals for:

- Converting federal programs to state administration
- Building interstate coordination mechanisms
- Establishing new state agencies
- Developing shared technical systems

3. Model Legislation

Ready-to-introduce bills for:

- State program authorization
- Interstate compact approval
- Dedicated funding mechanisms
- Administrative structures

4. Public Engagement Materials

Resources to build public understanding:

- Explanatory materials on state-based alternatives
- Testimonials from beneficiaries of state programs
- Comparative data on state vs. federal performance
- Visual guides to interstate mechanisms

Case Studies in Reform State Power

Several examples demonstrate how this approach can work in practice:

Case Study: RGGI Climate Success

The Regional Greenhouse Gas Initiative demonstrates effective interstate climate governance:

- **Formation Process:** In 2005, governors from seven northeastern states signed a Memorandum of Understanding establishing RGGI
- **Implementation Mechanism:** Each state passed compatible legislation to implement the program
- **Governance Structure:** An independent non-profit corporation provides administrative and technical services
- **Funding Model:** Auction revenue funds clean energy programs in member states
- **Results:** 45% reduction in power sector carbon emissions while generating economic benefits
- **Expansion:** Program has grown from 7 to 11 states through phased adoption

Case Study: Washington Healthcare Innovation

Washington state shows how healthcare innovation can proceed at the state level:

- **Cascade Care:** First state public option program
- **WA Cares Fund:** First state long-term care social insurance program
- **Prescription Drug Transparency Board:** State-level pharmaceutical price controls
- **Universal Healthcare Commission:** Planning for comprehensive state-based system
- **Interstate Cooperation:** Exploring multi-state purchasing and coordination

Case Study: State Attorneys General Defensive Coalition

State AGs have built effective defensive coalitions against federal retrenchment:

- **Coordinated Litigation:** Multi-state lawsuits to protect progressive policies
- **Shared Resources:** Technical expertise and legal resources pooled across states
- **Successful Defense:** Preserved environmental regulations, consumer protections, and healthcare access
- **Policy Leadership:** Filled enforcement gaps during federal abdication

Addressing Opposition and Challenges

The defederalized strategy will face significant challenges that must be addressed:

Federal Opposition

Conservative federal institutions may resist state innovation:

- **Response:** Build legal defense funds and preemptively design programs to withstand challenges
- **Strategy:** Pursue multiple parallel approaches to ensure some succeed
- **Coalition:** Create broad stakeholder support to increase political costs of obstruction

Resource Constraints

Some states have limited capacity to take on expanded responsibilities:

- **Response:** Create resource-sharing mechanisms between wealthy and less-wealthy states
- **Strategy:** Begin with modest expansions while building capacity
- **Approach:** Use interstate mechanisms to achieve economies of scale

Policy Fragmentation

Critics will claim this approach creates harmful inconsistency:

- **Response:** Design interstate standards that ensure baseline protections
- **Strategy:** Emphasize benefits of regional customization
- **Evidence:** Demonstrate superior outcomes from state innovation

Public Understanding

The approach requires explaining complex governance changes:

- **Response:** Focus messaging on tangible benefits rather than structural details
- **Strategy:** Build understanding through demonstration effects
- **Communication:** Use accessible language and concrete examples

Measuring Success

The defederalized strategy should be evaluated against clear metrics:

Policy Outcomes

- Expanded healthcare coverage in participating states
- Reduced carbon emissions and increased renewable energy
- Higher wages and better worker protections
- Improved social insurance benefits
- Enhanced civil rights and liberties

Institutional Development

- Effective interstate governance structures established
- State administrative capacity expanded
- Durable funding mechanisms created
- Successful legal defense of state authority
- Growing interstate coordination

Political Impact

- Increased progressive voter engagement in state politics
- Higher investment in state campaigns
- Stronger reform performance in state races
- Growing public support for state-based approach
- Demonstration effect influencing additional states

Conclusion: A New Progressive Federalism

The defederalized strategy offers a path to progressive governance despite federal structural barriers. By systematically building state power, creating interstate mechanisms, and shifting federal functions to more responsive levels of government, reform advocates can deliver on their promises and create tangible improvements in people's lives.

This approach doesn't require constitutional amendments or radical restructuring—it works within the existing system to build progressive power where it can actually succeed today. It offers an affirmative vision for how democratic governance can work in an era of federal dysfunction.

The choice isn't between federal ambition and state retreat—it's between theoretical goals and practical achievements. The defederalized approach chooses to build progressive governance from the ground up, state by state, creating a new model of democratic federalism that delivers results for the American people.

Shifting Federal Programs to State Control

A core aspect of the defederalized strategy involves moving traditionally federal programs to state administration. This isn't about eliminating these vital services, but rather relocating them to political terrain where they can be protected, enhanced, and made more responsive to citizen needs.

The Current Federal Landscape

To understand how federal programs could be shifted to state control, we first need to examine the current federal budget and structure.

Federal Revenue and Expenditures

Based on Congressional Budget Office data for fiscal year 2022, federal finances are structured as follows:

Revenue Sources:

- Individual income taxes: \$2.6 trillion (49%)
- Payroll taxes: \$1.5 trillion (29%)
- Corporate income taxes: \$425 billion (8%)
- Other revenue: \$380 billion (7%)

Important Note: 86% of federal revenue comes from taxes that are already calculated based on taxpayer location (individual income, payroll, and corporate taxes). This means redirecting the flow of these funds to state collection would be administratively straightforward—employers and individuals would simply remit these same taxes to state authorities rather than federal ones, with states then forwarding the federal portion or retaining it for devolved programs.

Major Expenditure Categories:

- Social Security: \$1.2 trillion (19%)

- Medicare: \$917 billion (14%)
- Medicaid: \$592 billion (9%)
- Defense: \$767 billion (12%)
- Other mandatory programs: \$1.1 trillion (17%)
- Non-defense discretionary: \$922 billion (14%)
- Interest on debt: \$475 billion (7%)

These numbers reveal important facts about federal operations:

1. The vast majority of federal activity involves collecting revenue and distributing payments
2. Social insurance programs (Social Security, Medicare, Medicaid) constitute the largest spending categories
3. Many functions critical to progressive governance represent tiny fractions of the overall budget

The Case for State Administration

For reform advocates, several factors make state-based administration increasingly appealing:

1. Federal Vulnerability

Programs administered at the federal level face unprecedented threats:

- Conservative court challenges to agency authority
- Budget cuts during Republican administrations
- Personnel reductions through hiring freezes
- Regulatory rollbacks through executive action
- Increasing appropriations fights in Congress

2. State Capacity Advantages

Many reform-minded states have demonstrated superior administrative capabilities:

- More consistent leadership due to electoral stability
- Greater policy alignment with program goals
- Better integration with other state services
- More direct accountability to beneficiaries
- Greater administrative flexibility for innovation

3. Scale and Coordination Benefits

Interstate mechanisms can provide necessary scale while improving upon federal models:

- Shared administrative infrastructure reducing overhead
- Regional customization reflecting local conditions
- More democratic governance with greater transparency
- Flexibility to exceed federal minimum standards
- Protection from federal retrenchment

Priority Programs for State Transfer

Not all federal programs are equally suited for state transfer. The defederalized strategy identifies priority areas based on importance, feasibility, and vulnerability.

1. Social Security

Current Program Structure:

- Federal payroll tax collection (12.4% split between employer/employee)
- Federal benefit determination and distribution
- Uniform national benefit formula
- Single national trust fund

State-Based Alternative:

- Coordinated state payroll tax collection
- Interstate retirement security compact
- State benefit administration with interstate portability
- Regional trust funds with shared investment management
- Enhanced benefits in progressive states

Implementation Pathways:

- Federal block grants with state administration

- Interstate compact with congressional approval
- Gradual transition beginning with supplemental benefits
- Carve-out waivers for state innovation

Case Study: State Innovation Washington state's WA Cares Fund provides a model for state social insurance innovation. This first-in-the-nation long-term care insurance program demonstrates states' ability to design and implement complex social insurance systems.

2. Medicare and Medicaid

Current Program Structure:

- Federal health insurance for seniors (Medicare)
- Federal-state program for low-income individuals (Medicaid)
- Federal rules with limited state flexibility
- Complex funding formulas

State-Based Alternative:

- Interstate healthcare compact
- Regional healthcare financing authorities
- Coordinated pharmaceutical purchasing
- Shared claims processing infrastructure
- Progressive enhancements in member states

Implementation Pathways:

- Expanded Section 1115 and 1332 waivers
- State all-payer systems with federal approval
- Multi-state purchasing cooperatives
- Block grant conversion with minimum standards

Case Study: Washington's Apple Health and the Federal Dependency Paradox

Washington State's Apple Health program provides a powerful case study in both state healthcare innovation and the vulnerabilities created by federal dependency.

Apple Health is Washington's implementation of Medicaid, providing coverage to over 2 million Washingtonians—approximately 1 in 4 state residents. The program exemplifies both state administrative capacity and the dangers of federal dependency:

Innovation Aspects:

- Expanded eligibility beyond federal minimums
- Integrated physical and behavioral health services
- Comprehensive children's health coverage
- Innovative care coordination
- Streamlined enrollment systems
- Robust provider networks

Federal Vulnerability:

- Approximately 60% of funding comes from federal matching funds
- Subject to federal rule changes that can undermine state priorities
- Vulnerable to federal budget cuts or formula changes
- State expansions at risk during federal administration changes
- Court challenges to federal Medicaid authority directly threaten state program

During recent federal attempts to restructure Medicaid, Washington faced the potential loss of billions in healthcare funding with little time to develop alternatives. This vulnerability highlights why even successful state programs need more autonomous structures through:

- Dedicated state revenue streams
- Interstate risk pooling
- Reduced administrative dependency on federal systems
- Legal structures that could maintain coverage during federal disruptions

Washington's second innovation, Cascade Care (the nation's first public option), represents a step toward greater state autonomy while still leveraging federal subsidies when available. Taken together, these programs demonstrate states' ability to lead healthcare innovation while highlighting the need for more resilient funding and administrative structures.

3. Environmental Protection

Current Program Structure:

- Federal regulatory standards
- Federal enforcement mechanisms
- Complex state-federal partnerships
- Vulnerable to court challenges

State-Based Alternative:

- Interstate environmental compacts
- Regional regulatory harmonization
- Coordinated enforcement mechanisms
- Shared scientific and technical resources
- Progressive standards exceeding federal minimums

Implementation Pathways:

- Expanded state implementation plans
- Delegated authority agreements
- Interstate enforcement cooperation
- Regional standard-setting bodies

Case Study: RGGI Success The Regional Greenhouse Gas Initiative has achieved a 45% reduction in power sector carbon emissions in participating northeastern states, demonstrating the effectiveness of state-led environmental governance.

4. Labor Standards and Worker Protection

Current Program Structure:

- Federal minimum wage and overtime rules
- Federal workplace safety standards
- Fragmented enforcement mechanisms
- Stagnant federal minimums

State-Based Alternative:

- Interstate labor standards compacts
- Regional minimum wage coordination
- Shared enforcement resources
- Portable benefits systems
- Progressive worker protections

Implementation Pathways:

- State labor laws exceeding federal minimums
- Multi-state enforcement coordination
- Interstate certification systems
- Regional industry standards boards

Case Study: Pacific Coast Progress West Coast states have implemented the nation's highest minimum wages and most comprehensive paid family leave programs, showing states' ability to lead on worker protections.

Implementation Mechanisms

Several legal and administrative mechanisms exist for transferring federal programs to state control:

1. Waiver Authorities

Many federal programs already include provisions allowing state innovation:

- Medicaid Section 1115 waivers
- ACA Section 1332 state innovation waivers
- ESSA education flexibility provisions
- TANF state plan flexibility

An expanded waiver approach would:

- Broaden existing authorities to cover more programs
- Simplify application processes
- Create presumptive approval for qualifying state plans
- Allow multi-state applications through compacts

2. Enhanced Block Grants

Converting categorical federal programs to block grants with:

- Guaranteed minimum funding levels
- Maintenance of effort requirements
- Interstate coordination provisions
- Outcome-based accountability

3. Interstate Compacts with Congressional Consent

Article I, Section 10 of the Constitution allows states to form binding agreements with congressional approval:

- Single comprehensive authorization act
- Funding formulas for federal pass-through
- Basic national standards
- Governance structures for interstate bodies

4. Delegation of Authority Agreements

Federal agencies can delegate implementation to states:

- Formal legal agreements defining authority
- Funding mechanisms for state administration
- Performance standards and accountability
- Technical assistance provisions

Addressing Common Concerns

Several legitimate concerns require thoughtful responses:

“Will this create a race to the bottom?”

The defederalized strategy specifically focuses on using state power to exceed federal minimums, not diminish protections:

- Interstate compacts can establish binding minimum standards
- Regional coordination prevents competitive deregulation
- Progressive states can demonstrate better outcomes
- Federal baseline protections would remain

“What about economies of scale?”

While the federal government benefits from certain economies of scale, these are often overstated:

- Interstate mechanisms can achieve similar scale efficiencies
- Regional administration can reduce overhead
- Technology enables administrative coordination
- State proximity to beneficiaries can improve responsiveness

“How will benefits remain portable?”

Interstate agreements would specifically address portability:

- Reciprocal recognition of eligibility determinations
- Standardized data exchange protocols
- Shared verification systems
- Uniform beneficiary identification

“Can states handle programs of this magnitude?”

States already administer complex programs of significant scale:

- Medicaid is primarily administered by states
- State retirement systems manage trillions in assets
- States operate complex regulatory frameworks
- Interstate authorities like Port Authority of NY/NJ manage multi-billion dollar operations

The Path Forward

Implementing the defederalized strategy for federal programs requires a phased approach:

Phase 1: Demonstration and Capacity Building (1-2 Years)

- Develop model interstate compact language
- Create state implementation blueprints
- Build administrative capacity
- Conduct detailed financial analyses
- Establish coordination mechanisms between states

Phase 2: Initial Implementation (2-5 Years)

- Pursue expanded waiver authorities
- Establish initial interstate compacts
- Create pilot programs in willing states
- Develop shared administrative infrastructure
- Demonstrate successful outcomes

Phase 3: Full Transition (5-10 Years)

- Secure comprehensive federal legislation
- Complete interstate governance structures
- Transfer full program responsibility
- Phase out direct federal administration
- Demonstrate superior progressive outcomes

Conclusion

The defederalized strategy doesn't seek to eliminate vital programs but to relocate them to governance structures where they can be protected and enhanced. By systematically shifting federal functions to state control through interstate cooperation, reform advocates can build more durable, responsive, and ambitious governance systems.

This approach recognizes that in today's political reality, the path to progressive policy implementation increasingly runs through state capitals rather than Washington, DC. By embracing this reality rather than fighting against it, reform movements can deliver on their promises to voters and build models of successful governance that demonstrate what progressive policy can achieve.

Reimagining National Cooperation

If you have read this far, you've seen the case for defederalization and the formation of independent nations based on regional cultures and governance preferences. While this restructuring addresses the core problems of our current federal system, it naturally raises questions about how these new nations would cooperate on matters of mutual interest.

Learning from History and Global Models

When the original thirteen colonies broke away from the British Empire, they had compelling reasons for uniting. Perhaps the most important was mutual defense—the threat of European powers meddling or attempting to control independent colonies was substantial.

The first attempt at unity, the Articles of Confederation, proved too weak to respond effectively to threats. This led directly to the Constitution, which at signing still represented a relatively limited federal system. It took the Civil War to begin true unification, and the combined forces of the Great Depression, New Deal, World War II, and Cold War to forge the deeply integrated nation we know today.

In our contemporary world, multiple models for interstate cooperation exist beyond our current constitutional framework. The Commonwealth and the European Union offer instructive examples of different integration approaches.

Models of Interstate Cooperation

The Commonwealth

The Commonwealth is a voluntary association of 54 independent and equal countries. It is home to 2.4 billion people, and includes both advanced economies and developing countries.

Our members work together to promote prosperity, democracy and peace, amplify the voice of small states, and protect the environment.

- <https://thecommonwealth.org/>

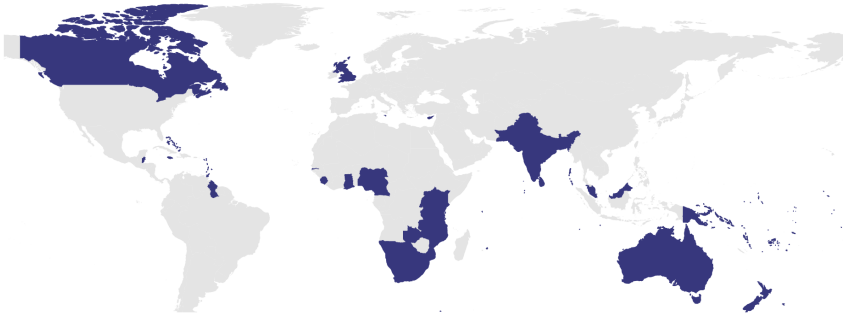


Figure 24.1. Commonwealth Nations Map

The Commonwealth represents a loose association reflecting shared history, but with minimal integration between member states. It rarely factors into significant diplomatic, military, or even humanitarian discussions. This model offers maximum independence with limited cooperative frameworks.

The European Union

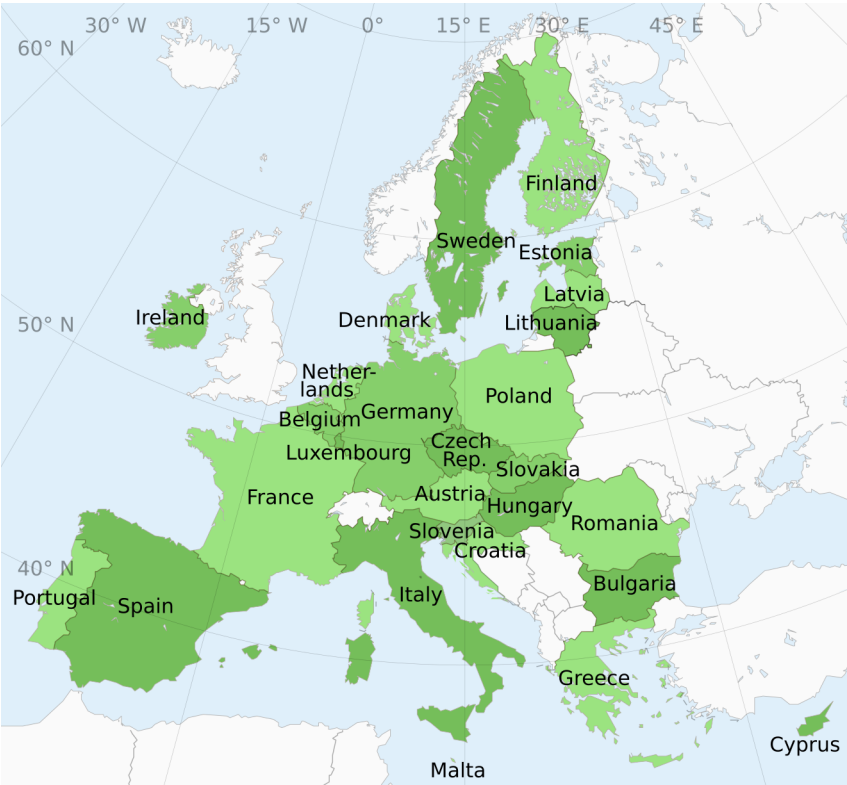


Figure 24.2. European Union Member States

The [European Union](#), with 27 member nations and approximately 447 million citizens, demonstrates a much deeper integration model. It features a single currency, freedom of movement, complex trade relationships, and shared regulatory frameworks while maintaining distinct national identities and certain sovereign powers.

Rethinking American Union

It's worth taking a few moments to consider some of the advantages of unified federal government. Defederalization (as opposed to independence) would still require cooperation. These key points remain advantages.

1. Economic Integration

- **Preserving Efficient Commerce:** Maintaining a unified market for goods and services
- **Coordinated Financial Systems:** Managing currency relationships and banking regulations
- **Labor Mobility:** Ensuring citizens can work across national boundaries without undue restrictions
- **Infrastructure Coordination:** Collaborating on transportation networks, energy grids, and communication systems

2. Security Cooperation

- **Mutual Defense:** Coordinating military resources against external threats
- **Intelligence Sharing:** Maintaining information exchange on security concerns
- **Border Management:** Establishing efficient processes for cross-border travel and commerce
- **Emergency Response:** Coordinating disaster relief and crisis management

3. Diplomatic Alignment

- **International Representation:** Presenting unified positions on global issues when interests align
- **Treaty Coordination:** Managing shared international commitments
- **Dispute Resolution:** Providing mechanisms to resolve conflicts between member nations
- **Cultural Exchange:** Facilitating educational and cultural programs across national boundaries

4. Environmental Stewardship

- **Climate Action:** Coordinating responses to climate change
- **Water Management:** Addressing shared watersheds and water resources
- **Pollution Control:** Managing cross-border environmental impacts
- **Natural Resource Planning:** Coordinating conservation efforts for shared ecosystems

A Balanced Approach

A defederalized American Union would likely occupy a middle ground—more structured than the Commonwealth but less integrated than the European Union.

This balanced approach recognizes the value of cooperation while honoring the fundamental premise of defederalization: that regional self-governance better serves citizens than our current federal structure.

Implementation Roadmap: Making the Defederalized Strategy Real

This book has outlined a strategic vision for progressive governance that embraces state power rather than federal control. But how do we turn this vision into reality? This chapter provides a practical roadmap for implementing the defederalized strategy.

Immediate Actions (Next 6-12 Months)

1. Resource Reallocation

The first step is redirecting progressive resources to state-level politics:

- **Reform-minded donors** should shift at least 50% of their federal contributions to state races
- **Reform-aligned PACs** should create dedicated state investment funds
- **National progressive organizations** should establish state policy teams
- **Reform-oriented campaigns** should prioritize downballot coordination
- **Major foundations** should fund state policy development

2. Talent Development

Building state-level progressive capacity requires human capital:

- **Law schools** should establish state constitutional law clinics
- **Policy schools** should develop state governance curricula
- **Campaign organizations** should create state campaign academies
- **State legislative caucuses** should expand policy staffing
- **State executive agencies** should recruit federal policy experts

3. Strategic Communication

Changing the narrative around state politics is essential:

- **Progressive media** should increase coverage of state policy successes
- **Reform-minded politicians** should highlight state achievements
- **Academic institutions** should document state policy outcomes
- **Advocacy organizations** should reframe state action as proactive, not defensive
- **Polling firms** should assess public support for state-based programs

4. Policy Development

The groundwork for state-based alternatives must begin immediately:

- **State-based think tanks** should draft model legislation for core programs
- **Policy working groups** should develop interstate compact frameworks
- **Legal teams** should assess existing waiver authorities
- **Administrative experts** should design state implementation structures
- **Economists** should analyze financing mechanisms for state-based programs

Medium-Term Actions (1-3 Years)

1. Win Key State Elections (2026)

Strategic electoral investments should target:

- **Gubernatorial races** in states with potential to implement progressive policies
- **State legislative chambers** where reform majorities are within reach
- **State attorney general offices** critical for defending state policies
- **State supreme court races** in states with elected judiciaries
- **Ballot initiatives** to establish progressive state constitutional provisions

2. Build Interstate Coordination Mechanisms

Creating the infrastructure for cross-state collaboration:

- **Regional governors' summits** focused on interstate compact development
- **State legislative working groups** to draft model legislation
- **Cross-state agency coordination offices** in key policy domains
- **Regional economic planning councils** for coordinated development
- **Interstate civil rights commissions** to maintain consistent protections

3. Develop State-Based Program Models

Concrete policy development should focus on priority areas:

- **State-based retirement security systems** with interstate portability
- **Multi-state healthcare financing mechanisms** to replace federal programs
- **Regional climate authorities** with enforcement powers
- **Interstate labor standards boards** for coordinated worker protections
- **State civil rights enforcement mechanisms** with shared resources

4. Secure Federal Permission Where Needed

Strategic federal engagement to facilitate the transition:

- **Expanded waiver applications** for state healthcare innovation
- **Proposed block grant legislation** for federal safety net programs
- **Interstate compact authorization legislation** in Congress
- **Administrative Procedure Act petitions** for expanded state authority
- **Legal challenges** to federal preemption of state authority

Long-Term Implementation (3-10 Years)

1. Launch Initial Interstate Compacts

Begin with high-visibility, high-impact areas:

- **Regional Retirement Security Compact** for coordinated retirement programs
- **Interstate Universal Healthcare Initiative** linking state healthcare systems
- **Multi-State Climate Authority** expanding existing regional initiatives
- **Progressive States Labor Standards Agreement** coordinating worker protections
- **Interstate Civil Rights Compact** ensuring consistent protections

2. Create Governance Structures

Building the institutional architecture for state-based programs:

- **Regional program administrative agencies** with professional civil services
- **Oversight boards** with representation from participating states
- **Technical standards bodies** to ensure interoperability
- **Dispute resolution mechanisms** for interstate conflicts
- **Transparent governance systems** to maintain public trust

3. Establish Financing Mechanisms

Developing sustainable funding for regional programs:

- **Multi-state public banks** to finance infrastructure and investments
- **Regional bond-issuing authorities** to access capital markets
- **Progressive tax coordination agreements** to prevent race-to-the-bottom dynamics
- **Shared resource pooling arrangements** for administrative costs
- **Long-term funding formulas** based on objective metrics

4. Demonstrate Success

Building momentum through proven results:

- **Rigorous outcomes measurement** of state-based programs
- **Comparative policy research** documenting advantages over federal approaches
- **Economic impact studies** quantifying benefits of progressive state policies
- **Public opinion polling** tracking satisfaction with state-based programs
- **Expansion strategies** to bring additional states into successful compacts

Organizational Infrastructure Needed

Implementing this strategy requires building new progressive infrastructure:

1. State Policy Development Centers

A network of institutions focused on state-based progressive governance:

- **Legal teams** specialized in state constitutional law and interstate compacts
- **Policy experts** focused on state implementation challenges
- **Economic analysts** to design financing mechanisms
- **Communications specialists** to explain the benefits to constituents
- **Community engagement staff** to ensure programs meet local needs

2. Interstate Coordination Organizations

New entities dedicated to facilitating cross-state collaboration:

- **Interstate Compact Commission** to develop model compact language
- **State Policy Exchange** to share best practices and lessons learned

- **Regional Planning Boards** for coordinated infrastructure development
- **Cross-State Data Integration Teams** to ensure program interoperability
- **Reform Governors Association State Policy Office** to coordinate executive actions

3. Defensive Federal Teams

Focused resources to protect state authority at the federal level:

- **Legal defense funds** to challenge federal preemption
- **Congressional advocacy teams** focused on protecting state authority
- **Administrative advocacy specialists** working with federal agencies
- **Court-watching organizations** monitoring federal judiciary threats
- **Federal-state coordination offices** in key departments

Individual Roles

For progressives committed to this strategy, there are concrete ways to contribute:

For Elected Officials

- **Governors:** Initiate interstate compact discussions with neighboring states
- **State legislators:** Introduce model legislation for state-based programs
- **Members of Congress:** Support legislation enabling state innovation
- **Local officials:** Implement progressive policies that build momentum

For Political Professionals

- **Campaign staff:** Prioritize state races as career opportunities
- **Policy experts:** Develop expertise in state governance challenges
- **Donors:** Redirect resources to state-focused organizations
- **Party officials:** Build state capacity and coordinate across states

For Citizens and Activists

- **Voters:** Prioritize state elections in political engagement
- **Activists:** Organize around state policy opportunities
- **Community leaders:** Connect local needs to state policy solutions
- **Issue advocates:** Reframe goals in terms of achievable state actions

Maintaining Federal Defensive Posture

While pivoting to states, reform advocates must maintain defensive federal engagement:

- **Continue contesting federal elections** to prevent further retrenchment
- **Focus federal resources on blocking harmful legislation**
- **Maintain core federal judicial challenges** to protect basic rights
- **Preserve federal-focused organizations** but rebalance priorities
- **Develop coordinated state-federal strategies** for maximum impact

The defederalized strategy isn't about abandoning federal politics entirely—it's about strategically redirecting resources to where progressive governance is currently possible while maintaining defensive federal engagement.

By following this implementation roadmap, progressives can begin building a new model of governance that delivers on their values and improves people's lives, regardless of federal gridlock.

Executive Memorandum: State Strategy in an Era of Federal Uncertainty

TO: Governor

FROM: Executive Policy Team

RE: Strategic Framework for Federal Relations and Contingency Planning

CONFIDENTIAL: EXECUTIVE STAFF USE ONLY

Executive Summary

This memorandum outlines a comprehensive strategy for navigating the increasingly challenging federal-state relationship in the current political environment. Given recent developments at the federal level, including significant staffing reductions at key agencies and uncertain funding for critical programs, we recommend implementing a dual-track approach: (1) constructive engagement where possible and (2) defensive preparation against potential federal retrenchment or conflict.

This memo provides specific recommendations for immediate action, medium-term planning, and contingency preparation for worst-case scenarios. Our recommendations focus on protecting state interests, ensuring continuity of essential services, and safeguarding our constitutional authority while avoiding unnecessary escalation.

Current Situation Assessment

Federal Challenges

1. **Unprecedented Federal Retrenchment:** Key federal agencies including the Department of Education and USAID are undergoing significant staff reductions. Other agencies face similar threats.
2. **Funding Uncertainty:** Multiple federal programs critically important to our state are at risk of substantial funding reductions or elimination.
3. **Increased Preemption Threats:** Recent federal regulatory actions and litigation indicate an intent to limit state authority in areas of traditional state responsibility.
4. **Enforcement Discretion Challenges:** Federal enforcement priorities are increasingly politicized and unpredictable, creating planning challenges.
5. **Judicial Hostility:** The current Supreme Court has demonstrated skepticism toward both federal regulatory authority and state autonomy in areas conflicting with their ideological preferences.

State Vulnerabilities

1. **Federal Program Dependency:** Approximately 35% of our state budget is directly linked to federal funding streams.
2. **Regulatory Interdependence:** Many state regulatory systems are designed to integrate with federal frameworks that may no longer function effectively.
3. **Economic Exposure:** Key state industries rely on predictable federal policies and regulatory environments.
4. **Capacity Limitations:** State agencies lack capacity to immediately assume responsibilities of failing federal programs.
5. **Legal Defense Constraints:** State legal resources are limited compared to federal litigation capabilities.

Recommendations: Dual-Track Approach

Track 1: Constructive Federal Engagement

A. Collaborative Strategies

1. Waiver and Flexibility Requests

- Immediately review and submit Section 1115 Medicaid waivers to maximize state control
- Pursue ACA Section 1332 state innovation waivers
- Seek expanded flexibility in TANF, SNAP, and education programs
- Request block grant conversions where advantageous

2. Strategic Federal Partnerships

- Identify and cultivate relationships with career staff across federal agencies
- Establish direct communication channels with sympathetic federal officials
- Join multi-state working groups on federal policy implementation
- Pursue formal delegation agreements for federal program administration

3. Congressional Relations

- Work with state congressional delegation on protection of critical funding streams
- Advocate for federal legislation authorizing state flexibility and innovation
- Support bipartisan federal infrastructure investments beneficial to the state
- Advance state-friendly appointments to key federal positions

B. Defensive Federal Engagement

1. Litigation Strategy

- Establish dedicated legal team for federal-state litigation
- Join multi-state coalitions challenging unconstitutional federal actions
- Develop preemptive legal theories defending state authority
- Coordinate with other states to share legal resources and strategies

2. Regulatory Comments and Advocacy

- Submit detailed comments on all proposed federal rules affecting state interests
- Document economic and social impacts of adverse federal regulatory changes
- Build coalitions with affected stakeholders for coordinated regulatory advocacy
- Develop alternative regulatory approaches that preserve state authority

3. Strategic Communications

- Develop communications strategy highlighting federal program failures
- Document impacts of federal retrenchment on state residents
- Amplify success stories of state-led solutions to federal challenges
- Maintain messaging discipline focusing on impacts rather than partisan politics

Track 2: State-Based Contingency Preparation

A. Program Continuity Planning

1. Critical Federal Program Assessment

- Immediately audit all federal funding streams and rank by essential nature
- Identify programs requiring immediate state intervention if federal support fails

- Map federal-state interdependencies across all state agencies
- Develop priority list for state assumption of federal functions

2. State Administrative Capacity Building

- Begin recruiting federal employees affected by agency downsizing
- Establish contingency staffing plans for rapid expansion of key state agencies
- Create cross-training programs to build institutional knowledge of federal systems
- Design streamlined administrative processes for emergency program implementation

3. Emergency Funding Mechanisms

- Create dedicated contingency fund for federal program shortfalls
- Develop revenue options for emergency activation if federal funding collapses
- Establish rapid procurement procedures for emergency program implementation
- Prepare emergency budget amendment templates for legislative consideration

B. Interstate Coordination

1. Interstate Compact Development

- Initiate discussions with neighboring states on emergency interstate compacts
- Draft model compact language for healthcare, transportation, and environmental protection
- Establish cross-border agency coordination protocols
- Develop shared standards and protocols for program administration

2. Regional Resource Pooling

- Create mechanisms for sharing administrative resources across state lines

- Establish regional procurement systems for emergency supplies and services
- Develop shared data systems for program monitoring and evaluation
- Pool technical expertise for complex program design and implementation

3. Multi-State Governance Structures

- Design governance models for interstate program administration
- Establish joint oversight mechanisms for shared programs
- Create dispute resolution protocols for interstate disagreements
- Develop funding formulas for shared program costs

C. State Program Design

1. Healthcare Continuity

- Develop state-based alternative to Medicare/Medicaid administration
- Design emergency implementation plan for state pharmaceutical purchasing
- Establish direct provider payment mechanisms if federal systems fail
- Create eligibility verification systems independent of federal databases

2. Economic Security Programs

- Design state-administered Social Security supplement program
- Create unemployment insurance system independent of federal framework
- Establish food security program to replace SNAP if federal funding fails
- Develop housing assistance mechanisms to supplement reduced federal support

3. Infrastructure and Transportation

- Prepare transition of federal highway maintenance to state control
- Develop contingency plans for air traffic safety if FAA functions deteriorate
- Create emergency permitting processes if federal environmental reviews cease
- Establish state inspection systems for critical infrastructure

Special Contingency Planning: Severe Federal Deterioration

While we hope these measures will prove unnecessary, prudence demands preparation for more extreme scenarios. This section outlines steps to be implemented only in case of severe federal deterioration.

Governance Continuity

1. Constitutional Authority Preservation

- Draft executive orders asserting state authority under the 10th Amendment
- Prepare legal framework for emergency assumption of critical federal functions
- Document legal basis for refusing unconstitutional federal directives
- Establish clear guidelines for state officials facing conflicting federal mandates

2. Emergency Legislative Framework

- Prepare emergency legislation package for rapid consideration
- Draft bills authorizing temporary state assumption of federal functions
- Create legal framework for emergency interstate agreements
- Develop mechanisms for legislative oversight during crisis periods

3. Judicial Relations Strategy

- Develop litigation strategy if federal courts cease effective functioning
- Prepare state court system for increased caseload from federal system collapse
- Establish priority system for managing cases during judicial emergency
- Create alternative dispute resolution mechanisms for federal-type cases

Public Safety and Civil Order

1. Law Enforcement Coordination

- Establish clear chain of command if federal law enforcement withdraws
- Create protocols for state police assumption of federal law enforcement roles
- Develop training programs on state authority limitations
- Establish coordination mechanisms with local law enforcement

2. National Guard Deployment Planning

- Review and update state authority over National Guard units
- Establish protocols for coordination with other state National Guard units
- Develop contingency plans for securing critical infrastructure
- Create clear rules of engagement for domestic deployment scenarios

3. Critical Infrastructure Protection

- Identify and prioritize protection for key infrastructure assets
- Develop security plans for facilities previously protected by federal agencies
- Establish emergency communication systems independent of federal networks
- Create coordination protocols with private infrastructure operators

Addressing Potential Federal Coercion

In the highly unlikely but concerning scenario where federal authorities might attempt coercive action against state leadership, the following measures should be considered:

1. Legal Defensive Measures

- Establish dedicated legal team prepared for emergency habeas corpus filings

- Create rapid response protocols for legal teams to challenge unconstitutional detention
- Develop relationships with national and international human rights organizations
- Prepare documentation of state constitutional authority for international audiences

2. Continuity of Government

- Establish clear succession plans beyond standard constitutional provisions
- Create distributed leadership structure to prevent single points of failure
- Develop secure communication protocols for leadership during crisis
- Establish alternate governing locations if primary facilities become compromised

3. Public Communications Strategy

- Prepare crisis communications plans emphasizing constitutional principles
- Establish backup communication channels if primary systems are compromised
- Develop relationships with trusted media outlets for emergency messaging
- Create public education materials on state vs. federal authority

It must be emphasized that these extreme contingency measures represent planning for highly unlikely scenarios. Their inclusion in this memo reflects our duty of thorough preparation rather than any expectation of implementation. Any activation of these measures would require explicit gubernatorial authorization following clear evidence of extraordinary federal actions beyond constitutional bounds.

Implementation Timeline

Immediate Actions (Next 30 Days)

- Establish Federal Relations Emergency Task Force

- Complete critical federal program dependency audit
- Initiate conversations with neighboring state leadership
- Begin development of emergency funding mechanisms
- Review and update emergency management plans

Short-Term Actions (30-90 Days)

- Complete waiver applications for key federal programs
- Establish interstate coordination working groups
- Develop initial contingency staffing plans
- Draft emergency legislation package
- Begin specialized training for key agency personnel

Medium-Term Actions (90-180 Days)

- Initiate formal interstate compact negotiations
- Develop detailed program transition plans
- Establish contingency procurement systems
- Create federal program monitoring mechanisms
- Begin capability-building for state assumption of key functions

Long-Term Actions (6-12 Months)

- Implement interstate governance structures
- Complete program design for state alternatives to federal systems
- Establish dedicated funding mechanisms
- Develop comprehensive public communications strategy
- Create evaluation and adjustment mechanisms

Resource Requirements

Effective implementation of this strategy will require dedicated resources:

1. **Personnel:** 10-15 FTE staff dedicated to federal relations and contingency planning

2. **Budget:** \$3-5 million for planning, legal support, and initial capacity building
3. **Legislative Authority:** Potential enabling legislation for emergency actions
4. **External Expertise:** Specialized consultants for complex program design

Conclusion

The current federal environment presents unprecedented challenges to state governance, requiring both collaborative engagement and prudent preparation for potential federal dysfunction. By implementing this dual-track strategy, our state can protect essential services for our citizens while maintaining constitutional governance regardless of federal developments.

We recommend establishing an immediate meeting schedule to begin implementation planning and to refine these recommendations based on your priorities. We stand ready to provide any additional information or analysis needed to support your decision-making.

Respectfully submitted,

Executive Policy Team

Strategic Memo: Congressional Action in an Era of Federal Constraint

TO: Representative [Member of Congress]

FROM: Senior Policy Advisory Team

SUBJECT: Strategic Framework for Progressive Action in the 119th Congress

CONFIDENTIAL: SENIOR STAFF USE ONLY

The Dilemma of Reform-Minded Congressional Service

As your advisory team, we feel it necessary to address the fundamental dilemma you face as a reform-minded Member of Congress in the current political environment. This memo offers a candid assessment of the structural constraints you operate within and proposes a strategic framework that acknowledges these limitations while identifying meaningful paths for action.

The core challenge you face is both philosophical and practical: you were elected to use federal power to improve lives, but now find yourself in a position where federal institutions are being weaponized against the very communities you seek to protect. This creates an almost paradoxical mission—simultaneously fighting to preserve federal capacity while recognizing that, in the current context, strengthening federal authority may enable further harm.

This memo offers a strategic framework that acknowledges this tension rather than avoiding it. We believe embracing this contradiction openly is not only more intellectually honest but ultimately more politically effective.

Current Reality Assessment

Structural Barriers to Legislative Progress

The path to meaningful progressive legislation faces nearly insurmountable structural obstacles:

1. **The Filibuster Reality:** The 60-vote threshold in the Senate effectively blocks any significant progressive legislation. Despite controlling the House, the mathematics of the Senate make comprehensive legislative solutions virtually impossible.
2. **Judicial Hostility:** The 6-3 conservative Supreme Court majority has demonstrated its willingness to strike down even the most carefully crafted progressive policies and executive actions. Cases like *West Virginia v. EPA* and *Biden v. Nebraska* reveal a Court determined to limit federal regulatory authority when exercised for progressive aims.
3. **Executive Branch Capture:** Key federal agencies have experienced unprecedented staff reductions, politically motivated reassignments, and leadership appointments hostile to agency missions. This hollowing out has severely compromised federal capacity to implement even existing programs.
4. **Appropriations Constraints:** The appropriations process has become increasingly leveraged for policy demands unrelated to funding levels. Critical programs face not only budget cuts but also policy riders designed to prevent effective implementation.
5. **Declining Democratic Norms:** Procedures like committee oversight, ethical compliance, and agency accountability that once functioned through bipartisan norms now operate primarily through raw power dynamics.

The Transparency Paradox

As a progressive Member of Congress, you face a particular paradox regarding transparency and oversight:

- **Traditional Progressive Stance:** Progressives have historically championed transparency, accountability, and rigorous oversight of government operations.

- **Current Dilemma:** In the present context, oversight hearings often become platforms for attacking federal agencies and employees, further undermining public confidence in government.
- **Necessary Adaptation:** Despite this risk, abdication of oversight responsibility would enable even greater abuses. Progressive Members must engage in oversight while framing it fundamentally differently than their conservative counterparts.

The Reform Movement Challenge

The most difficult strategic challenge concerns the progressive relationship with federal governance itself:

- **Historical Alignment:** Reform advocates have traditionally aligned themselves with federal solutions to national challenges, believing in the federal government's capacity to act as a force for good.
- **Current Contradiction:** This position becomes increasingly untenable when federal power is exercised in ways fundamentally contrary to progressive values.
- **Identity Crisis:** The resulting tension creates an identity crisis for reform-minded Members—how to remain advocates for government's positive role while confronting its current reality.

Strategic Framework: Principled Defederalism

We propose a strategic framework we term “Principled Defederalism”—a recognition that under current circumstances, the most reform-oriented position may involve strategic devolution of federal authority to democratic states and localities where progressive governance remains possible.

Core Strategic Pillars

1. Defensive Federal Engagement

Despite the limitations, your position still enables critical defensive actions:

- **Targeted Appropriations Priorities:** Focus appropriations battles on preserving funding for the most vulnerable communities and critical life-supporting programs.

- **Strategic Oversight:** Conduct oversight focused on documenting harm to communities rather than abstract process violations.
- **Coalition Maintenance:** Maintain relationships with career civil servants and build support networks to protect institutional knowledge.
- **Procedural Resistance:** Use procedural mechanisms to slow particularly harmful actions while avoiding purely symbolic resistance that exhausts political capital.
- **Crisis Response:** Prepare rapid response capabilities for emergency situations affecting constituents.

2. State and Local Empowerment

Rather than focusing exclusively on federal solutions, actively support state and local progressive governance:

- **Block Grant Flexibility:** Advocate for maximum state flexibility in federal block grants while maintaining baseline equity requirements.
- **Waiver Support:** Assist reform-minded states in securing Medicaid, ACA, and other program waivers for innovation.
- **Direct Technical Assistance:** Redirect office resources toward helping state and local governments navigate federal requirements.
- **Interstate Compact Authorization:** Introduce and support legislation authorizing interstate compacts for healthcare, climate action, and worker protections.
- **Preemption Prevention:** Vigorously oppose federal preemption of reform-oriented state policies.

3. Structural Reform Advocacy

While recognizing the near-term impossibility of major reforms, maintain focus on structural changes:

- **Democratic Reform Education:** Use your platform to educate constituents about structural barriers to democratic governance.
- **Strategic Reform Prioritization:** Focus on achievable process reforms that could build momentum for larger changes.

- **Coalition Building:** Invest in building unusual coalitions around specific structural reforms that transcend typical partisan dividing lines.
- **Constituent Mobilization:** Engage constituents around structural reform rather than just policy outcomes.

4. Transparent Communication Strategy

Address the contradictions directly in all constituent communications:

- **Honest Assessment:** Acknowledge the limitations of current federal action rather than promising undeliverable federal solutions.
- **Strategic Clarity:** Explain the dual approach of defensive federal engagement and state empowerment.
- **Values Consistency:** Emphasize that your core values remain unchanged even as strategic approaches adapt.
- **Harm Documentation:** Systematically document and communicate the concrete harms of federal policies on your district.

The Necessary Discomfort of This Moment

We must acknowledge that this strategic approach requires embracing significant discomfort:

The Oversight Tension

You will be required to hold painful oversight hearings that document the harm federal agencies are causing—agencies you fundamentally believe should exist and be strengthened. This creates three specific tensions:

1. **Institutional Criticism vs. Institutional Defense:** You will need to simultaneously criticize current agency actions while defending the agency's fundamental mission and existence.
2. **Employee Morale vs. Accountability:** Agency oversight risks further demoralizing career civil servants, yet accountability remains essential.

3. **Public Confidence vs. Public Awareness:** Highlighting agency failures may further erode public confidence in government, yet constituents deserve to know the truth about programs affecting them.

Recommendation: Frame oversight consistently around harm to communities rather than abstract process violations. Center affected individuals in hearings rather than focusing solely on officials. Always connect criticism to a positive vision of what the agency should be doing.

The Federalism Reversal

Perhaps most challenging will be the apparent reversal of traditional reform-oriented and conservative positions on federalism:

1. **Philosophical Tension:** Advocating for state-based solutions may feel like abandoning long-held reform commitments to federal policy.
2. **Political Vulnerability:** Conservative colleagues will attempt to highlight this apparent contradiction to create political discomfort.
3. **Constituent Confusion:** Your constituents may be confused by what appears to be a reversal of your previous positions.

Recommendation: Address this tension directly by distinguishing between means and ends. Emphasize that your commitment to reform outcomes remains constant, but strategic paths must adapt to reality. Frame state empowerment as a defensive necessity rather than an ideological preference.

The Harm Mitigation Paradox

The most morally challenging aspect of your position will be participating in a system causing harm while attempting to mitigate that harm:

1. **Complicity vs. Resistance:** Simply being part of Congress makes you partially complicit in a system causing demonstrable harm to vulnerable communities.
2. **Incremental Mitigation vs. Fundamental Reform:** Small victories in harm reduction may seem insufficient against the scale of problems.
3. **Collaboration vs. Confrontation:** Effective harm mitigation often requires working with the very colleagues enabling broader harms.

Recommendation: Establish clear ethical boundaries for yourself and your staff regarding what compromises are acceptable. Create metrics for harm reduction to maintain morale amid difficult choices. Build support networks with colleagues facing similar moral challenges.

Strategic Communication Guidance

Framing the Defederalist Approach

Rather than avoiding the apparent contradiction in your position, we recommend embracing it as a straightforward response to changed circumstances:

Key Message: *“I haven’t changed my values—the federal government has changed its behavior. When federal power was used to protect rights, expand healthcare, and clean our air and water, I supported federal solutions. When that same power is weaponized against our communities, I will defend my constituents by any constitutional means necessary—including supporting state protection of rights the federal government now threatens.”*

Explaining the Strategic Shift to Constituents

Constituents need to understand this is about strategy, not abandonment of progressive goals:

Key Message: *“The path to reform must adapt to reality. Right now, reform-minded governors and state legislators are delivering results that seem impossible in Washington. Rather than banging our heads against federal barriers, we can support state innovation that demonstrates what progressive governance looks like in practice. These successful models will ultimately build momentum for federal change.”*

Responding to Accusations of Inconsistency

Conservative colleagues will attempt to highlight apparent contradictions in your position:

Key Message: *“There’s nothing inconsistent about supporting democratic governance at every level. I believe in the closest level of government that can effectively solve problems while protecting fundamental rights. When federal*

power protects rights, I support it. When states protect rights the federal government abandons, I support them too. The only consistent position is one that puts people over abstract theories about government levels.”

Specific Congressional Actions

Within this strategic framework, we recommend prioritizing the following specific actions:

1. Defensive Legislative Priorities

- **Program Protection Amendments:** Introduce targeted amendments to protect the most vulnerable populations from harmful policy changes.
- **Strategic Authorization Extensions:** Prioritize reauthorization of programs at risk of expiration, even if at reduced funding levels.
- **Documentation Requirements:** Add reporting requirements that create public records of harm caused by policy changes.
- **Inspector General Independence:** Strengthen the independence and resources of Inspectors General.
- **Whistleblower Protections:** Expand and reinforce protections for federal whistleblowers.

2. State Empowerment Legislation

- **Interstate Compact Framework Act:** Introduce legislation establishing a streamlined approval process for progressive interstate compacts.
- **State Innovation Waiver Expansion:** Propose expansion of state waiver authority for major federal programs.
- **Federal-State Partnership Modernization:** Update frameworks for federal-state cooperation to increase state flexibility while maintaining equity safeguards.
- **Emergency Assumption Authority:** Create mechanisms for states to temporarily assume federal functions during funding lapses.
- **Block Grant Reform:** Redesign federal block grants to prioritize equity while allowing progressive state innovation.

3. Oversight Focus Areas

- **Community Impact Documentation:** Conduct field hearings documenting the impact of federal policy changes on vulnerable communities.
- **Implementation Failure Analysis:** Investigate systematic failures in program implementation affecting constituent services.
- **Civil Service Protection:** Examine political interference with career civil service.
- **Resource Diversion:** Investigate redirection of appropriated funds away from intended purposes.
- **Regulatory Enforcement Gaps:** Document failures to enforce existing regulatory protections.

4. Constituent Service Adaptation

- **Federal-State Navigation Office:** Establish a dedicated office to help constituents navigate between federal and state programs.
- **State Program Referral System:** Develop protocols for connecting constituents with state alternatives when federal programs fail them.
- **Harm Documentation System:** Create systematic tracking of constituent harm resulting from federal policy changes.
- **Agency Access Facilitation:** Develop strategies to help constituents access increasingly dysfunctional federal agencies.

The Ultimate Strategic Question: Federal Power Under Fascism

We must conclude by addressing the most difficult question facing reform-minded Members of Congress: Is it better to have a strong federal government potentially controlled by authoritarian forces, or to strategically weaken federal authority while strengthening democratic states?

This question creates profound discomfort because it forces a choice between two core reform commitments: effective government and democratic governance. The historical reform preference has been for strong federal authority based on the assumption that federal power would

be exercised through democratic means for public benefit. When that assumption fails, the strategic calculus must change.

Consider these realities:

1. **Historical Precedent:** Throughout history, centralized authority controlled by authoritarian forces has consistently led to catastrophic outcomes for vulnerable populations.
2. **Democratic Resilience:** Distributed governance systems with multiple centers of power have proven more resistant to authoritarian capture.
3. **Practical Protection:** In the near term, reform-minded states offer the only realistic governance protection for vulnerable communities if federal institutions continue their current trajectory.

Our conclusion, though painful, is clear: it is better to embrace strategic defederalism than to strengthen federal authority that could be weaponized by authoritarian forces. This is not an abandonment of the reform belief in effective government, but rather its adaptation to preserve the more fundamental commitment to democratic governance itself.

We recommend acknowledging this difficult truth directly in your strategic positioning. Rather than appearing reluctant or apologetic about this stance, embrace it as the clearest expression of reform values in the current context.

Conclusion: Embracing the Contradictions

The path forward requires embracing rather than avoiding the inherent contradictions of this moment. By acknowledging these tensions openly, you can transform what might appear as weakness into a source of strategic clarity and moral authority.

We propose framing your position along these lines:

“I came to Congress believing the federal government could be the greatest force for good in American life. I still believe in that possibility. But I cannot ignore the reality that right now, federal power is being weaponized against the very communities I was elected to serve. My responsibility is to defend my constituents by any constitutional means necessary—which today means supporting state protection of rights the federal government now

threatens. This isn't abandoning my values; it's applying them to changed circumstances."

This framework allows you to maintain both reform values and strategic effectiveness in an extraordinarily challenging environment. By embracing these contradictions rather than avoiding them, you can help forge a new reform approach that responds to current realities while building toward a more democratic future.

Respectfully submitted,

Senior Policy Advisory Team

Military Power in a Defederalized America

The Monopoly of Violence: First Principle of Governance

The most fundamental obligation of any government—preceding even the provision of services or economic management—is what political scientists term the “monopoly of legitimate violence.” This concept, first articulated by sociologist Max Weber, represents the bedrock upon which all other governmental functions rest. A government that cannot maintain exclusive control over the legitimate use of force within its territory ceases to be a government in any meaningful sense.

This monopoly serves two essential purposes: it prevents internal chaos by prohibiting private armies and vigilantism, and it protects against external threats through organized military defense. When this monopoly breaks down, the result is invariably civil conflict, warlordism, or foreign domination.

For Americans, this fundamental function of government has largely been taken for granted. Since the Civil War, the federal government’s monopoly on legitimate force has been broadly accepted, with the military and federal law enforcement operating under civilian control and constitutional constraints. Even during periods of intense political conflict, Americans could generally assume that military power would be exercised in accordance with democratic norms and the national interest.

Recent developments have called this foundational assumption into question. The growing alignment between certain political forces and hostile foreign powers, combined with the increasing politicization of military affairs, has created an unprecedented crisis in American security governance. When examining how military power might function in a defederalized system, we must confront these new realities directly.

The Russia-Ukraine Crisis: A Case Study in Fractured Security Consensus

The Russian invasion of Ukraine in 2022 and the subsequent American response offers a revealing case study in how deeply American security consensus has fractured. What would once have generated unified bipartisan opposition—a major power’s unprovoked invasion of a democratic neighbor—instead revealed profound divisions in American politics.

Initial bipartisan support for Ukraine gave way to growing skepticism among certain political factions, eventually culminating in the blocking of critical military aid for months while Ukrainian forces faced ammunition shortages on the battlefield. More troubling than policy disagreements was the underlying rationale: influential political figures increasingly expressed admiration for Russian leadership while questioning America’s interest in supporting democratic resistance to aggression.

This represents more than a tactical disagreement over foreign policy. It signals something far more fundamental: a breakdown in consensus about America’s basic orientation toward authoritarian regimes and democratic allies. When substantial portions of the political establishment openly align with authoritarian powers against democratic states, the very foundation of American security policy becomes unstable.

The implications for a defederalized approach to security are profound. If the federal government can no longer be trusted to maintain basic alignment with democratic values in its security policy, states and regional groupings may have legitimate reason to seek alternative security arrangements. This is not mere partisan disagreement—it is a fundamental breakdown in the social contract regarding the government’s most basic function.

NATO Withdrawal: Abandoning 75 Years of Security Architecture

The once-unthinkable prospect of American withdrawal from NATO has moved from speculative concern to active planning among some political factions. NATO has served as the cornerstone of Western security architecture for three-quarters of a century, creating a zone of peace across Europe unprecedented in modern history. American security

guarantees under Article 5 have deterred aggression and provided the stability necessary for European economic integration and democratic consolidation.

An American withdrawal would represent the most consequential geopolitical shift since the end of the Cold War. Beyond the immediate impact on European security, it would signal the end of the post-WWII international order that has, despite its flaws, prevented great power conflicts for generations. The resulting security vacuum would likely accelerate regional arms races, including nuclear proliferation, as nations scramble to replace American security guarantees with indigenous capabilities.

For states considering a defederalized approach to governance, this potential withdrawal from international commitments represents both a threat and an opportunity. The threat lies in the increased instability and risk of conflict that would follow American strategic retreat. The opportunity lies in the possibility of developing regional security arrangements that could partially compensate for federal abdication of traditional responsibilities.

Most critically, an American withdrawal from NATO would dramatically alter the context for any defederalization strategy. Security arrangements that might seem optional in a world with stable American leadership become essential in a world where that leadership has been abandoned.

The Structure of American Military Power

To understand the challenges of reimagining American military power in a defederalized context, we must first understand how that power is currently structured. The United States maintains the world's most powerful military, with annual defense spending exceeding \$800 billion—more than the next nine countries combined. This immense investment supports both conventional and nuclear capabilities deployed globally.

The Logistics-Combat Ratio: America's Hidden Military Reality

One of the least understood aspects of American military power is the ratio between combat forces and the logistics infrastructure that supports them. This ratio reveals important truths about how military power actually

functions and what would be required to maintain effective security in a defederalized system.

The United States maintains approximately 33 active combat brigade equivalents in its ground forces (Army and Marine Corps)—substantially fewer than many people assume. Supporting these combat formations are approximately 1.4 million active duty personnel. This means that for every soldier or Marine in a combat role, there are approximately 7–9 personnel in support functions: maintenance, supply, transportation, medical services, intelligence, communications, and administration.

This ratio is not a sign of inefficiency but rather reflects the reality of modern warfare. Today's military capabilities require extensive technical support, sophisticated supply chains, and complex command structures. The United States' global reach depends on this logistics backbone—without it, combat power cannot be projected or sustained.

For any defederalized security arrangement, this logistics-combat ratio presents a crucial consideration. Smaller regional groupings would likely struggle to maintain the scale and sophistication of logistics networks currently provided by federal institutions. This suggests that even in a defederalized system, certain military functions might require coordination across regional boundaries.

The Nuclear Triad: Indivisible Security

The American nuclear deterrent relies on the “nuclear triad”—a three-pronged approach consisting of:

1. **Land-based intercontinental ballistic missiles (ICBMs):** 400 Minuteman III missiles deployed across Wyoming, Montana, North Dakota, Nebraska, and Colorado
2. **Submarine-launched ballistic missiles (SLBMs):** 14 Ohio-class submarines carrying Trident II missiles
3. **Strategic bombers:** B-52 and B-2 aircraft capable of delivering nuclear weapons

This triad ensures that no first strike could eliminate America's retaliatory capability, thereby deterring nuclear attack. The command and control systems for this deterrent are among the most sophisticated and secure in the world, designed to prevent both unauthorized use and decapitation strikes that might disable response capabilities.

The nuclear triad presents perhaps the most difficult challenge for any defederalized approach to security. Unlike conventional forces, which could theoretically be divided among regional groupings, nuclear weapons require unified command and control. The prospect of dividing nuclear forces among semi-autonomous regions raises profound technical and geopolitical concerns.

Yet the alternative—leaving nuclear weapons under the control of a federal government that may have fallen under authoritarian influence—creates equally troubling scenarios. This is the central dilemma of military power in a defederalized America: how to maintain necessary coordination of certain military functions while preventing the concentration of power that could enable tyranny.

The Unbearable Tension: Security Requirements vs. Democratic Control

The tension between military necessity and democratic governance creates what can only be described as an unbearable dilemma for proponents of defederalization. On one hand, effective security—especially nuclear deterrence—requires unified command structures and centralized control. On the other hand, centralization creates vulnerability to authoritarian capture.

This tension cannot be resolved through simple formulas or organizational charts. It represents a fundamental paradox of modern governance: the very institutions necessary for security can become threats to the liberty they are meant to protect.

For progressives who have traditionally supported strong federal institutions, this paradox is particularly acute. The prospect of sophisticated military capabilities—especially nuclear weapons—under the control of an authoritarian regime represents a nightmare scenario not just for Americans but for global security. Yet fragmentation of military command structures creates its own dangers, potentially undermining the strategic stability that has prevented major power conflicts.

Alternative Security Frameworks for a Defederalized America

Given these tensions, what security frameworks might function in a defederalized context? Several models warrant consideration:

1. The Interstate Security Compact Model

Under this approach, states would form regional security compacts with shared command structures for military forces. These compacts would maintain state National Guard units as their core forces, augmented by interstate rapid response units for larger contingencies. Federal military assets would be allocated to these compacts based on geographic distribution and strategic requirements.

Key features of this model would include:

- Regional command structures with rotating leadership
- Shared training facilities and standardized equipment
- Pooled intelligence capabilities
- Coordinated defense industrial base
- Interoperable communications and logistics systems

The primary advantage of this model is its ability to prevent any single political entity from controlling all military capabilities. The primary disadvantage is the potential inefficiency and coordination challenges inherent in decentralized command structures.

2. The Functional Division Model

This approach would divide military responsibilities by function rather than geography. For example:

- Homeland defense would be primarily managed by state and regional authorities
- Nuclear deterrence would remain under a specially constituted interstate authority with robust safeguards
- Conventional power projection would be managed through multilateral arrangements similar to NATO

- Cyber defense would be coordinated through specialized interstate agencies

This model's strength lies in its recognition that different military functions require different governance structures. Its weakness is the potential for confusion about jurisdictional boundaries and chain of command issues during crisis situations.

3. The Swiss/Nordic Hybrid Model

Drawing from the Swiss and Nordic defense models, this approach would combine a small professional military core with widespread civic participation in defense:

- Small standing professional forces maintained by interstate compacts
- Universal military service requirements administered at the state level
- Distributed weapons and equipment caches under local control
- Emphasis on territorial defense rather than power projection
- Strong integration of civilian and military leadership

This model prioritizes resilience over offensive capability, making it potentially suitable for a defederalized system concerned primarily with territorial defense rather than global power projection.

Nuclear Weapons in a Defederalized System

The most challenging aspect of military defederalization involves nuclear weapons. Several approaches merit consideration, none without significant drawbacks:

1. Interstate Nuclear Authority

A specially constituted interstate authority could assume responsibility for nuclear weapons, with multiple state governments sharing control through sophisticated command and consent mechanisms. This would require:

- Multi-state verification and authentication protocols
- Distributed physical control of weapons systems
- Redundant command centers across multiple jurisdictions
- Constitutional-level safeguards against unauthorized use

2. Negotiated Reduction or Elimination

A defederalization process could serve as the occasion for significant nuclear arms reduction through negotiated agreements with other nuclear powers. While complete elimination would face enormous practical challenges, substantial reductions could reduce the governance challenges associated with nuclear weapons.

3. International Custody Arrangements

The most radical approach would involve transferring custody of nuclear weapons to international authorities under strict verification protocols. This would represent an unprecedented step in international relations but might address both the internal governance challenges and external security concerns associated with nuclear weapons in a defederalized system.

Military Personnel: The Human Dimension

Any discussion of military restructuring must consider the human dimension—the approximately 1.4 million active duty personnel and 800,000 reservists who currently serve. These individuals swear an oath to the Constitution, not to any political party or region. Their professional identity is built around service to the nation as a whole.

In a defederalized system, military personnel would face profound questions about their institutional loyalties and professional futures. A thoughtful transition would need to address:

- Clear pathways for continued service in new structures
- Preservation of retirement benefits and service records
- Geographic considerations for personnel and families
- Continuity of professional military education
- Preservation of unit cohesion and traditions

The military community's response to defederalization would significantly influence its success. Military personnel generally exhibit strong institutional loyalty and commitment to constitutional principles. Their expertise and professionalism would be essential assets in navigating any transition, provided their concerns and values are respected.

The Path Forward: Principles for Military Defederalization

Given these complexities, what principles should guide military aspects of any defederalization strategy? Seven key principles emerge:

1. Constitutional Foundations

Any restructuring of military authority must be grounded in constitutional processes with clear lines of civilian control. Ad hoc arrangements or extra-constitutional measures would undermine both domestic legitimacy and international credibility.

2. Graduated Transition

Military defederalization would require careful sequencing over an extended timeframe. Critical capabilities must maintain operational continuity throughout any transition period.

3. Maintenance of International Obligations

Existing treaty commitments, including alliance obligations and arms control agreements, must be respected during any transition. Abrupt changes to these commitments would destabilize international security.

4. Professional Integrity

The professional integrity of military institutions must be preserved. This includes maintaining apolitical service cultures, professional education systems, and merit-based advancement.

5. Technical Competence

Complex military systems require high levels of technical competence for safe operation. Any restructuring must ensure that this expertise is preserved and enhanced.

6. Strategic Stability

Changes to command structures or force postures must not undermine strategic stability or create incentives for aggressive action by potential adversaries.

7. Democratic Accountability

New military governance structures must strengthen, not weaken, democratic accountability. This requires robust civilian oversight, transparency mechanisms, and constitutional safeguards.

Conclusion: The Inescapable Dilemma

The military dimensions of defederalization present what can only be described as an inescapable dilemma. The concentration of military power—especially nuclear capabilities—under potentially authoritarian federal control creates profound dangers. Yet the fragmentation of this power among regional authorities creates its own risks to strategic stability and effective defense.

This dilemma admits no perfect solution. Whatever arrangements emerge from any defederalization process will inevitably involve difficult tradeoffs between competing security imperatives. The goal cannot be perfection but rather managed imperfection—arrangements that acknowledge these tensions while minimizing their most dangerous manifestations.

For progressives contemplating defederalization strategies, military considerations may ultimately prove the most challenging aspect. The traditional progressive commitment to strong federal institutions has been rooted partly in the belief that only such institutions could maintain peace and security. Reconsidering this assumption in light of authoritarian threats to democracy requires intellectual and political courage.

The monopoly of legitimate violence remains government's most fundamental function. How this monopoly is structured in a defederalized America will determine not just national security but the very possibility of democratic governance. This is not merely a technical question but a profound moral and political challenge that goes to the heart of what kind of society we wish to be.

Frequently Asked Questions

The defederalized strategy represents a significant shift in progressive thinking. Here are answers to common questions about this approach.

Core Strategy Questions

Isn't this just admitting defeat?

This isn't about defeat—it's about strategic redirection. Progressives have spent decades pouring resources into federal politics with diminishing returns. Meanwhile, Democratic-led states have delivered tangible policy victories. This strategy isn't about giving up; it's about focusing on where progressive governance is currently possible.

Success isn't measured by where you fight battles but by whether you deliver meaningful improvements in people's lives. State-level action allows Democrats to demonstrate what progressive governance looks like in practice rather than just promising what it could be theoretically.

Won't this abandon people in conservative states?

This is a serious concern that requires a multifaceted response:

First, the defederalized strategy maintains defensive federal engagement to protect baseline rights. It's not about abandoning federal politics entirely, but redirecting offensive resources to more productive terrain.

Second, successful progressive states create demonstration effects. When states like California and Washington implement policies that deliver tangible benefits, it creates pressure on other states to adopt similar approaches.

Third, interstate compacts can be structured to allow later entry by additional states as political conditions change. As progressive policies prove successful, they become harder to resist even in conservative states.

Finally, state policies impact national standards through market mechanisms. When California sets strong environmental standards, manufacturers often adopt those standards nationwide rather than producing different products for different markets.

Doesn't this approach privilege those who already live in blue states?

To some extent, yes—and that's a feature, not a bug. When people see the concrete benefits of progressive governance in certain states, it creates both examples to emulate and competitive pressure on other states.

Throughout American history, policy innovation has often spread from state to state. Women's suffrage, minimum wage laws, marriage equality, and marijuana legalization all began in individual states before spreading more widely.

Additionally, the geographic sorting of Americans by political preference is already happening regardless of policy. The defederalized strategy acknowledges this reality and seeks to deliver tangible benefits to those in progressive states while creating models that can eventually spread.

Don't we need federal power for big challenges like climate change?

While federal action would be ideal for some challenges, state-based approaches have already proven remarkably effective:

- California's economy is larger than all but four countries globally, giving it tremendous market power
- Regional initiatives like the Northeast's Regional Greenhouse Gas Initiative have achieved significant emissions reductions
- Interstate climate compacts can achieve necessary scale for most climate policies
- States can enter international climate agreements, as California has done with Quebec and others

The reality is that waiting for federal climate action has resulted in decades of inaction, while state-level initiatives have delivered concrete progress.

Implementation Questions

How would Social Security and Medicare work at the state level?

State-based social insurance programs would work through several mechanisms:

1. **Block grants with minimum standards:** Federal funding could be redirected to states while maintaining baseline requirements.
2. **Interstate compacts:** States could create binding agreements to ensure portability, shared risk pools, and consistent administration.
3. **Enhanced benefits:** Progressive states could offer supplemental benefits beyond the federal minimum, similar to how states already supplement federal programs like SNAP.
4. **Gradual transition:** Programs could begin with supplemental benefits while maintaining the core federal structure, then gradually assume more responsibility as state capacity develops.

Washington state has already pioneered aspects of this approach with the WA Cares Fund, the first state-level long-term care insurance program.

Wouldn't this create a confusing patchwork of policies?

Not necessarily. Interstate compacts would standardize policies across participating states, while model legislation could ensure consistency where needed.

States already successfully coordinate in many policy areas without federal oversight. For example, the Driver License Compact ensures that traffic violations in one state affect your license in your home state.

Some policy variation would actually be beneficial, allowing for innovation and adaptation to local needs and preferences. This is the “laboratories of democracy” model that has driven policy innovation throughout American history.

How would this approach be funded?

Funding would come from several sources:

1. **Redirected federal funds:** Through block grants, waivers, and direct allocation.
2. **State tax revenues:** Progressive states could implement tax structures to support expanded programs.
3. **Multi-state financing mechanisms:** Interstate compacts could establish joint funding authorities and bond-issuing capabilities.
4. **Public banks and investment funds:** States could create public financial institutions to support progressive priorities.
5. **Efficiency gains:** State and regional administration could potentially reduce administrative costs compared to federal bureaucracy.

What about federal preemption of state authority?

This is a legitimate concern. Several approaches could address potential federal preemption:

1. **Defensive litigation:** Challenge preemption through the courts when it exceeds constitutional bounds.
2. **Carve-out legislation:** Seek specific congressional authorization for state innovation.
3. **Waiver expansion:** Utilize and expand existing waiver authorities in federal programs.
4. **Interstate compact approval:** Seek congressional consent for interstate compacts, which can override certain preemption concerns.
5. **Creative policy design:** Structure programs to avoid direct conflict with federal authority.

Political Questions

Would this approach alienate moderate voters?

On the contrary, the defederalized strategy is inherently moderate in its approach. It relies on existing constitutional mechanisms, respects state sovereignty, and focuses on concrete benefits rather than abstract ideological battles.

Most Americans, regardless of political affiliation, want government that delivers tangible improvements in their lives. This approach allows reform advocates to demonstrate their ability to govern effectively rather than just argue about it.

How would this work with the Democratic Party's national structure?

Reform movements would need to rebalance their focus and resources:

1. **State party investment:** Significantly increase funding and staffing for state parties.
2. **Coordinated campaign redesign:** Structure campaigns to prioritize state and local races.
3. **Talent pipeline reorientation:** Direct promising political talent toward state governance.
4. **Policy development reallocation:** Shift resources from federal policy development to state implementation challenges.
5. **Messaging coordination:** Develop narratives that connect state achievements to national values.

This isn't about dismantling national structures but redirecting them toward more productive strategies.

Won't Republicans just copy this strategy?

In many ways, they already have. Republicans have effectively used state power to advance their priorities for decades, from tax policy to abortion restrictions to voting laws.

The difference is that Democrats have continued to focus primarily on federal politics despite diminishing returns, while Republicans have built durable power at the state level.

The defederalized strategy isn't about inventing a new approach—it's about learning from what has already proven effective.

Long-Term Questions

Is this a permanent strategic shift or a temporary response?

It's both. In the near term, it's a pragmatic response to structural barriers at the federal level. But it also represents a principled recognition that progressive governance should be built from the ground up rather than imposed from the top down.

Even if federal structural reform eventually becomes possible, a more balanced approach to federal and state power would still benefit reform advocates. Democratic governance is inherently stronger when it's closer to the people it serves.

Could this approach eventually lead to federal reform?

Yes, through several pathways:

1. **Demonstration effects:** Successful state policies creating pressure for federal adoption.
2. **Shifting political dynamics:** As progressive states demonstrate effective governance, voting patterns may shift.
3. **Coalition building:** State-level victories can build broader support for progressive policies.
4. **New leadership:** State governance experience developing leaders for federal roles.
5. **Structural momentum:** As interstate institutions develop, they could eventually reshape federal-state relationships.

The most significant federal reforms in American history have often built upon successful state experimentation.

What's the ultimate vision here?

The ultimate vision is a more democratic, responsive, and effective system of governance that delivers real world improvements regardless of federal gridlock.

Rather than a top-down model of change that depends on rare federal breakthroughs, this approach builds governance from the ground up through the institutions where it can currently succeed.

In doing so, it creates models that demonstrate what good governance looks like in practice, building support through tangible results rather than abstract promises.

This isn't just a defensive strategy—it's an affirmative vision for how progressive values can shape American governance even in an era of federal dysfunction.

Additional Resources

There are many works covering different aspects of defederalization and interstate cooperation - here are few of interest.

Recommended Reading

On Interstate Compacts and Regional Governance

- **“The Evolving Law and Use of Interstate Compacts, Second Edition”** by Jeffrey B. Litwak The definitive legal guide to interstate compact development, implementation, and enforcement.
- **National Center for Interstate Compacts** Organization dedicated to assisting states with implementing interstate agreements.
<https://compacts.csg.org/>
- **“Interstate Cooperation: Compacts and Administrative Agreements”** by Joseph F. Zimmerman Historical analysis of successful interstate cooperation mechanisms and their outcomes.
- **“Networked Governance: The Future of Intergovernmental Management”** by Jack W. Meek and Kurt Thurmaier Framework for understanding how networks of state and local governments can coordinate effectively.

On Progressive State Policy Implementation

- **“The Laboratories of Democracy: A New Breed of Governor Creates Models for National Growth”** by David Osborne Classic text on how innovative governors transformed state policy in ways that eventually influenced national approaches.
- **“The Progressive’s Guide to Raising Hell: How to Win Grassroots Campaigns, Pass Ballot Box Laws, and Get the Change We Voted For”** by Jamie Court Tactical guide to advancing progressive priorities through state-level activism.

- **“State of Innovation: The U.S. Government’s Role in Technology Development”** by Fred Block and Matthew R. Keller Analysis of how state governments have successfully driven innovation policy.

On Federal Structural Challenges

- **“Democracy in America? What Has Gone Wrong and What We Can Do About It”** by Benjamin I. Page and Martin Gilens Empirical analysis of how the federal system has become increasingly unresponsive to public opinion.
- **“It’s Even Worse Than It Looks: How the American Constitutional System Collided With the New Politics of Extremism”** by Thomas E. Mann and Norman J. Ornstein Examination of how partisan polarization has transformed the federal legislative process.
- **“Breaking the Two-Party Doom Loop: The Case for Multiparty Democracy in America”** by Lee Drutman Analysis of how structural constraints in the federal system reinforce two-party polarization.

Digital Resources

Several organizations provide ongoing research and analysis relevant to the defederalized strategy:

- **State Innovation Exchange (SiX)**: Network connecting progressive state legislators across the country
- **National Conference of State Legislatures (NCSL)**: Bipartisan organization providing research and technical assistance to state legislators
- **Council of State Governments (CSG)**: Organization supporting state officials in developing effective policy
- **Rockefeller Institute of Government**: Research center focused on state policy innovation
- **Multistate Associates**: Resource for tracking state policy developments and trends

Policy Toolkits

For those interested in implementing specific aspects of the defederalized strategy, the following toolkits provide practical guidance:

- **State Healthcare Innovation Models:** Templates for state-based healthcare system design
- **Interstate Compact Development Guide:** Step-by-step process for creating new interstate agreements
- **Progressive State Tax Policy Toolkit:** Models for equitable state revenue systems
- **State Climate Policy Handbook:** Implementation guides for state-level climate initiatives
- **Defensive Litigation Strategies for State Authority:** Legal frameworks for protecting state policy innovation

Data Resources

Effective state-based strategies require robust data. The following resources provide essential metrics:

- **State Economic Data Dashboards:** Tracking economic performance of different state policy models
- **State Policy Impact Trackers:** Measuring outcomes of progressive state initiatives
- **Interstate Migration Monitors:** Analyzing population movement between states with different policy regimes
- **State Fiscal Health Indicators:** Assessing sustainability of different state funding approaches
- **Policy Diffusion Networks:** Mapping how policies spread between states

These resources can help policymakers, advocates, and citizens translate the defederalized strategy into concrete action in their states.

A New Progressive Vision: Democracy Where It Works

The core thesis of this book is both pragmatic and radical: the path to progressive change increasingly runs through state capitals, not Washington DC.

This isn't an admission of defeat—it's a recognition of reality. It's a strategic pivot toward political terrain where reform advocates can actually win and deliver on their promises.

The Case for Defederalization

The evidence supporting this approach is overwhelming:

Structural barriers at the federal level are getting worse, not better. The Senate's small-state bias, the filibuster, the conservative Supreme Court, partisan gerrymandering, and the Electoral College create a system where progressive priorities face nearly insurmountable obstacles.

State-level success stories abound. From climate action to healthcare expansion, from minimum wage increases to voting rights protections, Democratic-led states are delivering progressive policies that remain pipe dreams in Washington.

Federal programs face unprecedented threats. As agencies like the Department of Education and USAID face mass layoffs and possible dismantling, the need to create state-based alternatives has never been more urgent.

Interstate compacts provide constitutional mechanisms for regional coordination. States can work together to achieve the scale and impact needed for transformative change without federal approval.

Public opinion supports state autonomy. Polling consistently shows Americans across the political spectrum support greater state authority on many issues—though for different reasons, this represents a potential convergence of interests.

Shifting Resources and Focus

For this strategy to succeed, reform advocates must redirect resources and attention:

1. Financial Resources

Democrats spend billions on federal elections that deliver minimal policy returns. Redirecting even a portion of this spending to state races would dramatically increase progressive governing power:

- State legislative races often hinge on a few thousand votes
- State election costs are a fraction of federal campaigns
- Dollar-for-dollar impact is substantially higher at the state level

2. Talent and Expertise

The progressive movement concentrates its best minds on federal policy:

- Think tanks focus primarily on federal solutions
- Law school graduates gravitate toward federal employment
- Policy experts develop federal reform proposals
- Advocacy organizations prioritize federal lobbying

This talent needs to be redirected toward state governance challenges.

3. Media Attention

Progressive media fixates on federal politics while giving minimal coverage to state developments:

- Hours of coverage devoted to congressional procedural minutiae
- Minimal reporting on state legislative sessions
- Little analysis of state policy innovations
- Scarce attention to interstate cooperation efforts

This imbalance reinforces the federal-centric mindset and must be corrected.

4. Messaging and Framing

Democrats must develop new frameworks for discussing this strategic pivot:

- Present state action as forward-looking progress, not defensive retreat
- Highlight concrete benefits to citizens of progressive states
- Connect local issues to broader progressive values
- Emphasize the constitutional legitimacy of state authority

The Three Horizons of Implementation

The defederalized strategy unfolds across three time horizons:

Immediate Term (Next 2-4 Years)

- Prioritize gubernatorial and state legislative races in the 2026 elections
- Direct resources to states where reform advocates have near-majorities
- Begin policy development for state-based alternatives to vulnerable federal programs
- Launch interstate working groups on healthcare, climate, and civil rights
- Build coalitions with state-level stakeholders

Medium Term (5-8 Years)

- Implement state-based versions of Social Security, Medicare, and Medicaid in reform-minded states
- Establish and expand interstate compacts in key policy domains
- Develop regional financing mechanisms for progressive priorities
- Create institutional infrastructure for interstate coordination
- Demonstrate tangible benefits to citizens in participating states

Long Term (10+ Years)

- Build a new model of progressive federalism based on interstate cooperation
- Create durable interstate institutions with dedicated funding streams
- Demonstrate successful governance models that could eventually be adopted nationally
- Reshape the federal-state relationship to favor state autonomy with interstate coordination
- Establish a more democratic and responsive system of governance

What This Means for Progressive Citizens

For individual progressive citizens, this strategic shift has immediate implications:

Where you live matters more than ever. The benefits of living in a progressive state—from healthcare access to environmental protection, from labor rights to civil liberties—will grow increasingly significant.

State and local engagement becomes essential. School boards, city councils, and state legislatures will increasingly determine your quality of life and the protection of your rights.

Interstate employment opportunities will expand. As states build new governance capacity, they will need talented individuals committed to progressive governance.

Federal elections remain defensively important. While the offensive focus shifts to states, defensive battles at the federal level remain crucial to prevent further retrenchment.

A New Kind of American Experiment

The United States was designed as a federal system—a union of states with divided sovereignty. Over time, power has increasingly concentrated in Washington, but the constitutional framework for state authority remains intact.

The defederalized strategy reclaims this original vision but with a progressive twist. Instead of using states' rights to restrict freedoms, it employs state power to expand rights, opportunities, and protections.

In doing so, it creates space for a new kind of American experiment—one where progressive states can demonstrate what good governance looks like, where interstate cooperation can solve problems that transcend borders, and where citizens can experience the tangible benefits of progressive policies in their daily lives.

This approach isn't perfect. It will leave citizens in conservative states with fewer protections. It will create new challenges of interstate coordination. It will require difficult transitions for federal programs.

But in a system increasingly incapable of responding to reform demands at the federal level, it offers the most viable path forward—not just to defend against retrenchment, but to build the society we want to see.

The choice before reform advocates is clear: continue pursuing federal breakthroughs that become more elusive with each passing year, or pivot toward state power where reform governance is already delivering results.

The defederalized approach chooses the latter—not out of despair, but out of determination to build a more just, sustainable, and democratic future by whatever constitutional means necessary.

Suggested Reading

For those interested in exploring these ideas further, I recommend the following resources:

On Federalism and State Power

- *The Divided States of America: Why Federalism Doesn't Work* by Donald F. Kettl
- *Financing State and Local Governments* by J. Richard Aronson
- *How the States Got Their Shapes* by Mark Stein

On Interstate Compacts

- *Interstate Cooperation: Compacts and Administrative Agreements* by Joseph F. Zimmerman

On Progressive State Governance

- *The Laboratories of Democracy: A New Breed of Governor Creates Models for National Growth* by David Osborne
- *The Moral Commonwealth: Social Theory and the Promise of Community* by Philip Selznick
- *State of Innovation* by Fred Block and Matthew R. Keller
- *The Progressive's Guide to Raising Hell* by Jamie Court

On Structural Reform

- *Democracy in America? What Has Gone Wrong and What We Can Do About It* by Benjamin I. Page and Martin Gilens
- *Constitutional Dysfunction on Trial: Congressional Gridlock and the Public Trust* by Jasmine Farrier
- *It's Even Worse Than It Looks: How the American Constitutional System Collided With the New Politics of Extremism* by Thomas E. Mann and Norman J. Ornstein
- *Breaking the Two-Party Doom Loop: The Case for Multiparty Democracy in America* by Lee Drutman

Citation Links

Many of the citations in this book feature links. Unfortunately, the direct links to the subject material are often long and unwieldy, so instead links to the main webpage are provided instead.

If you wish to see the full link, check out <https://axmoss.com/defederalized-links/> - just search for the text and you should be all set.

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