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## Magruder's American Government

#### <u>CHAPTER 11</u> Powers of Congress

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# Powers of Congress

**SECTION 1** The Scope of Congressional Powers

**SECTION 2** The Expressed Powers of Money and Commerce

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# The Expressed Powers of Money and Commerce

- What powers does Congress have to tax?
- How does Congress use its power to borrow money?
- How important is Congress's commerce power?
- Why did the Framers give Congress the power to issue currency?
- How does the bankruptcy power work?









### Vocabulary

- Commerce Power Power over trade and business
- Currency money
- Framers the people who wrote the Constitution, Founding Fathers
- **Bankruptcy** When people cannot pay their debts they can declare bankruptcy and the government will help them come up with a plan to become debt free.









#### **The Power To Tax**

The Constitution gives Congress the power:

"To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States...."

## -Article I, Section 8, Clause 1







### **Limits on the Taxing Power**

A tax is a charge levied by government on persons or property to meet public needs.

The Constitution places four limits on Congress's power to tax:

(1) Congress may tax only for public purposes, not for private benefit.	(2) Congress may not tax exports.
(3) Direct taxes must be apportioned among the States, according to their populations.	(4) Indirect taxes must be levied at a uniform rate in all parts of the country.

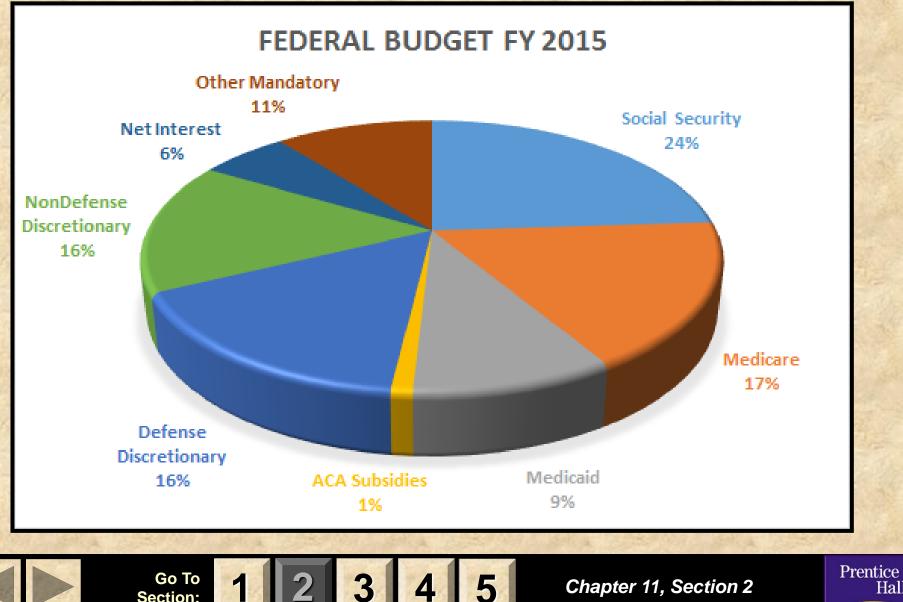


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### **The Borrowing Power**

- Article I, Section 8, Clause 2 gives Congress the power "[t]o borrow Money on the credit of the United States."
- **Deficit financing** is the practice of spending more money than received in revenue and borrowing to make up the difference.
- The public debt is all of the money borrowed by the government over the years and not yet repaid, plus the accumulated interest on that money.









#### **The Commerce Power**

The **commerce power**—the power of Congress to regulate interstate and foreign trade—is granted in the Commerce Clause of the Constitution.

The Constitution places four limits on Congress's use of the commerce power:	
(1) Congress cannot tax exports.	(2) Congress cannot favor the ports of one State over those of any other in the regulation of trade.
<ul> <li>(3) Congress cannot require that</li> <li>"Vessels bound to, or from, one</li> <li>State, be obliged to enter, clear or</li> <li>pay Duties in another."</li> </ul>	(4) Congress could not interfere with the slave trade (through 1808).



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## **The Currency and Bankruptcy Powers**

#### **The Currency Power**

- Article I, Section 8, Clause 5 gives Congress the power "[t]o coin Money [and] regulate the value thereof."
- Legal tender is any kind of money that a creditor must by law accept in payment for debts.

#### The Bankruptcy power

- Article I, Section 8, Clause 4 gives Congress the power "[t]o establish...uniform Laws on the subject of Bankruptcies throughout the United States."
- **Bankruptcy** is the legal proceeding in which the bankrupt person's assets are distributed among those to whom a debt is owed.



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#### **Section 2 Review**

#### 1. Which of the following is a limit on Congress's power to tax?

- (a) only being allowed to tax for private purposes
- (b) not being allowed to tax imports
- (c) apportioning all direct taxes equally among the States based on population
- (d) only being allowed to tax businesses

#### 2. The commerce power gives Congress the right to

- (a) regulate interstate and foreign trade.
- (b) establish proceedings for bankruptcies.
- (c) practice deficit financing.
- (d) create a national currency.

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