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# United States Citizenship

**Naturalization**

Naturalization (or naturalisation) is the legal act or process by which a non-citizen in a country may acquire [citizenship](https://en.wikipedia.org/wiki/Citizenship) or [nationality](https://en.wikipedia.org/wiki/Nationality) of that country.[[1]](https://en.wikipedia.org/wiki/Naturalization#cite_note-1101(a)(23)-1) It may be done automatically by a [statute](https://en.wikipedia.org/wiki/Statute), i.e., without any effort on the part of the individual, or it may involve an [application](https://en.wikipedia.org/wiki/Petition) or a [motion](https://en.wikipedia.org/wiki/Motion_%28legal%29) and approval by legal authorities.[[2]](https://en.wikipedia.org/wiki/Naturalization#cite_note-requirements_of_naturalization-2) The rules of naturalization vary from country to country but typically include a promise to obeying and upholding that country's laws,[[3]](https://en.wikipedia.org/wiki/Naturalization#cite_note-U.S._citizenship-3) taking and subscribing to the [oath of allegiance](https://en.wikipedia.org/wiki/Oath_of_allegiance), and may specify other requirements such as a minimum legal [residency](https://en.wikipedia.org/wiki/Permanent_residency) and adequate knowledge of the national dominant language or culture. To counter [multiple citizenship](https://en.wikipedia.org/wiki/Multiple_citizenship), most countries require that applicants for naturalization renounce any other citizenship that they currently hold, but whether this renunciation actually causes [loss of original citizenship](https://en.wikipedia.org/wiki/Loss_of_citizenship), as seen by the host country and by the original country, will depend on the laws of the countries involved.

The massive increase in population flux due to [globalization](https://en.wikipedia.org/wiki/Globalization) and the sharp increase in the numbers of [refugees](https://en.wikipedia.org/wiki/Refugee) following [World War I](https://en.wikipedia.org/wiki/World_War_I) created a large number of [stateless persons](https://en.wikipedia.org/wiki/Stateless_person), people who were not citizens of any state. In some rare cases, laws for mass naturalization were passed. As naturalization laws had been designed to cater for the relatively few people who had voluntarily moved from one country to another (expatriates), many western democracies were not ready to naturalize large numbers of people. This included the massive influx of stateless people which followed massive denationalizations and the expulsion of [ethnic minorities](https://en.wikipedia.org/wiki/Ethnic_minority) from newly created [nation states](https://en.wikipedia.org/wiki/Nation_states) in the first part of the 20th century, but they also included the mostly [aristocratic](https://en.wikipedia.org/wiki/Aristocracy_%28class%29) [Russians](https://en.wikipedia.org/wiki/History_of_Russia) who had escaped the 1917 [October Revolution](https://en.wikipedia.org/wiki/October_Revolution) and the [war communism](https://en.wikipedia.org/wiki/War_communism) period, and then the [Spanish refugees](https://en.wikipedia.org/wiki/Spanish_Civil_War). As [Hannah Arendt](https://en.wikipedia.org/wiki/Hannah_Arendt) pointed out, [internment camps](https://en.wikipedia.org/wiki/Internment_camps) became the "only nation" of such stateless people, since they were often considered "undesirable" and were stuck in an illegal situation, wherein their country had expelled them or deprived them of their nationality, while they had not been naturalized, thus living in a judicial [no man's land](https://en.wikipedia.org/wiki/No_man%27s_land).

Since [World War II](https://en.wikipedia.org/wiki/World_War_II), the increase in [international migrations](https://en.wikipedia.org/wiki/Human_migration) created a new category of migrants, most of them [economic migrants](https://en.wikipedia.org/wiki/Economic_migrants). For economic, political, humanitarian and pragmatic reasons, many states passed laws allowing a person to acquire their citizenship after birth, such as by marriage to a national – [*jus matrimonii*](https://en.wikipedia.org/wiki/Jus_matrimonii) – or by having ancestors who are nationals of that country, in order to reduce the scope of this category. However, in some countries this system still maintains a large part of the immigrant population in an illegal status, albeit with some massive regularizations, for example, in Spain by [José Luis Zapatero](https://en.wikipedia.org/wiki/Jos%C3%A9_Luis_Rodr%C3%ADguez_Zapatero)'s government and in Italy by [Berlusconi](https://en.wikipedia.org/wiki/Silvio_Berlusconi)'s government.

Denaturalization

*Main article:*[*Loss of citizenship*](https://en.wikipedia.org/wiki/Loss_of_citizenship)

Denaturalization is the reverse of naturalization, when a state deprives one of its citizens of his or her [citizenship](https://en.wikipedia.org/wiki/Citizenship). From the point of view of the individual, denaturalization means [revocation](https://en.wikipedia.org/wiki/Revocation) or [loss of citizenship](https://en.wikipedia.org/wiki/Loss_of_citizenship). Denaturalization can be based on various legal justifications. The most severe form is the "stripping of citizenship" when denaturalization takes place as a penalty for actions considered criminal by the state, often only indirectly related to nationality, for instance for having served in a foreign military. In countries that enforce [single citizenship](https://en.wikipedia.org/wiki/Multiple_citizenship), voluntary naturalization in another country will lead to an automatic loss of the original citizenship; the language of the law often refers to such cases as "giving up one's citizenship" or (implicit) [renunciation of citizenship](https://en.wikipedia.org/wiki/Renunciation_of_citizenship). In another case, affecting only foreign-born citizens, denaturalization can refer to the loss of citizenship by an [annulment](https://en.wikipedia.org/wiki/Annulment) of naturalization, also known as "administrative denaturalization" where the original act of naturalization is found to be invalid, for instance due to an [administrative error](https://en.wikipedia.org/wiki/Administrative_Error) or if it had been based on [fraud](https://en.wikipedia.org/wiki/Fraud) (including [bribery](https://en.wikipedia.org/wiki/Bribery)). In the US, the [Bancroft Treaties](https://en.wikipedia.org/wiki/Bancroft_Treaties) in the 19th century regulated legislation concerning denaturalization.

In 2010,[[89]](https://en.wikipedia.org/wiki/Naturalization#cite_note-89) the U.S. government launched a program (*Operation Janus*) “to prevent aliens who received a final removal order under a different identity from obtaining immigration benefits”.[[90]](https://en.wikipedia.org/wiki/Naturalization#cite_note-snopes-2018-07-12-90) In January 2018, for the first time, a denaturalization was performed as a result of this program,[[91]](https://en.wikipedia.org/wiki/Naturalization#cite_note-91) and a further program (*Operation Second Look*) was initiated by the [HSI](https://en.wikipedia.org/wiki/Homeland_Security_Investigations) specifically to address leads received from Operation Janus. In June 2018, UCSIS announced an increase of the efforts to detect fraudulent naturalization cases, aiming at the revocation of the citizenship of individuals who had applied under false pretense.[[90]](https://en.wikipedia.org/wiki/Naturalization#cite_note-snopes-2018-07-12-90)

Before World War I

In the United States, the proposed, but never ratified, [Titles of Nobility amendment](https://en.wikipedia.org/wiki/Titles_of_Nobility_amendment) of 1810 would revoke the American citizenship of anyone who would "accept, claim, receive or retain, any title of nobility" or who would receive any gifts or honors from a foreign power.

Between World Wars

Before [World War I](https://en.wikipedia.org/wiki/World_War_I), only a small number of countries had laws governing denaturalization that could be enforced against citizens guilty of "lacking [patriotism](https://en.wikipedia.org/wiki/Patriotism)". Such denaturalized citizens became [stateless persons](https://en.wikipedia.org/wiki/Stateless_person). During and after the war, most European countries passed amendments to revoke naturalization.[[92]](https://en.wikipedia.org/wiki/Naturalization#cite_note-Arendt-92)

In [*Homo Sacer: Sovereign Power or Bare Life*](https://en.wikipedia.org/wiki/Homo_Sacer) (1998), philosopher [Giorgio Agamben](https://en.wikipedia.org/wiki/Giorgio_Agamben) mentioned a number of denaturalization laws that were passed after World War I by most European countries:

It is important to note that starting with the period of World War I, many European states began to introduce laws which permitted their own citizens to be denaturalized and denationalized. The first was France, in 1915, with regard to naturalized citizens of "enemy" origins; in 1922 the example was followed by Belgium, which revoked the naturalization of citizens who had committed "anti-national" acts during the war; in 1926 the Fascist regime in Italy passed a similar law concerning citizens who had shown themselves to be "unworthy of Italian citizenship"; in 1933 it was Austria's turn, and so forth, until in 1935 the [Nuremberg Laws](https://en.wikipedia.org/wiki/Nuremberg_Laws) divided German citizens into full citizens and citizens without political rights. These laws—and the mass statelessness that ensued—mark a decisive turning point in the life of the modern nation-state and its definitive emancipation from the naive notions of "people" and "citizen"

The 1915 French denaturalization law applied only to naturalized citizens with "enemy origins" who had kept their original nationality. Later under [Raymond Poincaré](https://en.wikipedia.org/wiki/Raymond_Poincar%C3%A9)'s government, another law was passed in 1927 which entitled the government to denaturalize any new citizen who committed acts contrary to the [national interest](https://en.wikipedia.org/wiki/National_interest).

In 1916, Portugal passed a law which automatically denaturalized all citizens born to a German father.

In 1922, Belgium enacted a law revoking the naturalization of persons accused of having committed "antinational acts" during the war; this was supplemented in 1934 by a new decree against people "in dereliction of their duties as Belgian citizens."

After 1926 in Italy, people who were deemed not to deserve the Italian citizenship or who were considered to represent a threat to the [public order](https://en.wikipedia.org/wiki/Public_order) could lose their naturalization.

Egypt in 1926 and Turkey in 1928 enacted laws authorizing denaturalization of any person threatening the public order. Austria passed a similar law in 1933 by which it could denaturalize any citizen who participated in a hostile action against the state. Russia also passed several similar decrees after 1921.[[92]](https://en.wikipedia.org/wiki/Naturalization#cite_note-Arendt-92)

In 1933, [Nazi Germany](https://en.wikipedia.org/wiki/Nazi_Germany) passed a law authorizing it to denaturalize any person "living abroad" and began restricting the citizenship rights of naturalized citizens of Jewish origin, followed in 1935 by citizens by birth on the basis of the [Nuremberg laws](https://en.wikipedia.org/wiki/Nuremberg_laws).

During [Vichy France](https://en.wikipedia.org/wiki/Vichy_France), 15,000 persons, mostly Jews, were denaturalized (between June 1940 and August 1944), following the setting up, in July 1940, of a Commission charged of revision of naturalizations since the 1927 reform of the nationality law.[[93]](https://en.wikipedia.org/wiki/Naturalization#cite_note-93)

After World War II

*See also:*[*List of denaturalized former citizens of the United States*](https://en.wikipedia.org/wiki/List_of_denaturalized_former_citizens_of_the_United_States)

Loss of U.S. citizenship was a consequence of foreign military service based on Section 349(a)(3) of the Immigration and Nationality Act until its provisions were found unconstitutional by the Supreme Court in 1967 in [*Afroyim v. Rusk*](https://en.wikipedia.org/wiki/Afroyim_v._Rusk).[[94]](https://en.wikipedia.org/wiki/Naturalization#cite_note-94)[[95]](https://en.wikipedia.org/wiki/Naturalization#cite_note-95)

[Yaser Esam Hamdi](https://en.wikipedia.org/wiki/Yaser_Esam_Hamdi) was a U.S. citizen captured in Afghanistan in 2001. He was fighting against U.S. and [Afghan Northern Alliance](https://en.wikipedia.org/wiki/Afghan_Northern_Alliance) forces, siding with the [Taliban](https://en.wikipedia.org/wiki/Taliban). He was named by the Bush administration as an [illegal enemy combatant](https://en.wikipedia.org/wiki/Illegal_enemy_combatant), and militarily detained in the country for almost three years without receiving any charges. On September 23, 2004, the [U.S. Justice Department](https://en.wikipedia.org/wiki/U.S._Justice_Department) agreed to release Hamdi to Saudi Arabia on the condition that he give up his U.S. citizenship, though since it was done under duress it is possible that he can later reclaim it.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

## History of laws concerning immigration and naturalization in the United States

This is the history of laws concerning [**immigration and naturalization in the United States**](https://en.wikipedia.org/wiki/Immigration_to_the_United_States). Immigration is distinct from naturalization. For the first century of the United States' history, immigration to the country was unrestricted. Anyone could move into the United States, start a new life, pay taxes, participate in military service and conduct business. However, while the United States had an "open-borders" policy for the first century of its existence, it had very clear naturalization laws from the first years of its existence. Anyone who wanted to vote or hold elective office had to be naturalized. That is, anyone could immigrate in, but only those who went through the naturalization process and became a citizen could vote or hold elective office.

This set of policies, in which open immigration was permitted, but naturalization was tightly controlled, persisted until the 1870s and 1880s, when growing support for eugenics eventually drove the US government to adopt immigration laws. These laws were intended to end the open immigration policy which the Founding Fathers had permitted, in favor of preventing "racial taint" from immigrants who entered from undesirable countries.

**18th century[[edit](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=1" \o "Edit section: 18th century)]**

The [United States Constitution](https://en.wikipedia.org/wiki/United_States_Constitution) was adopted on September 17, 1787. [Article I, section 8, clause 4](https://en.wikipedia.org/wiki/Article_I_of_the_US_Constitution#Enumerated_powers) of the Constitution expressly gives the [United States Congress](https://en.wikipedia.org/wiki/United_States_Congress) the power to establish a uniform rule of [naturalization](https://en.wikipedia.org/wiki/Naturalization).[[1]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-1)

Pursuant to this power, Congress in 1790 passed the first naturalization law for the United States, the [Naturalization Act of 1790](https://en.wikipedia.org/wiki/Naturalization_Act_of_1790). The law enabled those who had resided in the country for two years and had kept their current state of residence for a year to apply for citizenship. However it restricted naturalization to "free white persons" of "[good moral character](https://en.wikipedia.org/wiki/Good_moral_character)".

The [Naturalization Act of 1795](https://en.wikipedia.org/wiki/Naturalization_Act_of_1795) increased the residency requirement to five years residence and added a requirement to give a three years notice of intention to apply for citizenship

The [Naturalization Act of 1798](https://en.wikipedia.org/wiki/Naturalization_Act_of_1798) further increased the residency requirement to 14 years and required five years notice of intent to apply for citizenship.

**19th century[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=2)**]**

The [Naturalization Law of 1802](https://en.wikipedia.org/wiki/Naturalization_Law_of_1802) repealed and replaced the Naturalization Act of 1798.

The [Fourteenth Amendment](https://en.wikipedia.org/wiki/Fourteenth_Amendment_to_the_United_States_Constitution), based on the Civil Rights Act of 1866, was passed in 1868 to provide citizenship for former slaves. The 1866 Act read, "That all persons born in the United States and not subject to any foreign power, excluding Indians not taxed, are hereby declared to be citizens of the United States; and such citizens, of every race and color, without regard to any previous condition of slavery or involuntary servitude" shall have the same rights "as is enjoyed by white citizens." The phrase in the Fourteenth Amendment reversed the conditional clause to read: "All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside." This was applied by the Supreme Court in the 1898 case [*United States v. Wong Kim Ark*](https://en.wikipedia.org/wiki/United_States_v._Wong_Kim_Ark) to deal with the child of Chinese citizens who were legally resident in the U.S. at the time of his birth, with exceptions such as for the children of diplomats and American Indians. See the articles [*jus soli*](https://en.wikipedia.org/wiki/Jus_soli) (birthplace) and [*jus sanguinis*](https://en.wikipedia.org/wiki/Jus_sanguinis) (bloodline) for further discussion.

In 1870, the law was broadened to allow [blacks](https://en.wikipedia.org/wiki/African_Americans) to be naturalized.[[2]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-2) [Asian](https://en.wikipedia.org/wiki/Asia) immigrants were excluded from naturalization but not from living in the United States. There were also significant restrictions on some Asians at the state level; in [California](https://en.wikipedia.org/wiki/California), for example, non-citizen Asians were not allowed to own land.

After the immigration of 123,000 [Chinese](https://en.wikipedia.org/wiki/China) in the 1870s, who joined the 105,000 who had immigrated between 1850 and 1870, Congress passed the [Chinese Exclusion Act](https://en.wikipedia.org/wiki/Chinese_Exclusion_Act_%28United_States%29) in 1882 which limited further Chinese immigration. Chinese had immigrated to the Western United States as a result of unsettled conditions in China, the availability of jobs working on railroads, and the [Gold Rush](https://en.wikipedia.org/wiki/Gold_Rush) that was going on at that time in California. The expression "[Yellow Peril](https://en.wikipedia.org/wiki/Yellow_Peril)" became popular at this time.

The act excluded Chinese laborers from immigrating to the United States for ten years and was the first immigration law passed by Congress. Laborers in the United States and laborers with work visas received a certificate of residency and were allowed to travel in and out of the United States. Amendments made in 1884 tightened the provisions that allowed previous immigrants to leave and return, and clarified that the law applied to ethnic Chinese regardless of their country of origin. The act was renewed in 1892 by the [Geary Act](https://en.wikipedia.org/wiki/Geary_Act) for another ten years, and in 1902 with no terminal date.

It was repealed in 1943, although large scale Chinese immigration did not occur until 1965.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

**20th century[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=3)**]**

The [Empire of Japan](https://en.wikipedia.org/wiki/Japan)'s State Department negotiated the so-called [Gentlemen's Agreement](https://en.wikipedia.org/wiki/Gentlemen%27s_Agreement_of_1907) in 1907, a protocol where Japan agreed to stop issuing passports to its citizens who wanted to emigrate to the United States. In practice, the Japanese government compromised with its prospective emigrants and continued to give passports to the Territory of Hawaii where many Japanese resided.

Once in [Hawaii](https://en.wikipedia.org/wiki/Hawaii), it was easy for the Japanese to continue on to Japanese settlements on the west coast if they so desired. In the decade of 1901 to 1910, 129,000 Japanese immigrated to the United States or Hawaii; nearly all were males and on five-year work contracts and 117,000 more came in the decades from 1911 to 1930. How many of them stayed and how many returned at the end of their contracts is unknown but it is estimated that about one-half returned. Again this immigrant flow was at least 80% male and the demand for female Japanese immigrants almost immediately arose. This need was met in part by what are called "postcard wives" who immigrated to new husbands who had chosen them on the basis of their pictures (similar marriages also occurred in nearly all cultures throughout the female-scarce west). The Japanese government finally quit issuing passports to the Territory of Hawaii for single women in the 1920s.

Congress also banned persons because of poor health or lack of education. An 1882 law banned entry of "lunatics" and infectious disease carriers. After President [William McKinley](https://en.wikipedia.org/wiki/William_McKinley) was [assassinated](https://en.wikipedia.org/wiki/Assassination_of_William_McKinley) by an anarchist of immigrant parentage, Congress enacted the Anarchist Exclusion Act in 1901 to exclude known anarchist agitators.[[3]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-3) A literacy requirement was added in the [Immigration Act of 1917](https://en.wikipedia.org/wiki/Immigration_Act_of_1917).

In 1921 the United States Congress passed the [Emergency Quota Act](https://en.wikipedia.org/wiki/Emergency_Quota_Act), which established national immigration quotas. The quotas were based on the number of foreign-born residents of each nationality who were living in the United States as of the 1910 census.

The crucial 1923 Supreme Court case [*United States v. Bhagat Singh Thind*](https://en.wikipedia.org/wiki/United_States_v._Bhagat_Singh_Thind) created the official stance to classify South Asian [Indians](https://en.wikipedia.org/wiki/Indian_people) as non-white, which at the time allowed Indians who had already been naturalized to be retroactively stripped of their citizenship after prosecutors argued that they had gained their citizenship illegally.[[4]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-4) The [California Alien Land Law of 1913](https://en.wikipedia.org/wiki/California_Alien_Land_Law_of_1913), overturned in 1952 by the holding in Sei Fujii v. California, 38 Cal. 2d 718, and other similar laws [prohibited aliens from owning land](https://en.wikipedia.org/wiki/Alien_land_laws) property, thus effectively stripping [Indian Americans](https://en.wikipedia.org/wiki/Indian_Americans) of land rights. While the decision was placating [Asiatic Exclusion League](https://en.wikipedia.org/wiki/Asiatic_Exclusion_League) (AEL) demands, spurned by growing outrage at the Turban Tide/Hindoo Invasion [sic] alongside the pre-existing outrage at the "[Yellow Peril](https://en.wikipedia.org/wiki/Yellow_Peril)", and while more recent legislation influenced by the civil-rights movement has removed much of the statutory discrimination against Asians, no case has overturned this 1923 classification.

A more complex quota plan, the [National Origins Formula](https://en.wikipedia.org/wiki/National_Origins_Formula), replaced this "emergency" system under the [Immigration Act of 1924](https://en.wikipedia.org/wiki/Immigration_Act_of_1924) (Johnson-Reed Act). The reference census used was changed to that of 1890, which greatly reduced the number of Southern and Eastern European immigrants. An annual ceiling of 154,227 was set for the Eastern Hemisphere. Each country had a quota proportional to its population in the U.S. as of the 1890 census.

In 1932 [President Hoover](https://en.wikipedia.org/wiki/President_Hoover) and the State Department essentially shut down immigration during the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression) as immigration went from 236,000 in 1929 to 23,000 in 1933. This was accompanied by voluntary repatriation to Europe and Mexico, and coerced repatriation and deportation of between 500,000 and 2 million [Mexican Americans](https://en.wikipedia.org/wiki/Mexican_Americans), mostly citizens, in the [Mexican Repatriation](https://en.wikipedia.org/wiki/Mexican_Repatriation). Total immigration in the decade of 1931 to 1940 was 528,000 averaging less than 53,000 a year.

The Chinese exclusion laws were repealed in 1943. The [Luce-Celler Act of 1946](https://en.wikipedia.org/wiki/Luce-Celler_Act_of_1946) ended discrimination against Indian Americans and Filipinos, who were accorded the right to naturalization, and allowed a quota of 100 immigrants per year.

The [Immigration and Nationality Act of 1952](https://en.wikipedia.org/wiki/Immigration_and_Nationality_Act_of_1952) (the McCarran-Walter Act) revised the quotas again, basing them on the 1920 census. For the first time in American history, racial distinctions were omitted from the U.S. Code. As could be expected, most of the quota allocation went to immigrants from [Ireland](https://en.wikipedia.org/wiki/Ireland), the [United Kingdom](https://en.wikipedia.org/wiki/United_Kingdom) and [Germany](https://en.wikipedia.org/wiki/Germany) who already had relatives in the United States.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] The anti-subversive features of this law are still in force.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

1960s**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=4)**]**

The [Immigration and Nationality Act Amendments of 1965](https://en.wikipedia.org/wiki/Immigration_and_Nationality_Act_Amendments_of_1965) (the Hart-Celler Act) abolished the system of national-origin quotas. There was, for the first time, a limitation on Western Hemisphere immigration (120,000 per year), with the Eastern Hemisphere limited to 170,000. The law changed the preference system for immigrants. Specifically, the law provided preference to immigrants with skills needed in the U.S. workforce, refugees and asylum seekers, as well as family members of U.S. citizens. Family reunification became the cornerstone of the bill. At the time, the then-chairman of the Senate Immigration Subcommittee [Edward Kennedy](https://en.wikipedia.org/wiki/Edward_Kennedy) remarked that "the bill will not flood our cities with immigrants. It will not upset the ethnic mix of our society. It will not relax the standards of admission. It will not cause American workers to lose their jobs." (U.S. Senate, Subcommittee on Immigration and Naturalization of the [Committee on the Judiciary](https://en.wikipedia.org/wiki/United_States_Senate_Committee_on_the_Judiciary), Washington, D.C., Feb. 10, 1965. pp. 1–3.)

1980s**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=5)**]**

The [Refugee Act](https://en.wikipedia.org/wiki/Refugee_Act) of 1980 established policies for [refugees](https://en.wikipedia.org/wiki/Refugees), redefining "refugee" according to [United Nations](https://en.wikipedia.org/wiki/United_Nations_High_Commissioner_for_Refugees) norms. A target for refugees was set at 50,000 and the worldwide ceiling for immigrants was reduced to 270,000 annually.

In 1986, the [Immigration Reform and Control Act](https://en.wikipedia.org/wiki/Immigration_Reform_and_Control_Act_of_1986) (IRCA) was passed, creating for the first time penalties for employers who knowingly hired [undocumented immigrants](https://en.wikipedia.org/wiki/Undocumented_immigrants_%28U.S.%29). IRCA also contained an amnesty for about 3 million undocumented immigrants already in the United States, and mandated the intensification of some of the activities of the [United States Border Patrol](https://en.wikipedia.org/wiki/United_States_Border_Patrol) or INS (now part of [Department of Homeland Security](https://en.wikipedia.org/wiki/Department_of_Homeland_Security)).

1990s**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=6)**]**

The U.S. Commission on Immigration Reform, led by former Rep. [Barbara Jordan](https://en.wikipedia.org/wiki/Barbara_Jordan), ran from 1990 to 1997. The Commission covered many facets of immigration policy, but started from the perception that the "credibility of immigration policy can be measured by a simple yardstick: people who should get in, do get in; people who should not get in, are kept out; and people who are judged deportable are required to leave".[[5]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-5) From there, in a series of four reports, the commission looked at all aspects of immigration policy.[[6]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-6) In the first, it found that enforcement was lax and needed improvement on the border and internally. For internal enforcement, it recommended that an automated employment verification system be created to enable employers to distinguish between legal and illegal workers. The second report discussed legal immigration issues and suggested that immediate family members and skilled workers receive priority. The third report covered refugee and asylum issues. Finally, the fourth report reiterated the major points of the previous reports and the need for a new immigration policy. Few of these suggestions were implemented.

The [Immigration Act of 1990](https://en.wikipedia.org/wiki/Immigration_Act_of_1990) (IMMACT) modified and expanded the 1965 act; it significantly increased the total immigration limit to 700,000 and increased visas by 40 percent. Family reunification was retained as the main immigration criterion, with significant increases in employment-related immigration.

Several pieces of legislation signed into law in 1996 marked a turn towards harsher policies for both legal and illegal immigrants. The [Antiterrorism and Effective Death Penalty Act](https://en.wikipedia.org/wiki/Antiterrorism_and_Effective_Death_Penalty_Act_of_1996) (AEDPA) and [Illegal Immigration Reform and Immigrant Responsibility Act](https://en.wikipedia.org/wiki/Illegal_Immigration_Reform_and_Immigrant_Responsibility_Act) (IIRIRA) vastly increased the categories of criminal activity for which immigrants, including [green card](https://en.wikipedia.org/wiki/United_States_Permanent_Resident_Card) holders, can be deported and imposed [mandatory detention](https://en.wikipedia.org/wiki/Mandatory_detention) for certain types of deportation cases. As a result, well over 2 million individuals have been deported since 1996.[[7]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-7)

**21st century[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=7)**]**

The [terrorist attacks on September 11, 2001](https://en.wikipedia.org/wiki/September_11_attacks) affected American perspectives on many issues, including immigration. A total of 20 foreign terrorists were involved, 19 of whom took part in the attacks that caused the deaths of 2,977 victims, most of them [civilians](https://en.wikipedia.org/wiki/Civilian). The terrorists had entered the United States on tourist or student visas. Four of them, however, had violated the terms of their visas. The attack exposed long-standing weaknesses in the U.S. immigration system that included failures in the areas of visa processing, internal enforcement, and information sharing.[[8]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-8)

The [REAL ID Act](https://en.wikipedia.org/wiki/REAL_ID_Act) of 2005 changed some visa limits, tightened restrictions on asylum applications and made it easier to exclude suspected terrorists, and removed restrictions on building border fences.

In 2005, Senators [John McCain](https://en.wikipedia.org/wiki/John_McCain) and [Ted Kennedy](https://en.wikipedia.org/wiki/Ted_Kennedy) revived the discussion of comprehensive immigration reform with the proposal of the [Secure America and Orderly Immigration Act](https://en.wikipedia.org/wiki/Secure_America_and_Orderly_Immigration_Act), incorporating legalization, guest worker programs, and enhanced border security. The bill was never voted on in the Senate, but portions are incorporated in later Senate proposals.

In 2006, the House of Representatives and the Senate produced their own, conflicting bills. In December 2005, the House passed the [Border Protection, Anti-terrorism, and Illegal Immigration Control Act of 2005](https://en.wikipedia.org/wiki/Border_Protection%2C_Anti-terrorism%2C_and_Illegal_Immigration_Control_Act_of_2005), which was sponsored by Rep. James Sensenbrenner (R-WI). The act was limited to enforcement and focused on both the border and the interior. In the Senate, the Comprehensive Immigration Reform Act of 2006 (CIRA) was sponsored by Sen. Arlen Specter (R-PA) and passed in May 2006. CIRA would have given a path to eventual citizenship to a majority of undocumented immigrants already in the country as well as dramatically increased legal immigration. Although the bills passed their respective chambers, no compromise bill emerged.[[9]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-9)

In 2007, the [Comprehensive Immigration Reform Act of 2007](https://en.wikipedia.org/wiki/Comprehensive_Immigration_Reform_Act_of_2007) was discussed in the Senate, which would have given a path to eventual citizenship to a large majority of illegal entrants in the country, significantly increased legal immigration and increased enforcement. The bill failed to pass a cloture vote, essentially killing it.[[10]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-10)

Individual components of various reform packages have been separately introduced and pursued in the Congress. [The DREAM Act](https://en.wikipedia.org/wiki/The_Dream_Act) is a bill initially introduced in 2001, incorporated in the various comprehensive reform bills, and then separately reintroduced in 2009 and 2010. The bill would provide legal residency and a path to citizenship for undocumented immigrants who graduate from U.S. high schools and attend college or join the military.

Immigrant visa limits set by Congress remain at 700,000 for the combined categories of employment, family preference, and family immediate. There are additional provisions for diversity and a small number of special visas. In 2008 immigration in these categories totaled slightly less than 750,000 and similar totals (representing maximums allowed by Congress) have been tallied in recent years.[[11]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-11)

Naturalization numbers have ranged from about 500,000 to just over 1,000,000 per year since the early 1990s, with peak years in 1996 and 2008 each around 1,040,000. These numbers add up to more than the number of visas issued in those years because as many as 2.7 million of those who were granted amnesty by IRCA in 1986 have converted or will convert to citizenship.[[12]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-12) In general, immigrants become eligible for citizenship after five years of residence. Many do not immediately apply, or do not pass the test on the first attempt. This means that the counts for visas and the counts for naturalization will always remain out of step, though in the long run the naturalizations add up to somewhat less than the visas.

These numbers are separate from [illegal immigration](https://en.wikipedia.org/wiki/Illegal_immigration), which peaked at probably over 1 million per year around the year 2000 and has probably declined to about 500,000 per year by 2009, which seems comparable or perhaps less than the outflow returning to their native countries.[[13]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-13) Some of the legal immigrant categories may include former illegal immigrants who have come current on legal applications and passed background checks; these individuals are included in the count of legal visas, not as a separate or additional number.

For Mexico and the Philippines, the only categories of immigrant visa available in practice are those for immediate dependent family of U.S. citizens. Persons who applied since 1994 have not been in the categories for adult children and siblings, and trends show that these data are unlikely to change. In fact, the trend has recently been moving in the opposite direction. Immigrant work visas run about 6 to 8 years behind current.[[*clarification needed*](https://en.wikipedia.org/wiki/Wikipedia%3APlease_clarify)][[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] While the government does not publish data on the number of pending applications, the evidence is that the backlog in those categories dwarfs the yearly quotas.

Legal immigration visas should not be confused with temporary work permits. Permits for seasonal labor (about 285,000 in 2008) or students (about 917,000 in 2008)[[14]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-14) generally do not permit conversion to immigrant status. Even those who are legally authorized to work temporarily in the United States (such as H1-B workers) must apply for permanent residence separately, and gain no advantage from their temporary employment authorization. This is unlike many other countries, whose laws provide for permanent residence after a certain number of years of legal employment. Temporary workers, therefore, do not form a distinctly counted source of immigration.[[15]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-15)

[Border Security, Economic Opportunity, and Immigration Modernization Act (S.744)](https://en.wikipedia.org/wiki/Border_Security%2C_Economic_Opportunity%2C_and_Immigration_Modernization_Act_%28S.744%29)**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=8)**]**

On April 17, 2013, the so-called ["Gang of Eight"](https://en.wikipedia.org/wiki/Gang_of_Eight_%28immigration%29) in the United States Senate introduced S.744, the long-awaited Senate version of the immigration reform bill proposed in Congress.[[16]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-16) [Text of the proposed legislation](http://www.schumer.senate.gov/forms/immigration.pdf) was promptly released on the website of Senator Charles Schumer. On June 27, 2013, the Senate passed the bill on 68-32 margin. The bill has not been taken up by the United States House of Representatives.[[17]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-17)

Executive actions**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_laws_concerning_immigration_and_naturalization_in_the_United_States&action=edit&section=9)**]**

On November 21, 2014, president [Barack Obama](https://en.wikipedia.org/wiki/Barack_Obama) signed two executive actions which had the effect of delaying deportation for millions of illegal immigrants. The orders apply to parents of United States citizens ([Deferred Action for Parents of Americans](https://en.wikipedia.org/wiki/Deferred_Action_for_Parents_of_Americans)) and young people brought into the country illegally ([Deferred Action for Childhood Arrivals](https://en.wikipedia.org/wiki/Deferred_Action_for_Childhood_Arrivals)).[[18]](https://en.wikipedia.org/wiki/History_of_laws_concerning_immigration_and_naturalization_in_the_United_States#cite_note-18)

For continued executive action see [Immigration policy of Donald Trump](https://en.wikipedia.org/wiki/Immigration_policy_of_Donald_Trump).

## United States nationality law

The United States nationality law refers to the uniform rule of [naturalization](https://en.wikipedia.org/wiki/Naturalization) of the United States set out in the [Immigration and Nationality Act of 1952](https://en.wikipedia.org/wiki/Immigration_and_Nationality_Act_of_1952), enacted under the power of [Article I, section 8, clause 4](https://en.wikipedia.org/wiki/Article_I_of_the_US_Constitution#Enumerated_powers) of the [United States Constitution](https://en.wikipedia.org/wiki/United_States_Constitution) (also referred to as the Nationality Clause), which grants the Congress the power to "establish a uniform Rule of Naturalization..." The 1952 Act sets forth the legal requirements for the acquisition of, and divestiture from, American [nationality](https://en.wikipedia.org/wiki/Nationality). The requirements have become more explicit since the ratification of the [Fourteenth Amendment](https://en.wikipedia.org/wiki/Fourteenth_Amendment_to_the_United_States_Constitution) to the Constitution, with the most recent changes to the law having been made by Congress in 2001.

**Rights and responsibilities of U.S. citizens**

Rights of citizens

*See also:*[*Voting rights in the United States*](https://en.wikipedia.org/wiki/Voting_rights_in_the_United_States)

Adult [citizens](https://en.wikipedia.org/wiki/Citizens) of the United States[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3) who are residents of one of the 50 [states](https://en.wikipedia.org/wiki/U.S._state) or the District of Columbia ([Washington, D.C.](https://en.wikipedia.org/wiki/Washington%2C_D.C.)) have the right to participate in the [political system](https://en.wikipedia.org/wiki/United_States_Government) of the United States, as well as their state and local governments, (with most states having restrictions on voting by persons convicted of [felonies](https://en.wikipedia.org/wiki/Felony), and a federal [constitutional prohibition](https://en.wikipedia.org/wiki/Natural-born-citizen_clause_of_the_U.S._Constitution) on naturalized persons running for President and Vice President of the United States), to be represented and protected abroad by the United States (through U.S. [embassies](https://en.wikipedia.org/wiki/Embassy) and [consulates](https://en.wikipedia.org/wiki/Consulate)), and to live in the United States[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3) and certain territories without any [immigration](https://en.wikipedia.org/wiki/Immigration) requirements. Felons can vote in over 40 states, and in at least 2 while incarcerated. Felons can also serve [jury duty](https://en.wikipedia.org/wiki/Jury_duty) if approved.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

Responsibilities of citizens

Some[[4]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-4) U.S. citizens have the obligation to serve in a [jury](https://en.wikipedia.org/wiki/Jury), if selected and legally qualified. Citizens are also required (under the provisions of the [Internal Revenue Code](https://en.wikipedia.org/wiki/Internal_Revenue_Code)) to pay [taxes](https://en.wikipedia.org/wiki/Tax) on their total income from all sources worldwide, including income earned abroad while living abroad. Under certain circumstances, however, U.S. citizens living and working abroad may be able to reduce or eliminate their U.S. federal income tax via the [Foreign Earned Income Exclusion](https://en.wikipedia.org/wiki/Tax_forms_in_the_United_States#2555) or the [Foreign Tax Credit](https://en.wikipedia.org/wiki/Tax_forms_in_the_United_States#1116).[[5]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-5) U.S. taxes payable may be alternatively reduced by [credits for foreign income taxes](https://en.wikipedia.org/wiki/Foreign_tax_credit) regardless of the length of stay abroad. The United States Government also insists that U.S. citizens travel into and out of the United States[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3) on a [U.S. passport](https://en.wikipedia.org/wiki/U.S._passport), regardless of any [other nationality](https://en.wikipedia.org/wiki/Dual_nationality) they may possess.[[6]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-6)

Male U.S. citizens (including those living permanently abroad and those with multiple citizenships) from 18–25 years of age are required to register with the [Selective Service System](https://en.wikipedia.org/wiki/Selective_Service_System) at age 18 for possible [conscription](https://en.wikipedia.org/wiki/Conscription_in_the_United_States) into the [armed forces](https://en.wikipedia.org/wiki/Military_of_the_United_States). Although no one has been drafted in the U.S. since 1973, draft registration continues in the case of a possible reinstatement on some future date.[[7]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-7)

In the [Oath of Citizenship](https://en.wikipedia.org/wiki/Oath_of_citizenship_%28United_States%29), immigrants becoming naturalized U.S. citizens swear that when required by law they will bear arms on behalf of the United States, will perform noncombatant service in the U.S. Armed Forces, and will perform work of national importance under civilian direction. In some cases, the USCIS allows the oath to be taken without the clauses regarding the first two of these three sworn commitments.[[8]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-8)

**Acquisition of citizenship**

There are various ways a person can acquire United States citizenship, either at birth or later on in life.[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3)[[9]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-9)

Birth within the United States**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=5)**]**

*Main articles:*[*Birthright citizenship in the United States*](https://en.wikipedia.org/wiki/Birthright_citizenship_in_the_United_States)*and*[*Jus soli*](https://en.wikipedia.org/wiki/Jus_soli)

Section 1 of the [Fourteenth Amendment to the United States Constitution](https://en.wikipedia.org/wiki/Fourteenth_Amendment_to_the_United_States_Constitution) provides that "All persons born or naturalized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside."[[10]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-10)

Because Native American tribes within the geographical boundaries of the U.S. held a special sovereignty status, the tribes were not "subject to the jurisdiction thereof" and thus Native Americans who were born into tribes were not considered citizens, even if they left the tribe and settled in white society, which the Supreme Court upheld in [*Elk v. Wilkins*](https://en.wikipedia.org/wiki/Elk_v._Wilkins).[[11]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-11) However, in 1924, Congress granted birthright citizenship to Native Americans through the [Indian Citizenship Act](https://en.wikipedia.org/wiki/Indian_Citizenship_Act).[[12]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-HLR_Am._Sam._Citizenship-12):1693 Furthermore, under the [Insular Cases](https://en.wikipedia.org/wiki/Insular_Cases), unincorporated U.S. territories and commonwealths are appurtenant to the United States rather than part of the United States, which limits applicability of the U.S. Constitution.[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3) Congress has conferred birthright citizenship, through legislation, to persons born in all inhabited territories except [American Samoa](https://en.wikipedia.org/wiki/American_Samoa) and [Swains Island](https://en.wikipedia.org/wiki/Swains_Island), who are granted the status of U.S. Nationals.[[12]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-HLR_Am._Sam._Citizenship-12):1683 (See [§ Citizenship at birth on the U.S. territories and former U.S. territories](https://en.wikipedia.org/wiki/United_States_nationality_law#Citizenship_at_birth_on_the_U.S._territories_and_former_U.S._territories).)

In the case of [*United States v. Wong Kim Ark*](https://en.wikipedia.org/wiki/United_States_v._Wong_Kim_Ark),[[13]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-13) the Supreme Court ruled that a person becomes a citizen of the United States at the time of birth, by virtue of the first clause of the 14th Amendment, if at a minimum that person:

Is born in the United States[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3)

Has parents that are subjects of a foreign power, but not in any diplomatic or official capacity of that foreign power

Has parents that have permanent domicile and residence in the United States[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3)

The Supreme Court has not explicitly ruled whether children born in the United States to immigrants illegally present in the country are U.S. citizens from birth,[[14]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-heritage-14) but it is generally presumed they are.[[15]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-15) The constitutional provision reads in pertinent part, "All persons born...in the United States and subject to the jurisdiction thereof, are citizens...".

Through birth abroad to United States citizens**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=6)**]**

*See also:*[*jus sanguinis*](https://en.wikipedia.org/wiki/Jus_sanguinis)

Birth abroad to two United States citizens**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=7)**]**

A child is automatically granted citizenship if:[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3)

Both parents were U.S. citizens at the time of the child's birth;

The parents are married; and

At least one parent lived in the United States prior to the child's birth. INA 301(c) and INA 301(a)(3) state, "and one of whom has had a residence."

The FAM (Foreign Affairs Manual) states "no amount of time specified."

A person's record of birth abroad, if registered with a U.S. consulate or embassy, is proof of citizenship. They may also apply for a passport or a Certificate of Citizenship as proof of citizenship.

Birth abroad to one United States citizen**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=8)**]**

A person born on or after November 14, 1986, is a U.S. citizen if all of the following are true:[[16]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-U.S._Department_of_State-16)

The person's parents were married at time of birth

One of the person's parents was a U.S. citizen when the person in question was born

The citizen parent lived at least five years in the United States before the child's birth

A minimum of two of these five years in the United States were after the citizen parent's 14th birthday.

INA 301(g) makes additional provisions to satisfy the physical-presence requirements for periods citizens spent abroad in "[honorable service](https://en.wikipedia.org/wiki/Military_discharge#Honorable) in the Armed Forces of the United States, or periods of employment with the United States Government or with an international organization." Additionally citizens, who spent time living abroad as the "[dependent](https://en.wikipedia.org/wiki/Dependent_%28law%29) unmarried son or daughter and a member of the household of a person" in any of the previously mentioned organizations can also be counted.

A person's record of birth abroad, if registered with a U.S. consulate or embassy, is proof of citizenship. Such a person may also apply for a passport or a Certificate of Citizenship to have a record of citizenship. Such documentation is often useful to prove citizenship in lieu of the availability of an American birth certificate.

Different rules apply for persons born abroad to one U.S. citizen before November 14, 1986. United States law on this subject changed multiple times throughout the twentieth century, and the law is applicable as it existed at the time of the individual's birth.

For persons born between December 24, 1952 and November 14, 1986, a person is a U.S. citizen if all of the following are true:[[16]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-U.S._Department_of_State-16)

The person's parents were married at the time of birth

One of the person's parents was a U.S. citizen when the person was born

The citizen parent lived at least ten years in the United States before the child's birth;

A minimum of 5 of these 10 years in the United States were after the citizen parent's 14th birthday.

For persons born to two people who are not married to each other, the person is a U.S. citizen if all the following apply:

the mother (or the father, if child was born on or after June 12, 2017[[17]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-17)[[18]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-18)) was a U.S. citizen at the time of the person's birth, and

the mother was physically present in the United States or one of its outlying possessions for a continuous period of one year prior to the person's birth.[[19]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-19) (For those born prior to June 11, 2017 to a U.S. father out of wedlock, see link.[[16]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-U.S._Department_of_State-16))

Adoption**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=9)**]**

The [Child Citizenship Act of 2000](https://en.wikipedia.org/wiki/Child_Citizenship_Act_of_2000) (CCA), which went into effect on February 27, 2001, amends the Immigration and Nationality Act (INA) to provide U.S. citizenship to certain foreign-born children—including adopted children—of U.S. citizens.[[20]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-Child_Citizenship_Act-20)

Naturalization**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=10)**]**

A judge swears in a new citizen. New York, 1910

A person who was not born a U.S. citizen may acquire U.S. citizenship through a process known as naturalization.

Eligibility for naturalization**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=11)**]**

*See also:*[*Ideological restrictions on naturalization in U.S. law*](https://en.wikipedia.org/wiki/Ideological_restrictions_on_naturalization_in_U.S._law)

To become a naturalized United States citizen, one must be at least eighteen years of age at the time of filing, a legal [permanent resident](https://en.wikipedia.org/wiki/Permanent_residence_%28United_States%29) (or non-citizen national) of the United States, and have had a status of a legal permanent resident in the United States for five years before they apply. (This 5-year requirement is reduced to three years if they (a) acquired legal permanent resident status, (b) have been married to and living with a citizen for the past three years and (c) the spouse has been a U.S. citizen for at least three years prior to the applicant applying for naturalization.) They must have been physically present for at least 30 months of 60 months prior to the date of filing their application. Also during those 60 months if the legal permanent resident was outside of the U.S. for a continuous period of 6 months or more they are disqualified from naturalizing (certain exceptions apply for those continuous periods of six months to 1 year).[[21]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-uscisNaturalization-21)

The territory of the United States, for the purposes of determining one's period of residence, includes the fifty states, District Columbia, Puerto Rico, U.S. Virgin Islands, Guam, and the Northern Mariana Islands.[[22]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-22) The [Commonwealth of the Northern Mariana Islands](https://en.wikipedia.org/wiki/Commonwealth_of_the_Northern_Mariana_Islands) has been added to this list effective November 28, 2009. Prior to that date, residence in the CNMI normally did not count as residence in the United States for naturalization purposes.[[23]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-23) [American Samoa](https://en.wikipedia.org/wiki/American_Samoa) is not included into the territory of the United States for the purposes of determining one's period of residence (unless the person being naturalized is a US national, rather than a permanent resident alien; see below).

An applicant for citizenship must be a "person of good moral character", and must pass a test on United States history and government.[[21]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-uscisNaturalization-21)[[24]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-24) Most applicants must also have a working knowledge of the English language.[[21]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-uscisNaturalization-21) There are exceptions, introduced in 1990, for long-resident older applicants and those with mental or physical disabilities.[[25]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-25)

Some exemptions from permanent residency exist for certain qualifying naturalization applicants. For example, an undocumented immigrant who served in the US military during a designated period of hostility may naturalize without having first been a permanent resident.[[26]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-26) An immigrant who successfully completes the [MAVNI](https://en.wikipedia.org/wiki/Military_accessions_vital_to_national_interest) program may naturalize in 10 weeks without first having been a permanent resident.[[27]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-27) Similarly, an immigrant who has made extraordinary contributions can be exempted from residency as well as the physical presence requirement and prohibitions for support of totalitarianism and or communism.[[28]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-28)

Before 1906, all municipal courts, county courts, state courts, and federal courts in the U.S. had the authority to grant U.S. citizenship to an individual.[[29]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-29)

A non-citizen U.S. national (see [below](https://en.wikipedia.org/wiki/United_States_nationality_law#Nationals)) is also eligible for naturalization after becoming a resident of any state. For such persons (unlike most other applicants for naturalization), time spent in [American Samoa](https://en.wikipedia.org/wiki/American_Samoa) counts as time spent in the United States for the purposes of determining residence and physical presence.[[30]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-uscis-nationals-exception-30)[[31]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-ecfr-nationals-exception-31)

Citizenship test**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=12)**]**

The entire citizenship test is in the form of a one-on-one interview. The citizenship test has four components: a speaking/comprehension test, a reading test, a writing test and a civics test.[[32]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-32) For the civics test, applicants for citizenship are asked ten questions, and must answer at least six with the expected answers. U.S. Citizenship and Immigration Services has published a list of 100 sample questions (with the answers that should be given when taking the test), from which the questions asked are always drawn. The full list of questions is in the document "A Guide to Naturalization", available for free from the USCIS.[[33]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-33) The test examines the applicant's knowledge of American society and the English language. Sample questions and answers are published by the USCIS in English, Spanish, and [Chinese](https://en.wikipedia.org/wiki/Standard_Chinese).

Besides passing the citizenship test, citizenship applicants must also satisfy other specific requirements of naturalization to successfully obtain U.S. citizenship.[[34]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-34)

Eligibility for public office**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=13)**]**

A person who becomes a U.S. citizen through naturalization is not considered a [natural born citizen](https://en.wikipedia.org/wiki/Natural_born_citizen). Consequently, naturalized U.S. citizens are not eligible to become [President of the United States](https://en.wikipedia.org/wiki/President_of_the_United_States) or [Vice President of the United States](https://en.wikipedia.org/wiki/Vice_President_of_the_United_States), which would ordinarily be the case as established by the [Presidential Succession Act](https://en.wikipedia.org/wiki/Presidential_Succession_Act). For example, though the [Secretary of Commerce](https://en.wikipedia.org/wiki/U.S._Secretary_of_Commerce) and the [Secretary of Labor](https://en.wikipedia.org/wiki/U.S._Secretary_of_Labor) are tenth and eleventh in the presidential line of succession, [Elaine Chao](https://en.wikipedia.org/wiki/Elaine_Chao) and [Carlos Gutierrez](https://en.wikipedia.org/wiki/Carlos_Gutierrez) (respectively former U.S. Secretaries of Labor and Commerce under President [George W. Bush](https://en.wikipedia.org/wiki/George_W._Bush)) would have been unable to succeed to the presidency because they became U.S. citizens through naturalization. The highest-ranking naturalized citizens to have been excluded from the Presidential Line of Succession were [Henry Kissinger](https://en.wikipedia.org/wiki/Henry_Kissinger) and [Madeleine Albright](https://en.wikipedia.org/wiki/Madeleine_Albright), each of whom would have been fourth in line as [Secretary of State](https://en.wikipedia.org/wiki/United_States_Secretary_of_State) had they been natural born citizens.

Whether this restriction applies to children born to non-U.S. citizens but adopted as minors by U.S. citizens is a matter of some debate, since the [Child Citizenship Act of 2000](https://en.wikipedia.org/wiki/United_States_nationality_law#Child_Citizenship_Act_of_2000) is ambiguous as to whether acquisition of citizenship by that route is to be regarded as naturalized or natural-born. Those who argue that the restriction does not apply point out that the child automatically becomes a citizen even though violating every single requirement of [eligibility for naturalization](https://en.wikipedia.org/wiki/United_States_nationality_law#Eligibility_for_naturalization), and thus the case falls closer to the situation of birth abroad to U.S. citizens than to naturalization.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

Some argue that the phrase "natural born citizen" describes a category of citizenship distinct from that described by the phrase "U.S. Citizen" in [Article Two of the United States Constitution](https://en.wikipedia.org/wiki/Article_Two_of_the_United_States_Constitution), and this was discussed during the constitutional convention of 1787.[[35]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-35) While it is true that "natural born citizen" is not defined anywhere within the text of the Constitution and that the Constitution makes use of the phrase "citizen" and "natural born citizen", Supreme Court decisions from [United States v. Wong Kim Ark](https://en.wikipedia.org/wiki/United_States_v._Wong_Kim_Ark) to the present have considered the distinction to be between natural-born and naturalized citizenship.

In her 1988 article in the Yale Law Journal, Jill Pryor wrote, "It is well settled that 'native-born' citizens, those born in the United States, qualify as natural born. It is also clear that persons born abroad of alien parents, who later become citizens by naturalization, do not. But whether a person born abroad of American parents, or of one American and one alien parent, qualifies as natural born has never been resolved."[[36]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-36)

An April 2000 CRS [report](https://en.wikipedia.org/wiki/Congressional_Research_Service_Report) by the [Congressional Research Service](https://en.wikipedia.org/wiki/Congressional_Research_Service), asserts that most constitutional scholars interpret the phrase "natural born citizen" as including citizens born outside the United States to parents who are U.S. citizens under the "natural born" requirement.[[37]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-37)

Several holders of the offices of President and Vice President have touched on questions of whether they were "natural-born":

[Chester Arthur](https://en.wikipedia.org/wiki/Chester_Arthur), born in the U.S. state of [Vermont](https://en.wikipedia.org/wiki/Vermont) of an American mother and Irish father, became President; his status as a "natural-born citizen" had been challenged without much effect by a political opponent during the 1880 campaign, who claimed Arthur had been born in Canada or Ireland.

[Charles Curtis](https://en.wikipedia.org/wiki/Charles_Curtis), Vice President from 1929 to 1933, was born in Kansas Territory, which was not a US state.

Presidential candidates [George W. Romney](https://en.wikipedia.org/wiki/George_W._Romney) (born in Mexico), [Ted Cruz](https://en.wikipedia.org/wiki/Ted_Cruz) (born in Canada), [Barry Goldwater](https://en.wikipedia.org/wiki/Barry_Goldwater), and [John McCain](https://en.wikipedia.org/wiki/John_McCain) (born in [U.S. territories](https://en.wikipedia.org/wiki/U.S._territories)), were not born within a US state but were born to US citizens, and their "natural born" status was never seriously challenged.

[Barack Obama](https://en.wikipedia.org/wiki/Barack_Obama) was the subject of untrue "[birther](https://en.wikipedia.org/wiki/Barack_Obama_citizenship_conspiracy_theories)" conspiracy theories that he had been born in Kenya rather than in Hawaii and was thus not "natural-born". He was elected twice despite this.

Oath of allegiance**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=14)**]**

*Main article:*[*Oath of Allegiance (United States)*](https://en.wikipedia.org/wiki/Oath_of_Allegiance_%28United_States%29)

During the naturalization ceremony, the applications are required to swear the following [Oath of Allegiance](https://en.wikipedia.org/wiki/Oath_of_Allegiance_%28United_States%29)[[38]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-38)

I hereby declare, on [oath](https://en.wikipedia.org/wiki/Oath_of_Allegiance_%28United_States%29),

that I absolutely and entirely [renounce](https://en.wikipedia.org/wiki/Renounce) and [abjure](https://en.wikipedia.org/wiki/Abjure) all allegiance and fidelity to any foreign prince, potentate, state, or sovereignty, of whom or which I have heretofore been a subject or [citizen](https://en.wikipedia.org/wiki/Citizen);
that I will support and defend the [Constitution](https://en.wikipedia.org/wiki/Constitution) and laws of the United States of America against all enemies, foreign and domestic;
that I will bear true faith and [allegiance](https://en.wikipedia.org/wiki/Allegiance) to the same;
that I will bear arms on behalf of the United States when required by the law;
that I will perform [noncombatant](https://en.wikipedia.org/wiki/Noncombatant) service in the Armed Forces of the United States when required by the law;
that I will perform work of national importance under civilian direction when required by the law;
and that I take this obligation freely without any mental reservation or purpose of evasion;
so help me God.

Expeditious naturalization of children**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=15)**]**

Effective April 1, 1995, a child born outside the U.S. to a U.S. citizen parent, if not already a citizen by birth because the parent does not meet the residency requirement (see above), may qualify for expeditious naturalization based on the physical presence of the child's grandparent in the U.S. In general the grandparent should have spent five years in the U.S., at least two of which were after the age of 14.

The process of naturalization, including the [oath of allegiance](https://en.wikipedia.org/wiki/Oath_of_citizenship_%28United_States%29), must be completed before the child's 18th birthday. It is not necessary for the child to be admitted to the U.S. as a lawful permanent resident.[[39]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-39)

Child Citizenship Act of 2000**[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=16)**]**

Effective February 27, 2001, the [Child Citizenship Act of 2000](https://en.wikipedia.org/wiki/Child_Citizenship_Act_of_2000) provided that a non-U.S. citizen child (aged under 18) with a U.S. citizen parent, and in the custody of that parent while resident in the United States, automatically acquired U.S. citizenship. To be eligible, a child must meet the definition of "child" for naturalization purposes under immigration law, and must also meet the following requirements:

The child has at least one United States citizen parent (by birth or naturalization)

The child is under 18 years of age

The child is currently residing permanently in the United States in the legal and physical custody of the United States citizen parent

The child has been admitted to the United States as a lawful permanent resident or has been adjusted to this status

An adopted child must also meet the requirements applicable to the particular provision under which they qualified for admission as an adopted child under immigration law

**Dual citizenship[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=17)**]**

Based on the U.S. Department of State regulation on [dual citizenship](https://en.wikipedia.org/wiki/Dual_citizenship) (7 FAM 082), the Supreme Court of the United States has stated that dual citizenship is a "status long recognized in the law" and that "a person may have and exercise rights of nationality in two countries and be subject to the responsibilities of both. The mere fact he asserts the rights of one citizenship does not, without more, mean that he renounces the other", [*Kawakita v. U.S.*](https://en.wikipedia.org/wiki/Kawakita_v._U.S.), 343 U.S. 717 (1952). In [*Schneider v. Rusk*](https://en.wikipedia.org/wiki/Schneider_v._Rusk), 377 U.S. 163 (1964), the U.S. Supreme Court ruled that a naturalized U.S. citizen has the right to return to his native country and to resume his former citizenship, and also to remain a U.S. citizen even if he never returns to the United States.

The Immigration and Nationality Act (INA) neither defines dual citizenship nor takes a position for it or against it. There has been no prohibition against dual citizenship, but some provisions of the INA and earlier U.S. [nationality laws](https://en.wikipedia.org/wiki/Nationality_law) were designed to reduce situations in which dual citizenship exists. Although naturalizing citizens are required to undertake an [oath](https://en.wikipedia.org/wiki/Oath_of_citizenship_%28United_States%29) renouncing previous allegiances, the oath has never been enforced to require the actual termination of original citizenship.[[40]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-40)

Although the U.S. government does not endorse dual citizenship as a matter of policy, it recognizes the existence of dual citizenship and completely tolerates the maintenance of multiple citizenship by U.S. citizens. In the past, claims of other countries on dual-national U.S. citizens sometimes placed them in situations where their obligations to one country were in conflict with the laws of the other. However, as fewer countries require military service and most base other obligations (such as the payment of taxes) on residence and not citizenship, these conflicts have become less frequent.[[41]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-41)

A U.S. citizen may lose his or her dual citizenship by obtaining naturalization in a foreign state, by taking an oath or making an affirmation or other formal declaration of allegiance to a foreign state or political subdivision thereof, by serving in the armed forces of a foreign state, or by performing certain other acts, but only if the act was performed "voluntarily and with the intention to relinquish U.S. nationality".[[42]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-42)

One circumstance where dual citizenship may run counter to expectations of government agencies is in matters of [security clearance](https://en.wikipedia.org/wiki/Security_clearance). For example, any person granted a [Yankee White](https://en.wikipedia.org/wiki/Yankee_White) vetting must be absolutely free of foreign influence, and for other security clearances one of the grounds that may result in a rejected application is an actual or potential conflict of national allegiances.

**Travel freedom of American citizens[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=18)**]**

*Main article:*[*Visa requirements for United States citizens*](https://en.wikipedia.org/wiki/Visa_requirements_for_United_States_citizens)



Countries and territories with visa-free or visa-on-arrival entries for holders of regular United States passports

  United States

  Visa free access

  Visa issued upon arrival

  Electronic authorization or online payment required / eVisa

  Both visa on arrival and eVisa available

  Visa required prior to arrival

  No entry

Visa requirements for the United States citizens are administrative entry restrictions by the authorities of other states placed on citizens of United States. According to the 2019 Henley Passport Index, holders of a United States passport can visit 185 countries and territories visa-free or with visa on arrival. The United States passport is currently ranked jointly 6th alongside the UK in terms of travel freedom in the world.

In 2017, the United States nationality is ranked twenty-seventh in the [Nationality Index](https://en.wikipedia.org/wiki/The_Quality_of_Nationality_Index) (QNI). This index differs from the [Visa Restrictions Index](https://en.wikipedia.org/wiki/Visa_%28document%29#Visa_restrictions), which focuses on external factors including travel freedom. The QNI considers, in addition to travel freedom, on internal factors such as peace & stability, economic strength, and human development as well. [[43]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-43)

**Nationals[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=19)**]**

*This article is about United States nationality law. For information regarding United States citizenship, see*[*Citizenship in the United States*](https://en.wikipedia.org/wiki/Citizenship_in_the_United_States)*.*

Although all U.S.[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3) citizens are also U.S. [nationals](https://en.wikipedia.org/wiki/Nationality), the reverse is not true. As specified in [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1408](https://www.law.cornell.edu/uscode/text/8/1408), a person whose only connection to the U.S.[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3) is through birth in an outlying possession (which is defined in [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1101](https://www.law.cornell.edu/uscode/text/8/1101) as [American Samoa](https://en.wikipedia.org/wiki/American_Samoa) and [Swains Island](https://en.wikipedia.org/wiki/Swains_Island), which is administered as part of American Samoa), or through descent from a person so born, acquires U.S. nationality but not U.S.[[2]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-:1-3) citizenship. This was formerly the case in only four other current or former [U.S. overseas possessions](https://en.wikipedia.org/wiki/U.S._overseas_possessions):[[44]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-44)

[Guam](https://en.wikipedia.org/wiki/Guam) from 1898 to 1950, when citizenship granted by an Act of Congress through the [Guam Organic Act of 1950](https://en.wikipedia.org/wiki/Guam_Organic_Act_of_1950);[[45]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-45)

the [Philippines](https://en.wikipedia.org/wiki/Philippines) from 1898 to 1935 when immigration rights of national status was rescinded as part of the [Philippine Independence Act](https://en.wikipedia.org/wiki/Philippine_Independence_Act),[[46]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-46) with full independence in 1946;[[47]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-47)

[Puerto Rico](https://en.wikipedia.org/wiki/Puerto_Rico) from 1898 to 1917 when citizenship was granted through the [Jones–Shafroth Act](https://en.wikipedia.org/wiki/Jones%E2%80%93Shafroth_Act) of 1917;[[48]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-48) and

the [U.S. Virgin Islands](https://en.wikipedia.org/wiki/U.S._Virgin_Islands) from 1917 to 1927 when citizenship was granted by an act of Congress in 1927.[[49]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-49)

The nationality status of a person born in an unincorporated [United States Minor Outlying Island](https://en.wikipedia.org/wiki/United_States_Minor_Outlying_Island) is not specifically mentioned by law, but under Supreme Court decision they are also regarded as non-citizen U.S. nationals.[[50]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-50)

In addition, residents of the [Northern Mariana Islands](https://en.wikipedia.org/wiki/Northern_Mariana_Islands) who automatically gained U.S. citizenship in 1986 as a result of the Covenant between the Northern Marianas and the U.S. could elect to become non-citizen nationals within 6 months of the implementation of the Covenant or within 6 months of turning 18.[[51]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-51)

Message in the passport of an American Samoan stating that the passport holder is a national, not citizen, of the US

The U.S. passport issued to non-citizen nationals contains the endorsement code 9 which states: "THE BEARER IS A UNITED STATES NATIONAL AND NOT A UNITED STATES CITIZEN." on the annotations page.[[52]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-52)

Non-citizen U.S. nationals may reside and work in the United States without restrictions, and may apply for citizenship under similar rules as foreign nationals or citizens, except that they do not need to hold U.S. permanent resident status when they apply or to have held it for any length of time before applying.[[30]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-uscis-nationals-exception-30)[[31]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-ecfr-nationals-exception-31) Like permanent residents, they are [not currently allowed by any U.S. state to vote in federal or state elections](https://en.wikipedia.org/wiki/Right_of_foreigners_to_vote_in_the_United_States), although, as with permanent residents, there is no constitutional prohibition against their doing so.

Like U.S. citizens, non-citizen U.S. nationals may transmit their non-citizen U.S. nationality to children born abroad, although the rules are somewhat different from the rules for U.S. citizens.[[53]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-53)

**Citizenship at birth on the U.S. territories and former U.S. territories[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=20)**]**

The 14th amendment applies to [incorporated territories](https://en.wikipedia.org/wiki/Territories_of_the_United_States#Incorporated_and_unincorporated_territories), so people born in incorporated territories of the U.S. (currently, only the [Palmyra Atoll](https://en.wikipedia.org/wiki/Palmyra_Atoll)) are automatically U.S. citizens at birth.[[54]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-54)

Separate sections of law handle territories that the United States has acquired over time, such as Alaska [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1404](https://www.law.cornell.edu/uscode/text/8/1404) and Hawaii [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1405](https://www.law.cornell.edu/uscode/text/8/1405), both incorporated, and unincorporated Puerto Rico [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1402](https://www.law.cornell.edu/uscode/text/8/1402), the U.S. Virgin Islands [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1406](https://www.law.cornell.edu/uscode/text/8/1406), and Guam [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1407](https://www.law.cornell.edu/uscode/text/8/1407). Each of these sections confer citizenship on persons living in these territories as of a certain date, and usually confer native-born status on persons born in incorporated territories after that date.[[55]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-55)

For example, for Puerto Rico, all persons born in Puerto Rico between April 11, 1899, and January 12, 1941, were automatically conferred U.S. citizenship as of the date the law was signed by the President [Harry S. Truman](https://en.wikipedia.org/wiki/Harry_S._Truman) on June 27, 1952. Additionally, all persons born in Puerto Rico on or after January 13, 1941, are citizens at birth of the United States. Note that because of when the law was passed, for some, the citizenship status was retroactive.

The law contains one other section of historical note, concerning the [Panama Canal Zone](https://en.wikipedia.org/wiki/Panama_Canal_Zone) and the nation of Panama. In [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1403](https://www.law.cornell.edu/uscode/text/8/1403), the law states that anyone born in the Canal Zone or in Panama itself, on or after February 26, 1904, to a mother or father who is a United States citizen, was "declared" to be a United States citizen at birth.

All persons born in the U.S. Virgin Islands on or after February 25, 1927, are native-born citizens of the United States. The [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1406](https://www.law.cornell.edu/uscode/text/8/1406) also indicate that all the persons and their children born in the U.S. Virgin Islands subsequent to January 17, 1917, and prior to February 25, 1927, are declared to be citizens of the United States as of February 25, 1927 if complied with the U.S. law dispositions.

All persons born in Alaska on or after June 2, 1924, are native-born citizens of the United States. Alaska was declared a [U.S. state](https://en.wikipedia.org/wiki/U.S._state) on January 3, 1959.

All persons born in Hawaii on or after April 30, 1900, are native-born citizens of the United States. Hawaii was declared a U.S. state on August 21, 1959.

All persons born in the island of Guam on or after April 11, 1899 (whether before or after August 1, 1950) subject to the jurisdiction of the United States, are declared to be citizens of the United States.

Currently under the [Immigration and Nationality Act of 1952](https://en.wikipedia.org/wiki/Immigration_and_Nationality_Act_of_1952) (INA) effective from December 24, 1952 to present the definition of the "United States" for nationality purposes, was expanded to add [Guam](https://en.wikipedia.org/wiki/Guam); and, effective November 3, 1986, the [Northern Mariana Islands](https://en.wikipedia.org/wiki/Northern_Mariana_Islands#Political_status) (in addition to [Puerto Rico](https://en.wikipedia.org/wiki/Puerto_Rico) and the [Virgin Islands of the United States](https://en.wikipedia.org/wiki/Virgin_Islands_of_the_United_States)).[[56]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-56) Persons born in these territories on or after December 24, 1952 acquire U.S. citizenship at birth on the same terms as persons born in other parts of the United States; and "Outlying possessions of the United States" was restricted to [American Samoa](https://en.wikipedia.org/wiki/American_Samoa) and [Swains Island](https://en.wikipedia.org/wiki/Swains_Island).[[57]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-57)

[Congressional Research Service](https://en.wikipedia.org/wiki/Congressional_Research_Service) Report number RL30527 of April 17, 2000, titled "Presidential Elections in the United States: A Primer" asserts that citizens born in [Guam](https://en.wikipedia.org/wiki/Guam), [Puerto Rico](https://en.wikipedia.org/wiki/Puerto_Rico), and the [U.S. Virgin Islands](https://en.wikipedia.org/wiki/U.S._Virgin_Islands) are legally defined as [natural born citizens](https://en.wikipedia.org/wiki/Natural_born_citizen), and are, therefore, also eligible to be elected president.[[58]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-wikileaks.org-58)

**Loss of citizenship[**[**edit**](https://en.wikipedia.org/w/index.php?title=United_States_nationality_law&action=edit&section=21)**]**

*See also:*[*List of former United States citizens who relinquished their nationality*](https://en.wikipedia.org/wiki/List_of_former_United_States_citizens_who_relinquished_their_nationality)*and*[*List of denaturalized former citizens of the United States*](https://en.wikipedia.org/wiki/List_of_denaturalized_former_citizens_of_the_United_States)

As a historical matter, U.S. citizenship could be forfeited upon the undertaking of various acts, including naturalization in a foreign state (with a willful intent to renounce U.S. citizenship) or [service in foreign armed forces](https://en.wikipedia.org/wiki/Nishikawa_v._Dulles). In addition, before 1967 it was possible to lose the citizenship due to voting in foreign elections. However, the Supreme Court ruled unconstitutional the provisions of Section 349(a) which provided for loss of nationality by voting in a foreign election in the case [*Afroyim v. Rusk*](https://en.wikipedia.org/wiki/Afroyim_v._Rusk), 387 U.S. 253,[[59]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-Possible-loss-citizenship-59) [8 U.S.C.](https://en.wikipedia.org/wiki/Title_8_of_the_United_States_Code) [§ 1481](https://www.law.cornell.edu/uscode/text/8/1481) specifically outlines how loss of nationality may occur, which predominantly involves willful acts over the age of 18 with the intention of relinquishing United States nationality. U.S. Supreme Court decisions beginning with [*Afroyim v. Rusk*](https://en.wikipedia.org/wiki/Afroyim_v._Rusk) constitutionally limited the government's capacity to terminate citizenship to those cases in which an individual engaged in conduct with an intention of abandoning their citizenship.

In 1990, the U.S. State Department adopted new regulations which presume that an individual does not intend to give up citizenship when performing one of the above potentially expatriating acts.[[60]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-60) If asked, the individual can always answer that they did not intend to give it up; this is sufficient to retain their citizenship.[[61]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-State-778-61) Hence, the U.S. effectively allows citizens to acquire new citizenships while remaining a U.S. citizen, becoming a [dual citizen](https://en.wikipedia.org/wiki/Dual_citizenship).

After a U.S. citizen satisfies the Department of State procedures, the Department of State issues a [Certificate of Loss of Nationality](https://en.wikipedia.org/wiki/Certificate_of_Loss_of_Nationality) (CLN) signifying that the Department of State has accepted the U.S. Embassy/Consulate's recommendation to allow the renunciation.[[62]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-62) Renunciation of citizenship includes renunciation of all rights and privileges of citizenship. A person who wants to renounce U.S. citizenship cannot decide to retain some of the privileges of citizenship, as the State Department regards this as logically inconsistent with the concept of renunciation. Thus, such a person can be said to lack a full understanding of renouncing citizenship or lack the necessary intent to renounce citizenship, and the Department of State will not approve a loss of citizenship in such instances.[[63]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-63)

People giving up U.S. citizenship may be subject to an [expatriation tax](https://en.wikipedia.org/wiki/Expatriation_tax). Originally, under the Foreign Investors Tax Act of 1966, people determined to be giving up citizenship for the purpose of avoiding [U.S. taxation](https://en.wikipedia.org/wiki/Taxation_in_the_United_States) were subject to 10 years of continued taxation on their U.S.-source income, to prevent ex-citizens from taking advantage of special tax incentives offered to foreigners investing in the United States.[[64]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-64) Since 2008, these provisions no longer apply; instead, ex-citizens who meet certain asset or tax liability thresholds pay a one-time capital gains tax on a deemed sale of their U.S. and non-U.S. assets, regardless of their reasons for giving up citizenship.[[65]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-Pfiefer-65) The [Reed Amendment](https://en.wikipedia.org/wiki/Reed_Amendment_%28immigration%29), a 1996 law, makes former citizens inadmissible to the U.S. if the Attorney General finds that they renounced citizenship for purposes of avoiding taxes; however, it has never been enforced.[[66]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-66)[[67]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-AngloInfo20131230-67) Proposals such as the [Ex-PATRIOT Act](https://en.wikipedia.org/wiki/Ex-PATRIOT_Act) to rewrite the Reed Amendment and make it enforceable failed in 2012 and 2013.

It is also possible to forfeit U.S. citizenship upon conviction for an act of treason against the United States.[[61]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-State-778-61) Prominent former [Nazi](https://en.wikipedia.org/wiki/Nazi) officers who acquired American citizenship have also had it revoked if the [Office of Special Investigations](https://en.wikipedia.org/wiki/Office_of_Special_Investigations_%28United_States_Department_of_Justice%29) has been able to prove that the citizenship was obtained by concealing their involvement in war crimes committed by the Nazis in World War II.[[68]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-68)[[69]](https://en.wikipedia.org/wiki/United_States_nationality_law#cite_note-69)

# United States Land Ownership History

In the beginning of the [European colonial era](https://en.m.wikipedia.org/wiki/European_colonial_era), trade companies such as the [East India Company](https://en.m.wikipedia.org/wiki/East_India_Company) were the most common method used to settle new land.[[1]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-1) This changed following Maryland's Royal Grant in 1632, when [King Charles I](https://en.m.wikipedia.org/wiki/King_Charles_I) granted [George Calvert, 1st Baron Baltimore](https://en.m.wikipedia.org/wiki/George_Calvert%2C_1st_Baron_Baltimore) proprietary rights to an area east of the [Potomac River](https://en.m.wikipedia.org/wiki/Potomac_River) in exchange for a share of the income derived there.[[2]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-:0-2)[[3]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-3) Going forward, [proprietary colonies](https://en.m.wikipedia.org/wiki/Proprietary_colonies) became the most common way to settle areas with British subjects. The land was licensed or granted to a proprietor who held expanse power. These powers were commonly written into the land charters by using the "Bishop Durham clause" which recreated the powers and responsibilities once given to the [County Palatine of Durham](https://en.m.wikipedia.org/wiki/County_Palatine_of_Durham) in England.[[4]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-4)[[2]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-:0-2) Through this clause, the lord proprietor was given the power to create courts and laws, establish governing bodies and churches, and appoint all governing officials.[[2]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-:0-2)

## Governance of proprietary colonies

Each proprietary colony had a unique system of governance reflecting the geographic challenges of the area as well as the personality of the lord proprietor. The colonies of Maryland and New York, based off of English law and administration practices, were run effectively. However, other colonies such as Carolina were mismanaged.[[5]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-:1-5) The colonies of West and East Jersey as well as Pennsylvania were distinct in their diversion from the traditional monarchial system that ruled most colonies of the time.[[5]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-:1-5) This was due to the large number of [Quakers](https://en.m.wikipedia.org/wiki/Quakers) in these areas who shared many views with the lords proprietary.[[5]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-:1-5)

Effective governance of proprietary colonies relied on the appointment of a governor. The lord proprietor made the governor the head of the province's military, judicial, and administrative functions. This was typically conducted using a commission established by the lord proprietor. The lord proprietor typically instructed the governor what to do.[[6]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-6) Only through these instructions could legislation be made.[[5]](https://en.m.wikipedia.org/wiki/Lord_proprietor#cite_note-:1-5)

### Federal lands

are lands in the [United States](https://en.wikipedia.org/wiki/United_States) owned by the [federal government](https://en.wikipedia.org/wiki/Federal_government_of_the_United_States). Pursuant to the [Property Clause](https://en.wikipedia.org/wiki/Property_Clause) of the [United States Constitution](https://en.wikipedia.org/wiki/United_States_Constitution) ([Article Four](https://en.wikipedia.org/wiki/Article_Four_of_the_United_States_Constitution#Clause_2:_Property_Clause), section 3, clause 2), the [Congress](https://en.wikipedia.org/wiki/United_States_Congress) has the power to retain, buy, sell, and regulate federal lands, such as by limiting cattle grazing on them. These powers have been recognized in a long line of [U.S. Supreme Court](https://en.wikipedia.org/wiki/U.S._Supreme_Court) decisions.[[1]](https://en.wikipedia.org/wiki/Federal_lands#cite_note-Rodgers-1)[[2]](https://en.wikipedia.org/wiki/Federal_lands#cite_note-2)

The federal government owns about 640 million acres of land in the United States, about 28% of the total land area of 2.27 billion acres.[[3]](https://en.wikipedia.org/wiki/Federal_lands#cite_note-3)[[4]](https://en.wikipedia.org/wiki/Federal_lands#cite_note-VincentArguetaHanson-4) The majority of federal lands (610.1 million acres in 2015) are administered by the [Bureau of Land Management](https://en.wikipedia.org/wiki/Bureau_of_Land_Management) (BLM), [U.S. Fish and Wildlife Service](https://en.wikipedia.org/wiki/U.S._Fish_and_Wildlife_Service) (FWS), [National Park Service](https://en.wikipedia.org/wiki/National_Park_Service) (NPS), or [U.S. Forest Service](https://en.wikipedia.org/wiki/U.S._Forest_Service) (FS). BLM, FWS, and NPS are part of the [U.S. Department of the Interior](https://en.wikipedia.org/wiki/U.S._Department_of_the_Interior), while the Forest Service is part of the [U.S. Department of Agriculture](https://en.wikipedia.org/wiki/U.S._Department_of_Agriculture). An additional 11.4 million acres of land (about 2% of all federal land) is owned by the [U.S. Department of Defense](https://en.wikipedia.org/wiki/U.S._Department_of_Defense) (DOD).[[4]](https://en.wikipedia.org/wiki/Federal_lands#cite_note-VincentArguetaHanson-4) The majority of federal lands are located in [Alaska](https://en.wikipedia.org/wiki/Alaska) and the [Western](https://en.wikipedia.org/wiki/Western_United_States) states.[[4]](https://en.wikipedia.org/wiki/Federal_lands#cite_note-VincentArguetaHanson-4)

## American land barons: 100 wealthy families now own nearly as much land as that of New England



The federal government is by far the nation's biggest land owner, holding [640 million acres](https://fas.org/sgp/crs/misc/R42346.pdf) of purple mountains, fruited plains and amber waves of grain in the name of the American public.

But over the past decade, the nation's wealthiest private landowners have been laying claim to ever-larger tracts of the countryside, according to data compiled by [the Land Report](http://www.landreport.com/about-us/), a magazine about land ownership in America.

In 2007, according to the Land Report, the nation's 100 largest private landowners owned a combined 27 million acres of land — equivalent to the area of Maine and New Hampshire combined.

A decade later, the 100 largest landowners have holdings of [40.2 million acres](https://www.landleader.com/land-report-100), an increase of nearly 50 percent. Their holdings are equivalent in area to the entirety of New England, minus Vermont.

Those rising numbers represent “the growing appeal of land as an asset class,” said Eric O'Keefe, editor of the Land Report, in an interview.

The stock market has been on a tear in recent years, and some wealthy individuals have been looking to cash out and park their assets in a safe place. That's where land comes in. Paper fortunes appear and vanish in the span of days on Wall Street, but land isn't going anywhere.

Investors are particularly interested in productive land — property that can be used to raise cattle, mine minerals, produce timber or grow crops. That's because when the Dow Jones industrial average lost over half its value between 2007 and 2009, over that same period “productive land correction was less than five percent,” according to O'Keefe.

Like [stocks](https://www.washingtonpost.com/news/wonk/wp/2017/12/18/for-roughly-half-of-americans-the-stock-markets-record-highs-dont-help-at-all/?utm_term=.a591e42e5297), [income](https://www.washingtonpost.com/news/wonk/wp/2017/12/15/u-s-lawmakers-are-redistributing-income-from-the-poor-to-the-rich-according-to-massive-new-study/?utm_term=.ebaa2e251168) and [wealth in general](https://www.washingtonpost.com/news/wonk/wp/2017/12/06/the-richest-1-percent-now-owns-more-of-the-countrys-wealth-than-at-any-time-in-the-past-50-years/?utm_term=.0dfb94b80fc7), land ownership is tightly concentrated among the upper class. According to [a recent working paper](http://papers.nber.org/tmp/79309-w24085.pdf) by New York University economist Edward Wolff, in 2016 the wealthiest 1 percent of households owned 40 percent of the nation's non-home real estate, while the next 9 percent of households owned another 42 percent.

That left the remaining 90 percent of households owning just 18 percent of the country's non-home real estate.

A 2015 paper by the Bureau of Economic Analysis estimated that the total value of land in the Lower 48 states was roughly [$23 trillion in 2009](https://www.bea.gov/papers/pdf/new-estimates-of-value-of-land-of-the-united-states-larson.pdf), with $1.8 trillion of that value owned by the federal government.

The nation's [largest private landowner](https://www.landleader.com/land-report-100) is telecom baron [John Malone](https://www.forbes.com/profile/john-malone/), with 2.2 million acres —  an area considerably larger than the state of Delaware — to his name in 2017. Ted Turner is No. 2 on the list, with an even 2 million acres.

O'Keefe says that one common thread among the nation's top private landowners is sports team ownership. Malone and Turner have both owned the Atlanta Braves, while No. 4 landowner Stan Kroenke, with 1.38 million acres, owns the Denver Nuggets, the Colorado Avalanche and the Los Angeles Rams.

Back in 2008, [you needed about 76,000 acres](http://www.landreport.com/wp-content/uploads/2008-lr100.pdf) to appear in the Land Report's list of the top 100 landowners. Today the cutoff is nearly double, 145,000 acres. The median holdings of the top 100 landowners rose from 160,000 acres to 250,000 acres over that time period.

Part of that increase, O'Keefe says, reflects improvements in data collection and availability. His staff scours property records, tax rolls, corporate filings and real estate listings, among other sources, to produce the annual list. Many wealthy individuals shield their purchases via trusts, shell companies and other corporate structures, making ownership difficult to ascertain in some cases.

“Most people have no idea that there's this market in these huge pieces of America,” O'Keefe said. Properties currently on the market include the [Agua Fria Ranch in Texas](http://kinglandwater.com/properties/agua-fria-ranch/), where $15.2 million will get you 23,482 acres, including “almost the entire Agua Fria Mountain range.” (Alternatively, with the same amount of money you could buy [a single condo in Brooklyn](https://www.nytimes.com/2017/03/31/realestate/a-brooklyn-condo-sells-for-a-record-15-million.html?mtrref=www.google.com&gwh=14603855AD64103B5D3803058D8C2206&gwt=pay)).

Other enormous chunks of land currently for sale include [24 mountain peaks outside Salt Lake City](https://www.mirrranchgroup.com/ranches/wasatch-peaks-ranch/) for $39 million (price recently reduced), a [7,000-acre Georgia estate](https://cypruspartners.com/cypruspartners/wp-content/uploads/2016/05/brochure_Callaway_Final_web_x.pdf) on the market for the first time in the history of the republic, and T. Boone Pickens's [Mesa Vista ranch in Texas](http://hallhall.com/ranches-for-sale/properties/mesa-vista-ranch), where $250 million will net you 64,000 acres of the Texas Panhandle.

For most Americans, land isn't a financial necessity the way income or even wealth is, so we give little thought to the massive tracts of countryside trading hands every year.

“Eighty percent of us live on 3 percent of the United States,” O'Keefe said. “Large swaths of privately owned land are beyond comprehension because they are simply beyond the horizon.”

## Eminent domain

**Eminent domain** ([United States](https://en.m.wikipedia.org/wiki/United_States), [Philippines](https://en.m.wikipedia.org/wiki/Philippines)), **land acquisition** ([India](https://en.m.wikipedia.org/wiki/India), [Malaysia](https://en.m.wikipedia.org/wiki/Malaysia),[[1]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-1)[[2]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-2) [Singapore](https://en.m.wikipedia.org/wiki/Singapore)), **compulsory purchase** ([United Kingdom](https://en.m.wikipedia.org/wiki/United_Kingdom), [New Zealand](https://en.m.wikipedia.org/wiki/New_Zealand), [Ireland](https://en.m.wikipedia.org/wiki/Republic_of_Ireland)), **resumption** ([Hong Kong](https://en.m.wikipedia.org/wiki/Hong_Kong), [Uganda](https://en.m.wikipedia.org/wiki/Uganda)), **resumption**/**compulsory acquisition** ([Australia](https://en.m.wikipedia.org/wiki/Australia)), or **expropriation** ([France](https://en.m.wikipedia.org/wiki/France), [Italy](https://en.m.wikipedia.org/wiki/Italy), [Mexico](https://en.m.wikipedia.org/wiki/Mexico), [South Africa](https://en.m.wikipedia.org/wiki/South_Africa), [Canada](https://en.m.wikipedia.org/wiki/Canada), [Brazil](https://en.m.wikipedia.org/wiki/Brazil), [Portugal](https://en.m.wikipedia.org/wiki/Portugal), [Spain](https://en.m.wikipedia.org/wiki/Spain), [Chile](https://en.m.wikipedia.org/wiki/Chile), [Denmark](https://en.m.wikipedia.org/wiki/Denmark), [Sweden](https://en.m.wikipedia.org/wiki/Sweden), [Finland](https://en.m.wikipedia.org/wiki/Finland), [Germany](https://en.m.wikipedia.org/wiki/Germany), [Panama](https://en.m.wikipedia.org/wiki/Panama)) is the power of a state, provincial, or national government to take private property for public use. However, this power can be legislatively delegated by the state to municipalities, government subdivisions, or even to private persons or corporations, when they are authorized by the legislature to exercise the functions of public character.[[3]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-3)

In the Anglo-American historical context, property taken could be used only by the government taking the property in question. The most common uses of property taken by eminent domain have been for roads, government buildings and [public utilities](https://en.m.wikipedia.org/wiki/Public_utility). However, in the mid-20th century, a new application of eminent domain was pioneered, in which the government could take the property and transfer it to a private third party. This was initially done only to a property that has been deemed "blighted" or a "development impediment", on the principle that such properties had a negative impact upon surrounding property owners, but was later expanded to allow the taking of any private property when the new third-party owner could develop the property in such a way as to bring in increased tax revenues to the government.

Some jurisdictions require that the taker make an offer to purchase the subject property, before resoting to the use of eminent domain. However, once the property is taken and the judgment is final, the condemnor owns it in [fee simple](https://en.m.wikipedia.org/wiki/Fee_simple), and may put it to uses other than those specified in the eminent domain action.

Takings may be of the subject property in its entirety (total take) or in part (part take), either quantitatively or qualitatively (either partially in fee simple or, commonly, an easement, or any other interest less than the full fee simple title).

**Meaning**

The term "eminent domain" was taken from the legal treatise [*De jure belli ac pacis*](https://en.m.wikipedia.org/wiki/De_jure_belli_ac_pacis) (On the Law of War and Peace), written by the [Dutch](https://en.m.wikipedia.org/wiki/Netherlands) [jurist](https://en.m.wikipedia.org/wiki/Jurist)[Hugo Grotius](https://en.m.wikipedia.org/wiki/Hugo_Grotius) in 1625,[[4]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-4) which used the term *dominium eminens* ([Latin](https://en.m.wikipedia.org/wiki/Latin) for *supreme lordship*) and described the power as follows:

...  The property of subjects is under the eminent domain of the state, so that the state or those who act for it may use and even alienate and destroy such property, not only in the case of extreme necessity, in which even private persons have a right over the property of others, but for ends of public utility, to which ends those who founded civil society must be supposed to have intended that private ends should give way. But, when this is done, the state is bound to make good the loss to those who lose their property.

The exercise of eminent domain is not limited to real property. Condemnors may also take personal property,[[5]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-5)[[*where?*](https://en.m.wikipedia.org/wiki/Wikipedia%3ANaming_conventions_%28geographic_names%29)] even intangible property such as [contract](https://en.m.wikipedia.org/wiki/Contract) rights, [patents](https://en.m.wikipedia.org/wiki/Patent), [trade secrets](https://en.m.wikipedia.org/wiki/Trade_secret), and [copyrights](https://en.m.wikipedia.org/wiki/Copyright).[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] Even the taking of a [professional](https://en.m.wikipedia.org/wiki/Professional_sports) [sports team](https://en.m.wikipedia.org/wiki/Sports_team)'s franchise has been held by the California Supreme Court to be within the purview of the "public use" constitutional limitation, although eventually, that taking (of the [Oakland Raiders](https://en.m.wikipedia.org/wiki/Oakland_Raiders)' [NFL](https://en.m.wikipedia.org/wiki/NFL) franchise) was not permitted because it was deemed to violate the interstate commerce clause of the U.S. Constitution.[[6]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-6)

A taking of property must be accompanied by payment of "just compensation" to the [former] owner.[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] In theory, this is supposed to put the owner in the same position "pecuniarily" that he would have been in had his property not been taken. But in practice courts[[*where?*](https://en.m.wikipedia.org/wiki/Wikipedia%3ANaming_conventions_%28geographic_names%29)] have limited compensation to the property's fair market value, considering its highest and best use.[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] But though rarely granted, this is not the exclusive measure of compensation; see [Kimball Laundry Co. v. United States](https://en.m.wikipedia.org/wiki/Kimball_Laundry_Co._v._United_States) (business losses in temporary takings) and United States v. Pewee Coal Co. (operating losses caused by government operations of a mine seized during World War II). In most takings[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] owners are not compensated for a variety of incidental losses caused by the taking of their property that, though incurred and readily demonstrable in other cases, are deemed by the courts[[*where?*](https://en.m.wikipedia.org/wiki/Wikipedia%3ANaming_conventions_%28geographic_names%29)] to be noncompensable in eminent domain.[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] The same is true of attorneys' and appraisers fees.[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] But as a matter of legislative grace rather than constitutional requirement some of these losses (e.g., business goodwill) have been made compensable by state legislative enactments,[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] and in the U.S. may be partially covered by provisions of the federal [Uniform Relocation Assistance Act](https://en.m.wikipedia.org/w/index.php?title=Uniform_Relocation_Assistance_Act&action=edit&redlink=1).[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

**United States**

Main article: [Eminent domain in the United States](https://en.m.wikipedia.org/wiki/Eminent_domain_in_the_United_States)

Most states use the term *eminent domain*, but some U.S. states use the term [*appropriation*](https://en.m.wikipedia.org/wiki/Appropriation_%28economics%29) (New York) or *expropriation* (Louisiana) as synonyms for the exercise of eminent domain powers.[[7]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-7)[[8]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-8) The term *condemnation* is used to describe the formal act of exercising this power to transfer title or some lesser interest in the subject property.

The constitutionally required "just compensation" in partial takings is usually measured by fair market value of the part taken, plus severance damages (the diminution in value of the property retained by the owner [remainder] when only a part of the subject property is taken). Where a partial taking provides economic benefits specific to the remainder, those must be deducted, typically from severance damages.[[9]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-9) The former owners of the property rarely receive full market value because some elements of value are deemed noncompensable in eminent domain law.[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

The practice of condemnation came to the American colonies with the [common law](https://en.m.wikipedia.org/wiki/Common_law). When it came time to draft the [United States Constitution](https://en.m.wikipedia.org/wiki/United_States_Constitution), differing views on eminent domain were voiced. The [Fifth Amendment](https://en.m.wikipedia.org/wiki/Fifth_Amendment_to_the_United_States_Constitution) to the Constitution requires that the taking be for a "public use" and mandates payment of "just compensation" to the owner.[[10]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-10)

In federal law, Congress can take private property directly (without recourse to the courts) by passing an Act transferring title of the subject property directly to the government. In such cases, the property owner seeking compensation must sue the United States for compensation in the U.S. Court of Federal Claims. The legislature may also delegate the power to private entities like public utilities or railroads, and even to individuals.[[11]](https://en.m.wikipedia.org/wiki/Eminent_domain#cite_note-11) The [U.S. Supreme Court](https://en.m.wikipedia.org/wiki/U.S._Supreme_Court) has consistently deferred to the right of states to make their own determinations of "public use".

# United States Land laws

Before 1774, all land in the American colonies could also be traced to royal grants, either a single enormous grant creating each [proprietary colony](https://en.m.wikipedia.org/wiki/Proprietary_colony) (e.g. Pennsylvania and Maryland), or smaller direct grants within crown colonies (e.g. Virginia). The original *grantee*(recipient of the land) then sold or granted parcels of land within his grant to private citizens and other legal entities. The [Treaty of Paris (1783)](https://en.m.wikipedia.org/wiki/Treaty_of_Paris_%281783%29), which ended formal hostilities and recognized American independence, also had the effect of ending any residual rights held by the original grantees or [the Crown](https://en.m.wikipedia.org/wiki/The_Crown). This recognized that no person holding land in the new United States owed any allegiance or duty to the Crown, as Allodial title to their property and land was one of the main things Americans were seeking during the Revolutionary War.[[*citation needed*](https://en.m.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

Apart from land that was formally owned at the time of the Revolutionary War, most American landholders can trace their title back to grants by the federal or state governments of land obtained by purchase ([Louisiana Purchase](https://en.m.wikipedia.org/wiki/Louisiana_Purchase), [Florida](https://en.m.wikipedia.org/wiki/Florida), Alaska), treaty (the [Ohio Valley](https://en.m.wikipedia.org/wiki/Ohio_Valley), [New Mexico](https://en.m.wikipedia.org/wiki/New_Mexico), [Arizona](https://en.m.wikipedia.org/wiki/Arizona), and [California](https://en.m.wikipedia.org/wiki/California)), or annexation ([Texas](https://en.m.wikipedia.org/wiki/Texas), [Hawaii](https://en.m.wikipedia.org/wiki/Hawaii)). However, in reality, previous grants prior to those territories becoming US possessions were recognized; ownership under French and Spanish crown grants in the [Louisiana Purchase](https://en.m.wikipedia.org/wiki/Louisiana_Purchase) and [Guadalupe-Hidalgo](https://en.m.wikipedia.org/wiki/Treaty_of_Guadalupe_Hidalgo)/[Gadsden](https://en.m.wikipedia.org/wiki/Gadsden_Purchase) territories remained valid. Although in [Dartmouth College v. Woodward](https://en.m.wikipedia.org/wiki/Dartmouth_College_v._Woodward) the [United States Supreme Court](https://en.m.wikipedia.org/wiki/United_States_Supreme_Court) rebuffed [New Hampshire](https://en.m.wikipedia.org/wiki/New_Hampshire)'s attempt to convert [Dartmouth College](https://en.m.wikipedia.org/wiki/Dartmouth_College)from a private college into a public university, the Court decided this was based on the [Constitution](https://en.m.wikipedia.org/wiki/United_States_Constitution) prohibiting states from impairing the obligations of the contract which created the private corporation that owned the land, and not based on any principle that the land was somehow immune from state control.

Many [state constitutions](https://en.m.wikipedia.org/wiki/State_constitution_%28United_States%29) ([Arkansas](https://en.m.wikipedia.org/wiki/Arkansas), [Wisconsin](https://en.m.wikipedia.org/wiki/Wisconsin), [Minnesota](https://en.m.wikipedia.org/wiki/Minnesota), [New York](https://en.m.wikipedia.org/wiki/New_York_%28state%29)) refer to allodial title, but only to clearly distinguish it from feudal title. The conditions under which the government can compel the sale of privately owned [real property](https://en.m.wikipedia.org/wiki/Real_property) for public necessity are established by [eminent domain](https://en.m.wikipedia.org/wiki/Eminent_domain) laws of either the federal or state governments, respectively. The [Fifth Amendment to the United States Constitution](https://en.m.wikipedia.org/wiki/Fifth_Amendment_to_the_United_States_Constitution) requires just compensation for eminent domain compelled sale. In addition, the government powers of [police power](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29)and [escheat](https://en.m.wikipedia.org/wiki/Escheat) have been retained in the American legal system.

Limited allodial title

Other institutional property ownership can also be called allodial, in that property granted for certain uses is held absolutely and cannot be alienated in most circumstances. For example, universities and colleges that hold property for educational purposes can be described as having allodial title. In most states, property held by churches for the purpose of worship also has status similar to allodial title. Native American reservations also share some similarity with allodial title. However, in all these cases, it is also clear that if the title ceases to be used for the purposes for which it was granted, it reverts to the state or the federal government.

Nevada

In 1997, the Nevada Legislature created a new section of statutes within the property tax statutory scheme. Nevada Revised Statutes (NRS) 361.900 to 361.920.[[10]](https://en.m.wikipedia.org/wiki/%23cite_note-state1-10) These statutes, which are entitled “Allodial Title”, became effective on July 1, 1998, and were intended to protect property owners from the burden of the high increases in property taxes that often occur when [unincorporated land](https://en.m.wikipedia.org/wiki/Unincorporated_area) becomes part of a town or city. Nevada allowed persons who owned and lived in single family residences to obtain allodial title if the property was not mortgaged and had no tax liens. Allodial titles were subject to exemptions from seizure in debt or bankruptcy under homestead laws; however, a property could be seized if used in a criminal enterprise. In 2005, the Nevada Legislature prohibited applications by property owner for an allodial title after June 13 of that year.[[11]](https://en.m.wikipedia.org/wiki/%23cite_note-11)

The classes of persons who can apply for allodial title and of property for which those persons may obtain allodial title are limited: A person who owns and occupies a single-family dwelling, its [appurtenances](https://en.m.wikipedia.org/wiki/Appurtenance) and the land on which it is located, free and clear of all encumbrances, except any unpaid assessment for a public improvement, may apply to the county assessor to establish allodial title to the dwellings, appurtenances and the land on which it is located. One or more persons who own such a home in any form of joint ownership may apply for the allodial title, jointly if the dwelling is occupied by each person included in the application.

After the county assessor receives the application, he transfers it to the state treasurer.[[10]](https://en.m.wikipedia.org/wiki/%23cite_note-state1-10)

The state treasurer then determines the amount which is required to be paid by the property owner to establish allodial title. This is done by using “a tax rate of $5 for each $100 of assessed valuation on the date of the application.” The treasurer must calculate, separately, the amount that must be paid in a lump sum, and for the payment in installments over a period of not more than 10 years. These “amounts must be calculated to the best ability of the state treasurer so that the money paid plus the interest or other income earned on that money will be adequate to pay all future tax liability of the property for a period equal to the life expectancy of the youngest titleholder of the property.”[[10]](https://en.m.wikipedia.org/wiki/%23cite_note-state1-10)

If the property owner pays the lump sum amount calculated by the state treasurer, and submits proof that the home is a single-family dwelling occupied by the homeowner, and that the property is free and clear of all encumbrances except any unpaid assessment for a public improvement, "the state treasurer shall issue a certificate of allodial title".[[10]](https://en.m.wikipedia.org/wiki/%23cite_note-state1-10) If the property owner enters into an agreement with the state to make installment payments (in lieu of a lump sum payment), the issue of a certificate of allodial title occurs upon the receipt by the treasurer of the last payment.[[10]](https://en.m.wikipedia.org/wiki/%23cite_note-state1-10)

Once a property owner receives a certificate of allodial title, he is relieved from the payment of all further property taxes, “unless the allodial title is relinquished by the homeowner or his heirs.”[[12]](https://en.m.wikipedia.org/wiki/%23cite_note-12) Instead, the state treasurer is responsible for the payment of the taxes due.[[10]](https://en.m.wikipedia.org/wiki/%23cite_note-state1-10)

Once allodial title is established, it “is valid for as long as the homeowner continues to own the residence unless he chooses to relinquish the allodial title[.]”[[13]](https://en.m.wikipedia.org/wiki/%23cite_note-13) Upon the death of an allodial title holder, the heir or heirs can reestablish allodial title by using the same procedure that the original property owner used.[[10]](https://en.m.wikipedia.org/wiki/%23cite_note-state1-10)

The holder of an allodial title can voluntarily relinquish it at any time.[[14]](https://en.m.wikipedia.org/wiki/%23cite_note-nine15-14)The title shall be relinquished if the property is sold, leased or transferred by the allodial title holder; the allodial title holder no longer occupies the dwelling for 150 days; or the home is converted to anything other than a single-family dwelling occupied by the owner.[[14]](https://en.m.wikipedia.org/wiki/%23cite_note-nine15-14) If allodial title is relinquished, either voluntarily or otherwise, the property owner receives a refund of the unused portion of the payments made to originally establish the allodial title.[[15]](https://en.m.wikipedia.org/wiki/%23cite_note-15) Once the allodial title is relinquished, the property owner is once again responsible for all future property taxes.[[16]](https://en.m.wikipedia.org/wiki/%23cite_note-16)

The importance and benefit of establishing allodial title extends beyond the non-payment of property taxes. It also has significance in the area of homestead law. Pursuant to NRS 115.010, the available homestead exemption in Nevada is $550,000.[[17]](https://en.m.wikipedia.org/wiki/%23cite_note-NRS_115.010-17)However, if allodial title has been established and not relinquished, the homestead exemption “extends to all equity in the dwelling, its appurtenances and the land on which it is located.”[[17]](https://en.m.wikipedia.org/wiki/%23cite_note-NRS_115.010-17) Furthermore, although the regular homestead exemption provides no protection against legal process to enforce the payment of obligations contracted for the purchase of the property, or for improvements made thereon (including any mechanic's lien lawfully obtained), or for legal taxes, or for any mortgage or deed of trust executed upon the property,[[17]](https://en.m.wikipedia.org/wiki/%23cite_note-NRS_115.010-17) the holder of an allodial title is fully exempt from all of these under the homestead laws.[[17]](https://en.m.wikipedia.org/wiki/%23cite_note-NRS_115.010-17) The only area within the homestead laws wherein allodial title fails to provide an extra benefit is in the realm of civil and criminal forfeiture of property.[[17]](https://en.m.wikipedia.org/wiki/%23cite_note-NRS_115.010-17)Similar to all property in Nevada, property held by allodial title is subject to forfeiture for criminal conduct.

Below are the percentages of public and private lands in each state in the United States. Figures for total areas of states reflect land acreage only and are from the US Bureau of the Census, Statistical Abstract of the United States: 1991 (11th ed.) Washington, DC, 1991, p.201.

## US States Land Ownership by Percentage:

|  |  |  |  |
| --- | --- | --- | --- |
| Rank | State | % that is Public Land | % that is Private Land |
| 1 | AK | 95.8% | 4.2% |
| 2 | NV | 87.8% | 12.2% |
| 3 | UT | 75.2% | 24.8% |
| 4 | ID | 70.4% | 29.6% |
| 5 | OR | 60.4% | 39.6% |
| 6 | AZ | 56.8% | 43.2% |
| 7 | WY | 55.9% | 44.1% |
| 8 | CA | 52.1% | 47.9% |
| 9 | NM | 47.4% | 52.6% |
| 10 | CO | 43.3% | 56.7% |
| 11 | WA | 41.9% | 58.1% |
| 12 | MT | 37.5% | 62.5% |
| 13 | NY | 37.1% | 62.9% |
| 14 | FL | 29.2% | 70.8% |
| 15 | MI | 28.1% | 71.9% |
| 16 | MN | 23.5% | 76.5% |
| 17 | HI | 19.0% | 81.0% |
| 18 | NJ | 18.3% | 81.7% |
| 19 | NH | 18.0% | 82.0% |
| 20 | WI | 17.8% | 82.2% |
| 21 | AR | 17.3% | 82.7% |
| 22 | VA | 17.1% | 82.9% |
| 23 | WV | 16.5% | 83.5% |
| 24 | PA | 16.1% | 83.9% |
| 25 | VT | 15.8% | 84.2% |
| 26 | NC | 14.6% | 85.4% |
| 27 | TN | 14.1% | 85.9% |
| 28 | KY | 11.8% | 88.2% |
| 29 | SC | 11.8% | 88.2% |
| 30 | MO | 11.2% | 88.8% |
| 31 | MS | 10.9% | 89.1% |
| 32 | LA | 10.7% | 89.3% |
| 33 | GA | 9.7% | 90.3% |
| 34 | ND | 9.1% | 90.9% |
| 35 | SD | 8.9% | 91.1% |
| 36 | MD | 7.6% | 92.4% |
| 37 | DE | 7.4% | 92.6% |
| 38 | AL | 7.1% | 92.9% |
| 39 | MA | 6.3% | 93.7% |
| 40 | CT | 6.2% | 93.8% |
| 41 | ME | 5.7% | 94.3% |
| 42 | OK | 4.6% | 95.4% |
| 43 | IN | 4.5% | 95.5% |
| 44 | OH | 4.2% | 95.8% |
| 45 | TX | 4.2% | 95.8% |
| 46 | IL | 4.1% | 95.9% |
| 47 | IA | 2.8% | 97.2% |
| 48 | NE | 2.8% | 97.2% |
| 49 | KS | 1.9% | 98.1% |
| 50 | RI | 1.5% | 98.5% |
|  | **USA** | 39.8% | 60.2% |

The land surface of the United States covers 2.3 billion acres. Private owners held 61 percent in 2002, the Federal Government 28 percent, State and local governments 9 percent, and Indian reservations 3 percent. Virtually all cropland is privately owned, as is three-fifths of grassland pasture and range, and over half of forestland. Federal, State, and local government holdings consist primarily of forestland, rangeland, and other land. Most land in Federal ownership—largely in the West—is managed by the Department of the Interior (68 percent) and the Department of Agriculture (28 percent) (U.S. GSA, 2005)

# Laws about primary resources (raw materials, mining, logging, etc)

<https://www.eli.org/keywords/natural-resources>

U.S. [**natural resources**](https://www.eli.org/keywords/natural-resources) law is a patchwork of [**unrelated statutes**](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=880115), unique to each resource, with the exception of the [**National Environmental Policy Act**](https://www.eli.org/keywords/natural-resources#National-Environmental-Policy-Act) (NEPA). Some reflect a pioneer spirit, such as the laws regulating mineral mining, and some are more modern, such as laws regulating ocean fisheries. For the most part, the statutes governing [**federal lands**](https://www.eli.org/keywords/natural-resources#Federal-Land-Policy-and-Management-Act), [**timber**](https://www.eli.org/keywords/natural-resources#Timber-and-Forest-Lands), [**coal**](https://www.eli.org/keywords/natural-resources#Coal), [**oil and gas**](https://www.eli.org/keywords/natural-resources#Oil-and-Gas), [**minerals**](https://www.eli.org/keywords/natural-resources#minerals), [**soil**](https://www.eli.org/keywords/natural-resources#Soil), and [**oceans**](https://www.eli.org/keywords/natural-resources#Ocean-Fisheries) share a common goal of efficiently and sustainably managing natural resources, but with varying degrees of success. This topic would not be complete without also considering [**natural resource damages**](https://www.eli.org/keywords/natural-resources#Natural-Resource-Damages) and [**ecosystem services**](https://www.eli.org/keywords/natural-resources#ecosystem-services).

Natural resources, in general, belong to the state or federal government unless found on private property or rights to them have been obtained from the government. States retain primary authority over natural resources within their borders, although federal statutes also apply to many resources, especially those found on federal land.The government’s role in managing and preserving natural resources for public use dates back to English [**common law**](https://www.eli.org/keywords/governance#evolution-environmental-law-policy) and to Roman law before that. Under the [**public trust doctrine**](https://www.eli.org/keywords/governance#evolution-environmental-law-policy), some resources, including access to navigable waterways, fishing areas, and coastal areas, cannot be privately owned but must be held for the use and benefit of all. The concept of a protected public interest in natural resources is in tension with U.S. law’s general preference for well-defined property rights.

National Environmental Policy Act

Although no single statute applies to all natural resources, the [**National Environmental Policy Act**](http://www.epw.senate.gov/nepa69.pdf)(NEPA) applies to most government actions that might affect natural resource management. NEPA requires the federal government to take a “[**hard look**](http://openjurist.org/458/f2d/827/natural-resources-defense-council-inc-v-c-b-morton)” at the potential environmental impacts of proposed federal actions. Under NEPA the government must consider reasonable alternatives to projects that may lessen the environmental impacts. NEPA also provides opportunities for [**public comment**](https://www.eli.org/keywords/governance#local-environmental-law) during the NEPA review process. NEPA review is often required before decisions about natural resource use can be made. For example, NEPA review must be completed before a permit for mining on federal land can be issued, before a hiking trail can be built through federal lands, before federal funding in support of energy development projects can be awarded, before grazing permits on federal lands are issued, and before permits for offshore drilling or wind energy sites will be issued.

**Federal Land Policy and Management Act**

The federal government owns nearly [**650 million acres**](http://nationalatlas.gov/printable/fedlands.html) - almost 30 percent - of all U.S. land. As a result, management of federal lands has a significant impact on the overall environment. The [**Federal Land Policy and Management Act**](https://www.eli.org/keywords/federal-land-policy-and-management-act-flpma)(FLPMA) was enacted in 1976 to establish a unified, comprehensive, and systematic approach to managing and preserving public lands in a way that [**protects**](https://www.eli.org/keywords/natural-resources) “the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archeological values.” [**FLPMA**](http://www.blm.gov/flpma/) is administered by the [**Bureau of Land Management**](http://www.blm.gov/wo/st/en.html) (BLM) within the [**Department of Interior**](http://www.doi.gov/).

Pursuant to FLPMA, BLM must establish a planning process for the management of public lands that accommodates multiple uses of the land and its resources and achieves sustained yield of natural resources. FLMPA aims to protect and preserve public lands in their natural condition to the extent possible, and to retain federal ownership of public lands unless it is in the national interest to dispose of them. Where it is appropriate to sell federal lands, FLPMA [**requires**](https://www.eli.org/keywords/natural-resources) that fair market value be received for the lands.

**Timber and Forest Lands**

The [**U.S. Forest Service**](http://www.fs.fed.us/), under authority from the [**Department of Agriculture**](http://usda.gov/wps/portal/usda/usdahome), manages 193 million acres of  forest and grasslands within the National Forest System. The Forest Service’s [**mission**](http://www.fs.fed.us/aboutus/mission.shtml) is to “sustain the health, diversity, and productivity of the Nation’s forests and grasslands to meet the needs of present and future generations.” This mission reflects the balance that the Forest Service must strike between allowing productive economic use and conservation of the lands that they manage. Of the 193 million acres they manage, roughly [**49 million**](https://www.eli.org/keywords/natural-resources) are open to timber extraction.

Under the [**National Forestry Management Act**](http://www.fs.fed.us/emc/nfma/includes/RPA_amended_by_NFMA_USCver.pdf), all national forests are required to prepare [**land and resource management plans**](https://fs.usda.gov/Internet/FSE_DOCUMENTS/stelprdb5367422.pdf), which must be updated every 15 years. These plans essentially zone the forest, determining how the lands are to be managed and whether [**timber harvesting**](https://www.eli.org/keywords/natural-resources) is appropriate. Plans are required to be prepared with public involvement, and are subject to the terms of the [**National Environmental Policy Act**](https://www.eli.org/keywords/natural-resources#National-Environmental-Policy-Act).  16 U.S.C. § 1604(d).

The [**Bureau of Land Management**](http://www.blm.gov/wo/st/en.html) oversees [**270 million acres**](https://www.eli.org/keywords/natural-resources) of public land, 8 million of which are commercial forest land. These lands are governed by FLPMA, with management focused on sustainable yield of timber similar to US Forests.

**Coal**

The U.S. has [**35%**](https://www.eli.org/Campbell-Mohn%2C%20et%20al.%2C%20at%20p.%20996.) of the world’s recoverable coal resources, making it the most abundant nonrenewable resource in the nation. Coal extraction is generally allocated through leasing on public lands, overseen by BLM, and by contract and conveyance on private lands. Federal coal is leased under the [**Mineral Leasing Act**](http://www.blm.gov/style/medialib/blm/ut/vernal_fo/lands___minerals.Par.6287.File.dat/MineralLeasingAct1920.pdf), and the Secretary of the Interior has discretion to offer federal coal tracts for lease at competitive auction from “[**time to time**](https://www.eli.org/43%20C.F.R.%20%C2%A7%203400.4.).”

A permit is required in order to mine, process and load coal under the [**Surface Mine Control and Reclamation Act**](http://www.gpo.gov/fdsys/pkg/STATUTE-91/pdf/STATUTE-91-Pg445.pdf) (SMCRA) of 1977. SMCRA established the [**Office of Surface Mining Reclamation and Enforcement**](http://www.osmre.gov/about.shtm) (OSMRE) to regulate coal mining activities. SMCRA uses the concept of [**cooperative federalism**](https://www.eli.org/keywords/governance/), under which  states are able to develop their own mining regulations to replace those found in SMCRA as long as SMCRA’s minimum standards are met. Today, most coal producing states have developed their own state laws and regulatory systems to address coal mining and handle the permitting process themselves

**Oil and Gas**

As with most natural resource areas, states oversee the permitting and environmental impacts of most aspects of petroleum extraction from private lands. Petroleum is typically allocated from public lands to private companies through leasing. Before a lease can be issued, it must be consistent with the respective agency’s land-use plan. Both BLM and the Forest Service prepare [**land and resource management plans**](https://www.eli.org/keywords/natural-resources#Timber-and-Forest-Lands) to determine which areas are suitable for extraction. Once a plan determines where petroleum exploration may be allowed, the agency must comply with NEPA’s environmental evaluation process before issuing a lease to explore and develop. The BLM may [**decline**](https://www.eli.org/keywords/natural-resources) to issue a lease due to projected environmental impacts. Once planning and environmental assessment are completed, a property can be made available for leasing.

State laws govern the allocation of petroleum on state-owned lands, and many follow a similar leasing system as that required for extraction of petroleum on public lands.

Extraction of petroleum is prohibited in wilderness areas, most national parks, national monuments, national rivers, and areas of critical environmental concern. For exploration or drilling for petroleum in a wetland, the operator must obtain a special permit under the [**Clean Water Act**](https://www.eli.org/keywords/water).

Offshore petroleum extraction also [**requires**](https://www.eli.org/Campbell-Mohn%2C%20et%20al.%2C%20at%20p.%201141-42.%2043%20U.S.C.%20%C2%A7%201347) planning and leasing, and the extraction fundamentals are essentially the same, however the statutory authority for offshore drilling focuses much more on the increased hazards of drilling in the sea.  The [**Outer Continental Shelf Lands Act**](http://www.epw.senate.gov/ocsla.pdf) governs offshore leasing and extraction, and [**requires**](https://www.eli.org/43%20U.S.C.%20%C2%A7%201344.) the Secretary of the Interior “to obtain a proper balance between the potential for environmental damage, the potential for the discovery of oil and gas, and the potential for adverse impact on the coastal zone.”

**Minerals**

The [**General Mining Law of 1872**](http://www.earthworksaction.org/files/publications/EWfs-1872MiningLaw-WaterPolluterPorkProvider-low.pdf) codified the presumption that public lands are open to exploration by private individuals for all minerals covered by the Act; to remove this presumption requires an affirmative act of Congress. A prospector who finds a valuable mineral has first claim to it, so long as she or he diligently works the claim and continuously occupies the parcel under a doctrine known as [**pedis possessio**](https://www.eli.org/keywords/natural-resources). The claimant must then meet various other [**requirements**](https://www.eli.org/keywords/natural-resources), including designating the mineral deposit as lode (vein-like) or placer and maintaining at least $100 a year toward developing the claim, after which the government will convey the land.

A claimant has the option of buying the parcel, for $2.50 per acre on a placer or $5 per acre on a lode, which results in “[**patenting**](https://www.eli.org/keywords/natural-resources)” the claim. When a claim is patented, it results in private ownership of the parcel. Since 1994, however, Congress has annually supported a moratorium on processing new patents, thus restricting private prospectors from obtaining ownership of public mining lands.

**Soil**

Although often not thought of as a natural resource, soil is one of the most important natural resources. It serves as the basis for the crops upon which human society is built. At the federal level, the [**National Resources Conservation Service**](http://www.nrcs.usda.gov/wps/portal/nrcs/main/national/home) plays a significant role in ensuring the conservation of productive topsoil as well as other natural resources.

**Ocean Fisheries**

Economic statistics released by [**NOAA**](http://www.noaa.gov/) show that commercial and recreational fisheries in the U.S. contributed $72 billion to the Gross National Product and supported 1.4 million jobs in 2010. The average American consumes almost [**16 pounds**](http://www.nmfs.noaa.gov/mediacenter/2011/09/fus_sept2011.pdf) of seafood products annually, and the United States is the [**third**](http://www.st.nmfs.noaa.gov/st1/fus/fus10/highlight2010.pdf) largest consumer of seafood behind only China and Japan.

To effectively manage fisheries and reduce overfishing, the harvesting of fishery resources must be sustainable. The [**Magnuson-Stevens Fishery Conservation Act**](http://www.nmfs.noaa.gov/sfa/magact/) is the basic federal authority covering ocean fisheries management, and was enacted to optimize U.S. utilization of coastal fisheries. The Magnuson-Stevens Act grants sovereign rights and fishery management authority over all fish within the exclusive economic zone, 200 nautical miles from the shore. Its [**purposes**](https://www.eli.org/keywords/natural-resources) are:

Acting to conserve fishery resources

Supporting enforcement of international fishing agreements

Promoting fishing in line with conservation principles

Providing for the implementation of fishery management plans (FMPs) which achieve optimal yield

Establishing Regional Fishery Management Councils to steward fishery resources through the preparation, monitoring, and revising of plans which (A) enable stake holders to participate in the administration of fisheries and (B) consider social and economic needs of states.

Developing underutilized fisheries

Protecting essential fish habitats.

To carry out these purposes, the [**National Marine Fisheries Service**](http://www.nmfs.noaa.gov/), which is delegated power from the Department of Commerce, appoints members to eight [**regional fishery councils**](http://www.nmfs.noaa.gov/sfa/management/councils/). The councils are responsible for developing [**Fishery Management Plans**](http://www.nmfs.noaa.gov/sfa/domes_fish/FMPS.htm) (FMPs), which must specify the criteria that determine when a stock is overfished and what measures are needed to rebuild it. FMPs establish rules limiting the size and amount of fish that can be taken, where fishing can occur, and what fishing methods can be used. FMP provisions are implemented through a permitting system for commercial and recreational fishermen.  FMPs are enforced by NOAA’s [**Office of Law Enforcement**](http://www.nmfs.noaa.gov/ole/) in conjunction with the [**U.S. Coast Guard**](http://www.uscg.mil/) and [**state agencies**](http://www.fws.gov/offices/statelinks.html); civil penalties are the primary vehicle to address violations.

**Natural Resource Damages**

[**Natural resource damages**](http://www.epa.gov/superfund/programs/nrd/primer.htm) is the notion that a party who causes harm to natural resources, like wildlife, marshes, or drinking water, should be held liable to restore the resource and pay reparations to people who may have relied on those resources.  For example, when the Exxon Valdez and the Deepwater Horizon spilled oil into the ocean, wildlife were killed; beaches were closed; fish were harmed; and fisheries closed. Natural resource damages allow the federal and state governments, as [**trustees**](https://www.eli.org/keywords/natural-resources) of the resources, to recover money from those who caused the damage as reparation.

**Ecosystem Services**

[**Ecosystem services**](https://www.eli.org/program_areas/ecosystem_services.cfm) are the suite of environmental goods and services essential to human well-being. These [**services**](http://www.esa.org/education_diversity/pdfDocs/ecosystemservices.pdf) cover a broad spectrum, ranging from flood control to climate regulation. Society often considers ecosystem services to be free public benefits and does not assign them a value that reflects their societal contribution. By identifying the economic and societal value of ecosystem services, we can protect critical services and compensate for those lost due to environmental impacts.

Increasingly, policymakers are coming to use payment for ecosystem services as a tool for recognizing the value inherent in ecosystem services and helping economic systems to account for this value. This concept is closely related to the idea of pricing pollution—putting a price on carbon emissions, for example, to reflect the externality of climate change imposed on society in general when greenhouse gases are emitted at no cost to the emitter.

[***The World Bank***](http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/ENVIRONMENT/EXTEEI/0%2C%2CmenuPK%3A408056~pagePK%3A149018~piPK%3A149093~theSitePK%3A408050%2C00.html)*and others have been pushing for the cost of developing natural resources to be reflected in national accounting, such as gross domestic product. One example is the recent World Bank report “*[***Inclusive Green Growth: The Pathway to Sustainable Development.***](http://siteresources.worldbank.org/EXTSDNET/Resources/Inclusive_Green_Growth_May_2012.pdf)*”*

# United States Housing and Building Laws

<https://www.motherearthnews.com/green-homes/building-codes-zmaz06djzraw>

They have evolved over time, but the objective of building codes has always been to assure the quality and safety of commercial and residential structures.

The first known written building code was enacted by King Hammurabi in Babylon in 1758 B.C. Literally written in stone, the harsh penalties of the code established that people who are designing and building for others are accountable for the quality of their work. Though the code provided no guidance on how to build, it stated, “If a builder has built a house for a man and his work is not strong, and if the house he has built falls in and kills the householder, that builder shall be slain.” Such penalties surely inhibited innovation, but they also kept most builders honest without licensing, detailed codes or permits. Also noteworthy is that this code did not apply to people building for themselves or their own families.

After the great fires in London in 1666 and Chicago in 1871, building codes started addressing the risks one building posed to adjacent buildings and the public. Denser development in cities, and hazards associated with close proximity and taller buildings, led to regulations for the construction of common walls between buildings and outlawing dangerous practices like wooden chimneys. Problems in existing buildings led to codes for light and ventilation, fire escapes, water supply, toilets and sanitary drains, and stairs and railings.

In 1905, a U.S. insurance group, the National Board of Fire Underwriters, created the National Building Code to minimize risks to property and building occupants. The existence of this code led to the formation of organizations of building officials. By 1940, the United States had three regional code organizations, each with its own code. These three organizations and their codes were consolidated into the International Code Council (ICC) and the first set of “I-codes” was published in 2000. These codes include the International Building Code (IBC), the International Residential Code (IRC), the International Energy Conservation Code (IECC), as well as mechanical, plumbing, fire and other codes.

Though the international codes are becoming the most widely adopted building codes in the United States, the consolidation didn’t mean that everyone is now using the same codes. Unlike countries with codes developed by the national government and adopted nationwide, the United States has local or state codes. Some jurisdictions still enforce older codes, some have their own unique codes, and some have no code enforcement at all. If you're building a house or some other structure, all these variables make clear the importance of finding out which codes, if any, will apply at your site.

There is no substitute for getting a copy of the applicable codes and spending some time reading through them. Look for copies at your public library.

# United States Revenue, Banking, Investment

## History of banking in the United States

**New Nation**

In the first half of the 19th century, many of the smaller commercial banks within [New England](https://en.wikipedia.org/wiki/New_England) were easily chartered as laws allowed to do so (primarily due to open franchise laws). The rise of [commercial banking](https://en.wikipedia.org/wiki/Commercial_bank) saw an increase in opportunities for entrepreneurs to borrow capital used to grow an enterprise. The small private banking sector saw a great deal of insider lending. Many of these banks actually spurred early investment and helped spur many later projects. Despite what some may consider discriminatory practices with insider lending, these banks actually were very sound and failures remained uncommon, further encouraging the financial evolution in the United States.

Early attempts to create a national bank

In 1781, an act of the [Congress of the Confederation](https://en.wikipedia.org/wiki/Congress_of_the_Confederation) established the [Bank of North America](https://en.wikipedia.org/wiki/Bank_of_North_America) in Philadelphia, where it superseded the state-chartered [Bank of Pennsylvania](https://en.wikipedia.org/wiki/Bank_of_Pennsylvania) founded in 1780 to help fund the war. The Bank of North America was granted a monopoly on the issue of bills of credit as currency at the national level.

[Robert Morris](https://en.wikipedia.org/wiki/Robert_Morris_%28financier%29), the first Superintendent of Finance appointed under the Articles of Confederation, proposed the Bank of North America as a [commercial bank](https://en.wikipedia.org/wiki/Commercial_bank) that would act as the sole fiscal and monetary agent for the [government](https://en.wikipedia.org/wiki/United_States_government). He has accordingly been called "the father of the system of credit, and paper circulation, in the United States."[[1]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-1) He saw a national, for-profit, private monopoly following in the footsteps of the Bank of England as necessary, because previous attempts to finance the Revolutionary War, such as [continental currency](https://en.wikipedia.org/wiki/Continental_currency) emitted by the [Continental Congress](https://en.wikipedia.org/wiki/Continental_Congress), had led to depreciation of such an extent that [Alexander Hamilton](https://en.wikipedia.org/wiki/Alexander_Hamilton) considered them to be "public embarrassments." After the war, a number of state banks were chartered, including in 1784: the [Bank of New York](https://en.wikipedia.org/wiki/Bank_of_New_York) and the [Bank of Massachusetts](https://en.wikipedia.org/wiki/Bank_of_Massachusetts).

In the last decade of the eighteenth century the United States had just three banks but many different currencies in circulation: English, Spanish, French, Portuguese coinage, scrip issued by states, and localities. The values of these currencies were approximated and fluctuations in exchange rates were published. While values of various currencies did fluctuate geographically, this was irrelevant in a society dominated by local trades. Ron Michener of UVA discusses the colonial monetary situation in depth.

Supporters of the bank argued that if the nation were to grow and to prosper, it needed a universally accepted standard coinage and this would best be provided by a [United States Mint](https://en.wikipedia.org/wiki/United_States_Mint), aided and supported by a national bank and an [excise tax](https://en.wikipedia.org/wiki/Excise_tax). Opponents of the bank argued that government monopolization of money was a corrupt exercise that would impoverish the people.

First Bank of the United States

*Main article:*[*First Bank of the United States*](https://en.wikipedia.org/wiki/First_Bank_of_the_United_States)

In 1791, Congress chartered the [First Bank of the United States](https://en.wikipedia.org/wiki/First_Bank_of_the_United_States). The bank, which was jointly owned by the federal government and private stockholders, was a nationwide commercial bank which served as the bank for the federal government and operated as a regular commercial bank acting in competition with state banks. When depositors brought state bank notes to First Bank of the United States, it would present these notes to the state banks, demanding gold, which hampered the state banks' ability to issues notes and maintain adequate reserves. Consequently, when First Bank of the United States' charter came up for renewal in 1811, it was met with a great deal of opposition from state banks and the renewal legislation was not passed.[[2]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-2)

The [Second Bank of the United States](https://en.wikipedia.org/wiki/Second_Bank_of_the_United_States) opened in January 1817, six years after the [First Bank of the United States](https://en.wikipedia.org/wiki/First_Bank_of_the_United_States) lost its charter. The predominant reason that the Second Bank of the United States was chartered was that in the [War of 1812](https://en.wikipedia.org/wiki/War_of_1812), the U.S. experienced severe inflation and had difficulty in financing military operations. Subsequently, the credit and borrowing status of the Treasury was at its lowest level ever.

Private banking exploded rapidly after the war ended in 1815, culminating in the [Panic of 1819](https://en.wikipedia.org/wiki/Panic_of_1819). [[3]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-3)

Jacksonian Era**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=4)**]**

*Main article:*[*Banking in the Jacksonian Era*](https://en.wikipedia.org/wiki/Banking_in_the_Jacksonian_Era)

The charter of the Second Bank of the United States (B.U.S.) was for 20 years and therefore up for renewal in 1836. Its role as the [depository](https://en.wikipedia.org/w/index.php?title=Depository&action=edit&redlink=1) of the federal government's revenues made it a political target of banks chartered by the individual states who objected/envied the B.U.S.'s relationship with the central government. Partisan politics came heavily into play in the debate over the renewal of the charter. "The classic statement by [Arthur Schlesinger](https://en.wikipedia.org/wiki/Arthur_M._Schlesinger%2C_Sr.) was that the partisan politics during the [Jacksonian period](https://en.wikipedia.org/w/index.php?title=Jacksonian_period&action=edit&redlink=1) was grounded in class conflict. Viewed through the lens of party elite discourse, Schlesinger saw inter-party conflict as a clash between wealthy [Whigs](https://en.wikipedia.org/wiki/Whig_Party_%28United_States%29) and working class [Democrats](https://en.wikipedia.org/wiki/Democratic_Party_%28United_States%29)." (Grynaviski)[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] [President](https://en.wikipedia.org/wiki/President_of_the_United_States) [Andrew Jackson](https://en.wikipedia.org/wiki/Andrew_Jackson) strongly opposed the renewal of its charter, and built his platform for the election of 1832 around doing away with the Second Bank of the United States. Jackson's political target was [Nicholas Biddle](https://en.wikipedia.org/wiki/Nicholas_Biddle_%28banker%29), [financier](https://en.wikipedia.org/wiki/Financier), politician, and president of the Bank of the United States.

Apart from a general hostility to banking and the belief that [specie](https://en.wikipedia.org/wiki/Coin) (gold and/or silver) were the only true monies, Jackson's reasons for opposing the renewal of the charter revolved around his belief that bestowing power and responsibility upon a single bank was the cause of inflation and other perceived evils.

During September 1833, President Jackson issued an [executive order](https://en.wikipedia.org/wiki/Executive_order_%28United_States%29) that ended the deposit of government funds into the Bank of the United States. After September 1833, these deposits were placed in the state chartered banks, commonly referred to as Jackson's "[pet banks](https://en.wikipedia.org/wiki/Pet_banks)". While it is true that 6 out of the 7 initial depositories were controlled by [Jacksonian Democrats](https://en.wikipedia.org/wiki/Jacksonian_Democrats), the later depositories, such as the ones in [North Carolina](https://en.wikipedia.org/wiki/North_Carolina), [South Carolina](https://en.wikipedia.org/wiki/South_Carolina), and [Michigan](https://en.wikipedia.org/wiki/Michigan), were run by managers who opposed Jacksonian politics. It is probably a [misnomer](https://en.wikipedia.org/wiki/Misnomer) to label all the state chartered repositories "pet banks".

1837–1863: "Free Banking" Era**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=5)**]**

Prior to 1837 a bank charter could be obtained only by a specific legislative act, but in 1837, the [Michigan Act](https://en.wikipedia.org/w/index.php?title=Michigan_Act&action=edit&redlink=1) allowed the automatic chartering of banks that could fulfill the Michigan's chartering requirements so as to no longer require special consent of the [state legislature](https://en.wikipedia.org/wiki/State_legislature_%28United_States%29). The following year, New York enacted similar legislation with the Free Banking Act, and other states soon followed. These banks could issue bank notes against specie ([gold](https://en.wikipedia.org/wiki/Gold) and [silver](https://en.wikipedia.org/wiki/Silver) [coins](https://en.wikipedia.org/wiki/Coins)) and the states regulated the [reserve requirements](https://en.wikipedia.org/wiki/Reserve_requirement), [interest rates](https://en.wikipedia.org/wiki/Interest_rate) for [loans](https://en.wikipedia.org/wiki/Loan) and [deposits](https://en.wikipedia.org/wiki/Deposit_account), the necessary [capital ratio](https://en.wikipedia.org/wiki/Capital_ratio) etc. Free banking spread rapidly to other states, and from 1840 to 1863 all banking business was done by state-chartered institutions.[[4]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-4)

While the banking systems of several states were initially unstable, over time financial indicators in most states stabilized.[[5]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-5) In the early years of free banking in many Western states, the banking industry degenerated into "wildcat" banking because of the laxity and abuse of state laws. Bank notes were issued against little or no security, and credit was overexpanded; depressions brought waves of bank failures. In particular, the multiplicity of state bank notes caused great confusion and loss. The real value of a bank bill was often lower than its face value, and the issuing bank's financial strength generally determined the size of the discount. However, after several years of experience, with the exception of a few exogenous shocks, different states developed more functional and stable banking industries.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

**National Bank Act[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=6)**]**

*Main article:*[*National Bank Act*](https://en.wikipedia.org/wiki/National_Bank_Act)

To correct the problems of the "Free Banking" era, Congress passed the [National Banking Acts of 1863 and 1864](https://en.wikipedia.org/wiki/National_Bank_Act), which created the United States National Banking System and provided for a system of banks to be chartered by the federal government. The National Bank Act encouraged development of a national currency backed by bank holdings of U.S. Treasury securities. It established the [Office of the Comptroller of the Currency](https://en.wikipedia.org/wiki/Office_of_the_Comptroller_of_the_Currency) as part of the [United States Department of the Treasury](https://en.wikipedia.org/wiki/United_States_Department_of_the_Treasury), authorizing it to examine and regulate nationally chartered banks.

Congress passed the [National Bank Act](https://en.wikipedia.org/wiki/National_Bank_Act) in an attempt to retire the greenbacks that it had issued to finance the North's effort in the [American Civil War](https://en.wikipedia.org/wiki/American_Civil_War).[[6]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-6) As an additional incentive for banks to submit to Federal supervision, in 1865 Congress began taxing any of state bank notes (also called "bills of credit" or "[scrip](https://en.wikipedia.org/wiki/Scrip)") a standard rate of 10%, which encouraged many state banks to become national ones. This tax also gave rise to another response by state banks—the widespread adoption of the [demand deposit](https://en.wikipedia.org/wiki/Demand_deposit) account, also known as a [checking account](https://en.wikipedia.org/wiki/Transactional_account). By the 1880s, deposit accounts had changed the primary source of revenue for many banks. The result of these events is what is known as the "dual banking system." New banks may choose either state or national charters (a bank also can convert its charter from one to the other).

At first this new national banking system grew very fast at the expense of state banks, but state banks quickly recuperated as the checking sector began to expand. Additionally, capital requirements for state banks were reduced, which aided their resurgence.[[7]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-7)

**Rise of investment banks[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=7)**]**

*Main article:*[*History of investment banking in the United States*](https://en.wikipedia.org/wiki/History_of_investment_banking_in_the_United_States)

Civil War**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=8)**]**

During the Civil War, banking houses were syndicated to meet the federal government's need for money to fund its war efforts. [Jay Cooke](https://en.wikipedia.org/wiki/Jay_Cooke) launched the first mass securities selling operation in U.S. history, employing thousands of salesmen to float what ultimately amounted to $830 million worth of government bonds to a wide group of investors.[[8]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-8) Acting as an agent of the Treasury Department, Cooke then reached out to the general public and personally led a war bond drive that netted approximately $1.5 billion for Treasury.[[9]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-9)[[10]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-10)

**Surging demand for capital in the Gilded Age[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=9)**]**

The rise of the commercial banking sector coincided with the growth of early factories, since entrepreneurs had to rely on commercial banks in order to fund their own projects. Because of this need for capital, many banks began to arise by the late 19th Century. By 1880, New England became one of the most heavily banked areas in the world.[[11]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-11)

Lance Davis has demonstrated that the process of capital formation in the nineteenth century was markedly different between the British capital market and the American capital market. British industrialists were readily able to satisfy their need for capital by tapping a vast source of international capital through British banks such as Westminster's, Lloyds and Barclays. In contrast, the dramatic growth of the United States created capital requirements that far outstripped the limited capital resources of American banks. Investment banking in the United States emerged to serve the expansion of railroads, mining companies, and heavy industry. Unlike commercial banks, investment banks were not authorized to issue notes or accept deposits. Instead, they served as brokers or intermediaries, bringing together investors with capital and the firms that needed that capital.[[12]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-12)[[13]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-13)

Bimetallism and the gold standard**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=10)**]**

*Main article:*[*Coinage Act of 1873*](https://en.wikipedia.org/wiki/Coinage_Act_of_1873)

*See also:*[*Bimetallism*](https://en.wikipedia.org/wiki/Bimetallism)*and*[*Gold standard*](https://en.wikipedia.org/wiki/Gold_standard)

Bimetallism became a center of political conflict toward the end of the nineteenth century. To finance the Civil War, the U.S. switched from bimetallism to a flat greenback currency. In 1873, the government passed the [Fourth Coinage Act](https://en.wikipedia.org/wiki/Coinage_Act_of_1873) and soon resumption to specie payments began without the free and unlimited coinage of silver. This put the U.S. on a mono-metallic gold standard. This angered the proponents of monetary silver, known as the [silverites](https://en.wikipedia.org/wiki/Silverite). They referred to this act as "The Crime of '73," as it was judged to have inhibited inflation.[[14]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-14)

The [Panic of 1893](https://en.wikipedia.org/wiki/Panic_of_1893) was a severe nationwide depression that brought the money issue to the fore. The "silverites" argued that using silver would inflate the money supply and mean more cash for everyone, which they equated with prosperity. The gold advocates countered that silver would permanently depress the economy, but that [sound money](https://en.wikipedia.org/wiki/Sound_money) produced by a [gold standard](https://en.wikipedia.org/wiki/Gold_standard) would restore prosperity.

Bimetallism and "[Free Silver](https://en.wikipedia.org/wiki/Free_Silver)" were demanded by [William Jennings Bryan](https://en.wikipedia.org/wiki/William_Jennings_Bryan) who took over leadership of the [Democratic Party](https://en.wikipedia.org/wiki/History_of_the_United_States_Democratic_Party) in 1896, as well as the [Populist](https://en.wikipedia.org/wiki/Populist_Party_%28United_States%29) and [Silver Republican](https://en.wikipedia.org/wiki/Silver_Republican_Party) Parties. The [Republican Party](https://en.wikipedia.org/wiki/History_of_United_States_Republican_Party) nominated [William McKinley](https://en.wikipedia.org/wiki/William_McKinley)on a platform supporting the gold standard which was favored by financial interests on the East Coast. A faction of Republicans from silver mining regions in the West known as the Silver Republicans endorsed Bryan.

Bryan gave the famous ["Cross of Gold" speech](https://en.wikipedia.org/wiki/Cross_of_Gold_speech) at the National Democratic Convention on July 9, 1896. However, his presidential campaign was ultimately unsuccessful; this can be partially attributed to the discovery of the cyanide process by which gold could be extracted from low-grade ore. This increased the world gold supply and caused the inflation that free coinage of silver was supposed to bring. The McKinley campaign was effective at persuading voters that poor economic progress and unemployment would be exacerbated by adoption of the Bryan platform.

**Early 20th century[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=11)**]**

During the period from 1890–1925, the investment banking industry was highly concentrated and dominated by an oligopoly that consisted of JP Morgan & Co.; Kuhn, Loeb & Co.; Brown Brothers; and Kidder, Peabody & Co. There was no legal requirement to separate the operations of commercial and investment banks; as a result deposits from the commercial banking side of the business constituted an in-house supply of capital that could be used to fund the underwriting business of the investment banking side.[[15]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-15)

The Panic of 1907 and the Pujo Committee**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=12)**]**

*Main article:*[*Pujo Committee*](https://en.wikipedia.org/wiki/Pujo_Committee)

In 1913, the [Pujo Committee](https://en.wikipedia.org/wiki/Pujo_Committee) unanimously determined that a small [cabal](https://en.wikipedia.org/wiki/Cabal) of financiers had gained consolidated control of numerous industries through the abuse of the public trust in the United States. The chair of the [House Committee on Banking and Currency](https://en.wikipedia.org/wiki/United_States_House_Committee_on_Banking_and_Currency), Representative [Arsène Pujo](https://en.wikipedia.org/wiki/Ars%C3%A8ne_Pujo), ([D](https://en.wikipedia.org/wiki/Democratic_party_%28United_States%29)–[La.](https://en.wikipedia.org/wiki/Louisiana) [7th](https://en.wikipedia.org/wiki/Louisiana%27s_7th_congressional_district)) convened a special committee to investigate a "money trust", the *de facto* monopoly of Morgan and New York's other most powerful bankers. The committee issued a scathing report on the banking trade, and found that the officers of [J.P. Morgan & Co.](https://en.wikipedia.org/wiki/J.P._Morgan_%26_Co.) also sat on the boards of directors of 112 corporations with a market capitalization of $22.5 billion (the total capitalization of the [New York Stock Exchange](https://en.wikipedia.org/wiki/New_York_Stock_Exchange) was then estimated at $26.5 billion).[[16]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-16)

Attorney Samuel Untermyer who headed the 1913 Pujo Money Trust Investigation Committee to investigate money trusts defined a money trust to George Baker during the Pujo hearings; "We define a money trust as an established identity and community of interest between a few leaders of finance, which has been created and is held together through stock-holding, interlocking directorates, and other forms of domination over banks, trust companies, railroads, public service and industrial corporations, and which has resulted in vast and growing concentration and control of money and credits in the hands of a few men".[[17]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-17)

The Pujo Committee Report concluded that a community of influential financial leaders had gained control of major manufacturing, transportation, mining, telecommunications and financial markets of the United States. The report revealed that no less than eighteen different major financial corporations were under control of a cartel led by J.P Morgan, George F Baker and James Stillman. These three men, through the resources of seven banks and trust companies (Banker's Trust Co., Guaranty Trust Co., Astor Trust Co., National Bank of Commerce, Liberty National Bank, Chase National Bank, Farmer's Loan and Trust Co.) controlled an estimated $2.1 billion. The report revealed that a handful of men held manipulative control of the New York Stock Exchange and attempted to evade interstate trade laws.

The Pujo Report singled out individual bankers including [Paul Warburg](https://en.wikipedia.org/wiki/Paul_Warburg), [Jacob H. Schiff](https://en.wikipedia.org/wiki/Jacob_H._Schiff), [Felix M. Warburg](https://en.wikipedia.org/wiki/Felix_M._Warburg), Frank E. Peabody, [William Rockefeller](https://en.wikipedia.org/wiki/William_Rockefeller) and [Benjamin Strong, Jr.](https://en.wikipedia.org/wiki/Benjamin_Strong%2C_Jr.). The report identified over $22 billion in resources and capitalization controlled through 341 directorships held in 112 corporations by members of the empire headed by [J.P. Morgan](https://en.wikipedia.org/wiki/J.P._Morgan).[[18]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-18)

The findings of the committee inspired public support for ratification of the [Sixteenth Amendment](https://en.wikipedia.org/wiki/Sixteenth_Amendment_to_the_United_States_Constitution) in 1913, passage of the [Federal Reserve Act](https://en.wikipedia.org/wiki/Federal_Reserve_Act) that same year, and passage of the [Clayton Antitrust Act](https://en.wikipedia.org/wiki/Clayton_Antitrust_Act) in 1914. They were also widely publicized in the [Louis Brandeis](https://en.wikipedia.org/wiki/Louis_Brandeis) book *Others People's Money--and How the Bankers Use It*.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]

The Federal Reserve System**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=13)**]**

*Main article:*[*Federal Reserve System*](https://en.wikipedia.org/wiki/Federal_Reserve_System)

The [Panic of 1907](https://en.wikipedia.org/wiki/Panic_of_1907) was headed off by a private conglomerate, who set themselves up as "lenders of last resort" to banks in trouble.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] This effort succeeded in stopping the panic, and led to calls for a Federal agency to do the same thing.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] In response, the [Federal Reserve System](https://en.wikipedia.org/wiki/Federal_Reserve_System)was created by the [Federal Reserve Act](https://en.wikipedia.org/wiki/Federal_Reserve_Act) of 1913, establishing a new central bank intended serve as a formal "[lender of last resort](https://en.wikipedia.org/wiki/Lender_of_last_resort)" to banks in times of [liquidity crisis](https://en.wikipedia.org/wiki/Liquidity_crisis)—panics where depositors tried to withdraw their money faster than a bank could pay it out.

The legislation provided for a system that included a number of regional Federal Reserve Banks and a seven-member governing board. All national banks were required to join the system and other banks could join. Congress created Federal Reserve notes to provide the nation with an elastic supply of currency. The notes were to be issued to Federal Reserve Banks for subsequent transmittal to banking institutions in accordance with the needs of the public.

The Federal Reserve Act of 1913 established the present day [Federal Reserve System](https://en.wikipedia.org/wiki/Federal_Reserve_System) and brought all banks in the United States under the authority of the Federal Reserve (a quasi-governmental entity), creating the twelve regional [Federal Reserve Banks](https://en.wikipedia.org/wiki/Federal_Reserve_Bank) which are supervised by the [Federal Reserve Board](https://en.wikipedia.org/wiki/Federal_Reserve_Board).

Credit unions**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=14)**]**

*Main article:*[*Credit unions in the United States*](https://en.wikipedia.org/wiki/Credit_unions_in_the_United_States)

[Credit unions](https://en.wikipedia.org/wiki/Credit_union) originated in Europe in the mid-19th century. The first credit union in the United States was established in 1908 in New Hampshire. At the time, banks were unwilling to lend to many poor laborers, who then turned to corrupt moneylenders and [loan sharks](https://en.wikipedia.org/wiki/Loan_shark).[[19]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-19) Businessman and philanthropist [Edward Filene](https://en.wikipedia.org/wiki/Edward_Filene) spearheaded an effort to secure legislation for credit unions first in Massachusetts and later throughout the United States. With the help of the [Credit Union National Extension Bureau](https://en.wikipedia.org/wiki/Credit_Union_National_Extension_Bureau) and an army of volunteers, states began passing credit union legislation in the 1920s. Credit unions were formed based on a [bond of association](https://en.wikipedia.org/wiki/Bond_of_association), often beginning with a small group of employees. Despite opposition from the banking industry, the [Federal Credit Union Act](https://en.wikipedia.org/wiki/Federal_Credit_Union_Act) was signed into law in 1934 as part of the [New Deal](https://en.wikipedia.org/wiki/New_Deal), allowing the creation of federally chartered credit unions in the United States. The [Credit Union National Association](https://en.wikipedia.org/wiki/Credit_Union_National_Association) (CUNA) was formed and by 1937, 6400 credit unions with 1.5 million members were active in 45 states.[[20]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-20) Today there are over 9500 credit unions in the United States and they are regulated by the [National Credit Union Administration](https://en.wikipedia.org/wiki/National_Credit_Union_Administration) (NCUA).[[21]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-21)

McFadden Act**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=15)**]**

*Main article:*[*McFadden Act*](https://en.wikipedia.org/wiki/McFadden_Act)

The [McFadden Act](https://en.wikipedia.org/wiki/McFadden_Act) was enacted in 1927 based on recommendations made by the [comptroller of the currency](https://en.wikipedia.org/wiki/Comptroller_of_Currency), [Henry May Dawes](https://en.wikipedia.org/wiki/Henry_May_Dawes). The Act sought to give national banks competitive equality with state-chartered banks by letting national banks branch to the extent permitted by state law. The McFadden Act specifically prohibited interstate branching by allowing each national bank to branch only within the state in which it is situated. Although the [Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994](https://en.wikipedia.org/wiki/Riegle-Neal_Interstate_Banking_and_Branching_Efficiency_Act_of_1994)[[22]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-22)repealed this provision of the McFadden Act, it specified that state law continues to control intrastate branching, or branching within a state's borders, for both state and national banks.

Savings and loan associations**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=16)**]**

*Main article:*[*Savings and loan association*](https://en.wikipedia.org/wiki/Savings_and_loan_association)

The savings and loan association became a strong force in the early 20th century through assisting people with home ownership, through [mortgage](https://en.wikipedia.org/wiki/Mortgage_loan) lending, and further assisting their members with basic [saving](https://en.wikipedia.org/wiki/Saving) and [investing](https://en.wikipedia.org/wiki/Investing) outlets, typically through [passbook](https://en.wikipedia.org/wiki/Passbook) savings accounts and term certificates of deposit.

The earliest mortgages were not offered by banks, but by [insurance](https://en.wikipedia.org/wiki/Insurance) companies, and they differed greatly from the mortgage or home loan that is familiar today. Most early mortgages were short term with some kind of [balloon payment](https://en.wikipedia.org/wiki/Balloon_payment) at the end of the term, or they were [interest-only loans](https://en.wikipedia.org/wiki/Interest-only_loan) which did not pay anything toward the principal of the loan with each payment. As such, many people were either perpetually in debt in a continuous cycle of refinancing their home purchase, or they lost their home through [foreclosure](https://en.wikipedia.org/wiki/Foreclosure) when they were unable to make the balloon payment at the end of the term of that loan.

The US Congress passed the [Federal Home Loan Bank Act](https://en.wikipedia.org/wiki/Federal_Home_Loan_Bank_Act) in 1932, during the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression). It established the [Federal Home Loan Bank](https://en.wikipedia.org/wiki/Federal_Home_Loan_Bank) and associated [Federal Home Loan Bank Board](https://en.wikipedia.org/wiki/Federal_Home_Loan_Bank_Board) to assist other banks in providing funding to offer long term, [amortized](https://en.wikipedia.org/wiki/Amortization_%28business%29) loans for home purchases. The idea was to get banks involved in lending, not insurance companies, and to provide realistic loans which people could repay and gain full ownership of their homes.

Savings and loan associations sprang up all across the United States because there was low-cost funding available through the Federal Home Loan Bank for the purposes of mortgage lending.

**New Deal-era reforms[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=17)**]**

*Further information:*[*New Deal*](https://en.wikipedia.org/wiki/New_Deal)

During the 1930s, the U.S. and the rest of the world experienced a severe economic contraction that is now called the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression). In the U.S. during the height of the Great Depression, the official unemployment rate was 25% and the stock market had declined 75% since 1929. [Bank runs](https://en.wikipedia.org/wiki/Bank_run) were common because there wasn't insurance on deposits at banks, banks kept only a fraction of deposits in reserve, and customers ran the risk of losing the money that they had deposited if their bank failed.[[23]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-ReferenceA-23)

By the beginning of 1933, the banking system in the United States had effectively ceased to function. The incoming Roosevelt administration and the incoming [Congress](https://en.wikipedia.org/wiki/73rd_United_States_Congress) took immediate steps to pass legislation to respond to the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression_in_the_United_States). Roosevelt entered office with enormous [political capital](https://en.wikipedia.org/wiki/Political_capital). Americans of all political persuasions were demanding immediate action, and Roosevelt responded with a remarkable series of new programs in the "first hundred days" of the administration, in which he met with Congress for 100 days. During those 100 days of lawmaking, Congress granted every request Roosevelt asked, and passed a few programs (such as the FDIC to insure bank accounts) that he opposed.

A major component of Roosevelt's [New Deal](https://en.wikipedia.org/wiki/New_Deal) was reform of the nation's banking system. With strident language Roosevelt took credit for dethroning the bankers he alleged had caused the debacle. On March 4, 1933, in his [first inaugural address](https://en.wikipedia.org/wiki/Franklin_D._Roosevelt_1933_presidential_inauguration), he proclaimed:

Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. ... The money changers have fled from their high seats in the temple of our civilization.[[24]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-24)

Emergency Banking Act**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=18)**]**

Roosevelt closed all the banks in the country and kept them all closed until he could pass new legislation.[[25]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-25) On March 9, Roosevelt sent to Congress the [Emergency Banking Act](https://en.wikipedia.org/wiki/Emergency_Banking_Act), drafted in large part by Hoover's top advisors. The act was passed and signed into law the same day. It provided for a system of reopening sound banks under [Treasury](https://en.wikipedia.org/wiki/United_States_Department_of_Treasury) supervision, with federal loans available if needed. Three-quarters of the banks in the [Federal Reserve System](https://en.wikipedia.org/wiki/Federal_Reserve_System) reopened within the next three days. Billions of dollars in hoarded currency and gold flowed back into them within a month, thus stabilizing the banking system. By the end of 1933, 4,004 small local banks were permanently closed and merged into larger banks. (Their depositors eventually received on average 86 cents on the dollar of their deposits; it is a common false myth that they received nothing back.)

Creation of the FDIC and FSLIC**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=19)**]**

In June 1933, over Roosevelt's objections, Congress created the [Federal Deposit Insurance Corporation](https://en.wikipedia.org/wiki/Federal_Deposit_Insurance_Corporation) (FDIC), which insured deposits for up to $2,500 beginning January 1, 1934. On June 16, 1933, President [Franklin D. Roosevelt](https://en.wikipedia.org/wiki/Franklin_D._Roosevelt) signed the Banking Act of 1933. This legislation:[[23]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-ReferenceA-23)

Established the FDIC as a temporary government corporation

Gave the FDIC authority to provide deposit insurance to banks

Gave the FDIC the authority to regulate and supervise state nonmember banks

Funded the FDIC with initial loans of $289 million through the U.S. Treasury and the Federal Reserve

Extended federal oversight to all commercial banks for the first time

Separated commercial and investment banking (Glass–Steagall Act)

Prohibited banks from paying interest on checking accounts

Allowed national banks to branch statewide, if allowed by state law.

The FSLIC was created as part of the [National Housing Act of 1934](https://en.wikipedia.org/wiki/National_Housing_Act_of_1934) in order to insure deposits in savings and loans, a year after the FDIC was created to insure deposits in commercial banks. It was administered by the [Federal Home Loan Bank Board](https://en.wikipedia.org/wiki/Federal_Home_Loan_Bank_Board)(FHLBB).[[26]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-26)

Abandonment of the gold standard**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=20)**]**

To deal with deflation, the nation went off the gold standard. In March and April in a series of laws and [executive orders](https://en.wikipedia.org/wiki/Executive_order_%28United_States%29), the government suspended the [gold standard](https://en.wikipedia.org/wiki/Gold_standard) for [United States currency](https://en.wikipedia.org/wiki/United_States_dollar).[[27]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-27) Anyone holding significant amounts of gold coinage was mandated to exchange it for the existing fixed price of US dollars, after which the US would no longer pay gold on demand for the dollar, and gold would no longer be considered valid [legal tender](https://en.wikipedia.org/wiki/Legal_tender) for debts in private and public contracts. The dollar was allowed to float freely on [foreign exchange markets](https://en.wikipedia.org/wiki/Foreign_exchange_market) with no guaranteed price in gold, only to be fixed again at a significantly lower level a year later with the passage of the [Gold Reserve Act](https://en.wikipedia.org/wiki/Gold_Reserve_Act) in 1934. Markets immediately responded well to the suspension, in the hope that the decline in prices would finally end.[[28]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-28)

Glass-Steagall Act of 1933**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=21)**]**

The [Glass–Steagall Act of 1933](https://en.wikipedia.org/wiki/Glass%E2%80%93Steagall_Act_of_1933) was passed in reaction to the collapse of a large portion of the American commercial banking system in early 1933. One of its provisions introduced the separation of bank types according to their business ([commercial](https://en.wikipedia.org/wiki/Commercial_bank) and [investment banking](https://en.wikipedia.org/wiki/Investment_bank)). In order to comply with the new regulation, most large banks split into separate entities. For example, JP Morgan split into three entities: JP Morgan continued to operate as a commercial bank, Morgan Stanley was formed to operate as an investment bank, and Morgan Grenfell operated as a British merchant bank.[[29]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-29)

Banking Act of 1935**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=22)**]**

The Banking Act of 1935 strengthened the powers of the Federal Reserve Board of Governors in the area of credit management, tightened existing restrictions on banks engaging in certain activities, and enlarged the supervisory powers of the FDIC.

**Bretton Woods system[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=23)**]**

*Main article:*[*Bretton Woods system*](https://en.wikipedia.org/wiki/Bretton_Woods_system)

The [Bretton Woods system](https://en.wikipedia.org/wiki/Bretton_Woods_system) of [monetary](https://en.wikipedia.org/wiki/Money) management established the rules for [commercial](https://en.wikipedia.org/wiki/Commerce) and [financial](https://en.wikipedia.org/wiki/Finance) relations among the world's major [industrial states](https://en.wikipedia.org/wiki/Developed_country) in the mid 20th century. The Bretton Woods system was the first example of a fully negotiated monetary order intended to govern monetary relations among independent nation-states.

Setting up a system of rules, institutions, and procedures to regulate the international monetary system, the planners at Bretton Woods established the [International Monetary Fund](https://en.wikipedia.org/wiki/International_Monetary_Fund) (IMF) and the [International Bank for Reconstruction and Development](https://en.wikipedia.org/wiki/International_Bank_for_Reconstruction_and_Development) (IBRD), which today is part of the [World Bank Group](https://en.wikipedia.org/wiki/World_Bank_Group). The chief features of the Bretton Woods system were an obligation for each country to adopt a [monetary policy](https://en.wikipedia.org/wiki/Monetary_policy) that maintained the [exchange rate](https://en.wikipedia.org/wiki/Exchange_rate) by tying its [currency](https://en.wikipedia.org/wiki/Currency) to the U.S. dollar and the ability of the IMF to bridge temporary [imbalances of payments](https://en.wikipedia.org/wiki/Balance_of_payments).

**Automated teller machines[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=24)**]**

*Main article:*[*Automated teller machine*](https://en.wikipedia.org/wiki/Automated_teller_machine)

On September 2, 1969, [Chemical Bank](https://en.wikipedia.org/wiki/Chemical_Bank) installed the first ATM in the U.S. at its branch in [Rockville Centre, New York](https://en.wikipedia.org/wiki/Rockville_Centre%2C_New_York). The first ATMs were designed to dispense a fixed amount of cash when a user inserted a specially coded card.[[30]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-30) A Chemical Bank advertisement boasted "On Sept. 2 our bank will open at 9:00 and never close again."[[31]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-31) Chemicals' ATM, initially known as a Docuteller was designed by [Donald Wetzel](https://en.wikipedia.org/wiki/Donald_Wetzel) and his company [Docutel](https://en.wikipedia.org/wiki/Docutel). Chemical executives were initially hesitant about the electronic banking transition given the high cost of the early machines. Additionally, executives were concerned that customers would resist having machines handling their money.[[32]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-32)

**Nixon shock[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=25)**]**

*Main article:*[*Nixon Shock*](https://en.wikipedia.org/wiki/Nixon_Shock)

In 1971, President [Richard Nixon](https://en.wikipedia.org/wiki/Richard_Nixon) took a series of economic measures that collectively are known as the [Nixon Shock](https://en.wikipedia.org/wiki/Nixon_Shock). These measures included unilaterally cancelling the direct convertibility of the [United States dollar](https://en.wikipedia.org/wiki/United_States_dollar) to [gold](https://en.wikipedia.org/wiki/Gold) that essentially ended the existing [Bretton Woods system](https://en.wikipedia.org/wiki/Bretton_Woods_system) of international financial exchange.

**Deregulation of the 1980s and 1990s[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=26)**]**

Legislation passed by the federal government during the 1980s, such as the [Depository Institutions Deregulation and Monetary Control Act](https://en.wikipedia.org/wiki/Depository_Institutions_Deregulation_and_Monetary_Control_Act) of 1980 and the [Garn–St. Germain Depository Institutions Act](https://en.wikipedia.org/wiki/Garn%E2%80%93St._Germain_Depository_Institutions_Act) of 1982, diminished the distinctions between banks and other financial institutions in the United States. This legislation is frequently referred to as "deregulation," and it is often blamed for the failure of over 500 [savings and loan associations](https://en.wikipedia.org/wiki/Savings_and_loan_association) between 1980 and 1988, and the subsequent failure of the [Federal Savings and Loan Insurance Corporation](https://en.wikipedia.org/wiki/Federal_Savings_and_Loan_Insurance_Corporation)(FSLIC) whose obligations were assumed by the [Federal Deposit Insurance Corporation](https://en.wikipedia.org/wiki/Federal_Deposit_Insurance_Corporation) (FDIC) in 1989. However, some critics of this viewpoint, particularly [libertarians](https://en.wikipedia.org/wiki/Libertarianism), have pointed out that the laws extended moral hazard by granting easy credit to federally insured financial institutions, encouraging them to overextend themselves and (thus) fail.

Savings and loan crisis**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=27)**]**

*Main article:*[*Savings and loan crisis*](https://en.wikipedia.org/wiki/Savings_and_loan_crisis)

The [savings and loan crisis](https://en.wikipedia.org/wiki/Savings_and_loan_crisis) of the 1980s and 1990s was the failure of 747 out of the 3,234[savings and loan associations](https://en.wikipedia.org/wiki/Savings_and_loan_association) in the United States. "As of December 31, 1995, RTC estimated that the total cost for resolving the 747 failed institutions was $87.9 billion." The remainder of the bailout was paid for by charges on savings and loan accounts[[33]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-autogenerated1-33)—which contributed to the large [budget deficits](https://en.wikipedia.org/wiki/Budget_deficit) of the early 1990s.

The concomitant slowdown in the finance industry and the real estate market may have been a contributing cause of the [1990–1991 economic recession](https://en.wikipedia.org/wiki/Early_1990s_recession). Between 1986 and 1991, the number of new homes constructed per year dropped from 1.8 million to 1 million, which was at the time the lowest rate since [World War II](https://en.wikipedia.org/wiki/World_War_II).[[34]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-autogenerated2-34)

Expansion of FDIC insurance - 1989**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=28)**]**

Until 1989, banks with national charters (national banks) were required to participate in the FDIC, while state banks either were required to obtain FDIC insurance by state law or they could voluntarily join it (usually in an attempt to bolster their appearance of solvency). After enactment of the Federal Deposit Insurance Corporation Improvement Act of 1989 ("FDICIA"), all commercial banks that accepted deposits were required to obtain FDIC insurance and to have a primary federal regulator (the Fed for state banks that are members of the Federal Reserve System, the FDIC for "nonmember" state banks, and the Office of the Comptroller of the Currency for all National Banks).

Note: Federal Credit Unions are regulated by National Credit Union Administration (NCUA). Savings & Loan Associations (S&L) and Federal Savings Banks (FSB) are regulated by the Office of Thrift Supervision (OTS)

Interstate banking**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=29)**]**

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Ever since the [National Bank Act](https://en.wikipedia.org/wiki/National_Bank_Act), national-chartered banks were effectively prohibited from interstate banking. This prohibition was further enshrined in the [McFadden Act](https://en.wikipedia.org/wiki/McFadden_Act) of 1927. The restriction on interstate banking prevented banks from achieving geographic diversification, making them especially vulnerable to local economic disruptions. The [Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994](https://en.wikipedia.org/wiki/Riegle-Neal_Interstate_Banking_and_Branching_Efficiency_Act_of_1994) repealed this prohibition.[[35]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-35)

**Repeal of the Glass-Steagall Act[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=30)**]**

Provisions of the Glass-Steagall Act that prohibit a [bank holding company](https://en.wikipedia.org/wiki/Bank_holding_company) from owning other financial companies were repealed on November 12, 1999, by the [Gramm–Leach–Bliley Act](https://en.wikipedia.org/wiki/Gramm%E2%80%93Leach%E2%80%93Bliley_Act).[[36]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-36)[[37]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-37)

The repeal of the Glass–Steagall Act of 1933 effectively removed the separation that previously existed between Wall Street investment banks and depository banks. This repeal directly contributed to the severity of the [Financial crisis of 2007–2010](https://en.wikipedia.org/wiki/Financial_crisis_of_2007%E2%80%932010).[[38]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-38)[[39]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-39)[[40]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-40)[[41]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-41)[[42]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-42)

**Late-2000s financial crisis[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=31)**]**

*Main article:*[*late-2000s financial crisis*](https://en.wikipedia.org/wiki/Late-2000s_financial_crisis)

The [late-2000s financial crisis](https://en.wikipedia.org/wiki/Late-2000s_financial_crisis) is considered by many economists to be the worst [financial crisis](https://en.wikipedia.org/wiki/Financial_crisis) since the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression) of the 1930s.[[43]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-43) It was triggered by a [liquidity](https://en.wikipedia.org/wiki/Liquidity) shortfall in the [United States](https://en.wikipedia.org/wiki/United_States) banking system[[44]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-44) and has resulted in the collapse of large financial institutions, the [bailout](https://en.wikipedia.org/wiki/Bailout) of banks by national governments, and downturns in stock markets around the world. In many areas, the housing market has also suffered, resulting in numerous[evictions](https://en.wikipedia.org/wiki/Eviction), [foreclosures](https://en.wikipedia.org/wiki/Foreclosure) and prolonged vacancies. It contributed to the failure of key businesses, declines in consumer wealth estimated in the trillions of [U.S. dollars](https://en.wikipedia.org/wiki/United_States_dollar), and a significant decline in economic activity, leading to a severe [global economic recession in 2008](https://en.wikipedia.org/wiki/Late-2000s_recession).[[45]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-45)

The collapse of the U.S. [housing bubble](https://en.wikipedia.org/wiki/Housing_bubble), which peaked in 2006, caused the values of [securities](https://en.wikipedia.org/wiki/Security_%28finance%29) tied to U.S. [real estate pricing](https://en.wikipedia.org/wiki/Real_estate_pricing) to plummet, damaging financial institutions globally.[[46]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-46) Questions regarding bank [solvency](https://en.wikipedia.org/wiki/Solvency), declines in credit availability and damaged investor confidence affected global [stock markets](https://en.wikipedia.org/wiki/Stock_market), where securities suffered large losses during 2008 and early 2009. Economies worldwide slowed during this period, as credit tightened and international trade declined.[[47]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-47) Critics argued that [credit rating agencies](https://en.wikipedia.org/wiki/Credit_rating_agency) and investors failed to accurately price the [risk](https://en.wikipedia.org/wiki/Financial_risk) involved with [mortgage](https://en.wikipedia.org/wiki/Mortgage_loan)-related financial products, and that governments did not adjust their regulatory practices to address 21st-century financial markets.[[48]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-Declaration_of_G20-48) Governments and [central banks](https://en.wikipedia.org/wiki/Central_bank) responded with unprecedented [fiscal stimulus](https://en.wikipedia.org/wiki/Fiscal_policy), [monetary policy](https://en.wikipedia.org/wiki/Monetary_policy) expansion and institutional bailouts.

There is some debate as to what role the repeal of Glass–Steagall had on the late 2000s financial crisis.[[49]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-49)

Although there have been aftershocks, the financial crisis itself ended sometime between late 2008 and mid-2009.[[50]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-autogenerated3-50)[[51]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-Financial_Crisis_Inquiry_Commission-51)[[52]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-Financial_Crisis_Was_Avoidable-52) While many causes for the financial crisis have been suggested, with varying weight assigned by experts,[[53]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-53) the United States Senate issuing the Levin–Coburn Report found "that the crisis was not a natural disaster, but the result of high risk, complex financial products; undisclosed conflicts of interest; and the failure of regulators, the credit rating agencies, and the market itself to rein in the excesses of Wall Street."[[54]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-54)

Both market-based and regulatory solutions have been implemented or are under consideration.[[55]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-55)

Expansion of FDIC insurance - 2008-2010**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=32)**]**

Due to the [2008 financial crisis](https://en.wikipedia.org/wiki/2008_financial_crisis), and to encourage businesses and [high-net-worth individuals](https://en.wikipedia.org/wiki/High-net-worth_individual) to keep their cash in the largest banks (rather than spreading it out), Congress temporarily increased the insurance limit to $250,000. With the passage of the [Dodd-Frank Wall Street Reform and Consumer Protection Act](https://en.wikipedia.org/wiki/Dodd-Frank_Wall_Street_Reform_and_Consumer_Protection_Act), this increase became permanent as of July 21, 2010.

Dodd–Frank Act**[**[**edit**](https://en.wikipedia.org/w/index.php?title=History_of_banking_in_the_United_States&action=edit&section=33)**]**

*Main article:*[*Dodd–Frank Wall Street Reform and Consumer Protection Act*](https://en.wikipedia.org/wiki/Dodd%E2%80%93Frank_Wall_Street_Reform_and_Consumer_Protection_Act)

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The [Dodd–Frank Wall Street Reform and Consumer Protection Act](https://en.wikipedia.org/wiki/Dodd%E2%80%93Frank_Wall_Street_Reform_and_Consumer_Protection_Act) is the most sweeping change to [financial regulation](https://en.wikipedia.org/wiki/Financial_regulation) in the United States since the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression),[[56]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-56)[[57]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-57)[[58]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-58)[[59]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-59) and represents a significant change in the American financial regulatory environment affecting all Federal financial regulatory agencies and affecting almost every aspect of the nation's financial services industry.[[60]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-60)[[61]](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States#cite_note-61)

## Banking in the United States

Banking in the United States began in the late 1790s along with the [country's founding](https://en.wikipedia.org/wiki/History_of_United_States) and has developed into highly influential and complex system of banking and [financial services](https://en.wikipedia.org/wiki/Financial_services). Anchored by [New York City](https://en.wikipedia.org/wiki/New_York_City) and [Wall Street](https://en.wikipedia.org/wiki/Wall_Street), it is centered on various financial services namely [private banking](https://en.wikipedia.org/wiki/Private_banking), [asset management](https://en.wikipedia.org/wiki/Asset_management), and [deposit security](https://en.wikipedia.org/wiki/Deposit_insurance).

The earliest remnants of the banking industry can be traced to 1790 when the [Bank of Pennsylvania](https://en.wikipedia.org/wiki/Bank_of_Pennsylvania) was founded to fund the [American Revolutionary War](https://en.wikipedia.org/wiki/American_Revolutionary_War). After merchants from the [Thirteen Colonies](https://en.wikipedia.org/wiki/Thirteen_Colonies) needed a current as a medium of exchange, the [Bank of North America](https://en.wikipedia.org/wiki/Bank_of_North_America) was opened to facilitate more advanced financial transactions.

As of 2018, the [largest banks the United States](https://en.wikipedia.org/wiki/List_of_largest_banks_in_the_United_States) were [JPMorgan Chase](https://en.wikipedia.org/wiki/JPMorgan_Chase), [Bank of America](https://en.wikipedia.org/wiki/Bank_of_America), [Wells Fargo](https://en.wikipedia.org/wiki/Wells_Fargo), [Citigroup](https://en.wikipedia.org/wiki/Citigroup), and [Goldman Sachs](https://en.wikipedia.org/wiki/Goldman_Sachs). It is estimated that banking assets were equal to 56 percent of the [U.S. economy](https://en.wikipedia.org/wiki/Economy_of_the_United_States).

**History[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=1)**]**

*Main article:*[*History of banking in the United States*](https://en.wikipedia.org/wiki/History_of_banking_in_the_United_States)

In the early 1700s, merchants traveled from Britain to the United States and established the [Bank of Pennsylvania](https://en.wikipedia.org/wiki/Bank_of_Pennsylvania) in 1790 to fund the [American Revolutionary War](https://en.wikipedia.org/wiki/American_Revolutionary_War) (1775–1783).[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) During this time, the [Thirteen Colonies](https://en.wikipedia.org/wiki/Thirteen_Colonies) had not established currency and used informal trade to finance their daily activities.[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) On January 4, 1782, the first commercial bank in the U.S., [Bank of North America](https://en.wikipedia.org/wiki/Bank_of_North_America), opened.[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) Soon after [U.S. Treasury Secretary](https://en.wikipedia.org/wiki/United_States_Secretary_of_the_Treasury) [Alexander Hamilton](https://en.wikipedia.org/wiki/Alexander_Hamilton) created the [Bank of the United States](https://en.wikipedia.org/wiki/Federal_Reserve_System) (1791), a national bank meant to maintain American taxes and pay off foreign debt.[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) After President [Andrew Jackson](https://en.wikipedia.org/wiki/Andrew_Jackson) closed the bank in 1832 and redirect all bank assets into [U.S. state](https://en.wikipedia.org/wiki/U.S._state) banks.[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) State banks began printing money rapidly sparking [run away inflation](https://en.wikipedia.org/wiki/Inflation) and leading to the [Panic of 1837](https://en.wikipedia.org/wiki/Panic_of_1837).[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) [Investment banking](https://en.wikipedia.org/wiki/Investment_banking) began in the 1860s with the establishment of [Jay Cooke & Company](https://en.wikipedia.org/wiki/Jay_Cooke_%26_Company), one of the first issuers of government bonds.[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) In 1863, the [National Bank Act](https://en.wikipedia.org/wiki/National_Bank_Act) was passed to create a national currency, a federal banking system, and make public loans.[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) During the 1900s, the [Federal Reserve](https://en.wikipedia.org/wiki/Federal_Reserve_System) was established and began executing [monetary policy](https://en.wikipedia.org/wiki/Monetary_policy).[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) The [Great Depression](https://en.wikipedia.org/wiki/Great_Depression_in_the_United_States) saw to the separation between investment and commercial banking known as the "[Glass-Steagall Act](https://en.wikipedia.org/wiki/Glass%E2%80%93Steagall_legislation)".[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1) In 1991, the Act was repealed leading to the [2008 financial crisis](https://en.wikipedia.org/wiki/Financial_crisis_of_2007%E2%80%932008).[[1]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:0-1)

**Regulatory agencies[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=2)**]**

*Main article:*[*Bank regulation in the United States*](https://en.wikipedia.org/wiki/Bank_regulation_in_the_United_States)

While most of these countries have only one bank regulator, in the U.S., banking is regulated at both the federal and state level.[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) Depending on its type of charter and organizational structure, a banking organization may be subject to numerous federal and state banking regulations. Unlike Switzerland and the United Kingdom (where regulatory authority over the banking, securities and insurance industries is combined into one single financial-service agency), the U.S. maintains separate securities, commodities, and insurance regulatory agencies—separate from the bank regulatory agencies—at the federal and state level.[[3]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-fsa-3) U.S. banking regulations address privacy, disclosure, fraud prevention, anti-money laundering, anti-terrorism, anti-[usury](https://en.wikipedia.org/wiki/Usury) lending, and the promotion of lending to lower-income populations. Some individual cities also enact their own [financial regulation](https://en.wikipedia.org/wiki/Financial_regulation) laws (for example, defining what constitutes usurious lending).[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2)

Federal Reserve system**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=3)**]**

*Main article:*[*Federal Reserve system*](https://en.wikipedia.org/wiki/Federal_Reserve_system)

The [Federal Reserve](https://en.wikipedia.org/wiki/Federal_Reserve_System) is the [central bank](https://en.wikipedia.org/wiki/Central_bank) of the United States.

The [central banking](https://en.wikipedia.org/wiki/Central_bank) system of the United States, called the [Federal Reserve system](https://en.wikipedia.org/wiki/Federal_Reserve_system), was created in 1913 by the enactment of the [Federal Reserve Act](https://en.wikipedia.org/wiki/Federal_Reserve_Act), largely in response to a series of financial panics, particularly a severe [panic in 1907](https://en.wikipedia.org/wiki/Panic_of_1907).[[4]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-mnglass-4)[[5]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-initial-5) Over time, the roles and responsibilities of the Federal Reserve System have expanded and its structure has evolved.[[6]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-initial2-6) Events such as the [Great Depression](https://en.wikipedia.org/wiki/Great_Depression) were major factors leading to changes in the system.[[7]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-patrick-7) Its duties today, according to official Federal Reserve documentation, are to conduct the nation's monetary policy, supervise and regulate banking institutions, maintain the stability of the financial system and provide financial services to [depository institutions](https://en.wikipedia.org/wiki/Depository_institution), the [U.S. government](https://en.wikipedia.org/wiki/U.S._government), and foreign official institutions.[[8]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-mission-8)

Federal Deposit Insurance Corporation**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=4)**]**

*Main article:*[*Federal Deposit Insurance Corporation*](https://en.wikipedia.org/wiki/Federal_Deposit_Insurance_Corporation)

The Federal Deposit Insurance Corporation (FDIC) is a [United States government corporation](https://en.wikipedia.org/wiki/Government-owned_corporation#United_States) created by the [Glass–Steagall Act](https://en.wikipedia.org/wiki/Glass%E2%80%93Steagall_Act) of 1933. It provides [deposit insurance](https://en.wikipedia.org/wiki/Deposit_insurance), which guarantees the safety of deposits in member banks, up to $250,000 per [depositor](https://en.wikipedia.org/wiki/Deposit_account) per bank. As of November 18, 2010, the FDIC insures deposits at 6,800 institutions.[[9]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-fdic_press_release-9) The FDIC also examines and supervises certain financial institutions for safety and soundness, performs certain consumer-protection functions, and manages banks in receiverships (failed banks). Since the start of FDIC insurance on January 1, 1934, no depositor has lost any insured funds as a result of a bank failure.[[10]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-who-10)

Office of the Comptroller of the Currency**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=5)**]**

*Main article:*[*Office of the Comptroller of the Currency*](https://en.wikipedia.org/wiki/Office_of_the_Comptroller_of_the_Currency)

The Office of the Comptroller of the Currency is a U.S. federal agency established by the [National Currency Act of 1863](https://en.wikipedia.org/wiki/National_Currency_Act_of_1863) and serves to charter, regulate, and supervise all [national banks](https://en.wikipedia.org/wiki/National_bank) and the federal branches and agencies of foreign banks in the United States. Thomas J. Curry was sworn in as the 30th Comptroller of the Currency on April 9, 2012.[[11]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-comptroller-11)

Office of Thrift Supervision**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=6)**]**

*Main article:*[*Office of Thrift Supervision*](https://en.wikipedia.org/wiki/Office_of_Thrift_Supervision)

The Office of Thrift Supervision is a [U.S. federal agency](https://en.wikipedia.org/wiki/List_of_United_States_federal_agencies) under the Department of the Treasury. It was created in 1989 as a renamed version of another federal agency (that was faulted for its role in the [Savings and loan crisis](https://en.wikipedia.org/wiki/Savings_and_loan_crisis)).[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) Like other U.S. federal bank regulators, it is paid by the banks it regulates. On July 21, 2011, the Office of Thrift Supervision became part of the Office of the Comptroller of the Currency.[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2)

**Bank mergers and closures[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=7)**]**

[Bank mergers](https://en.wikipedia.org/wiki/Bank_mergers) happen for many reasons in normal business, for example, to create a single larger bank in which operations of both banks can be streamlined; to acquire another bank's brands; or due to regulators closing the institution due to unsafe and unsound business practices or inadequate capitalization and liquidity. Banks may not go bankrupt in the United States. Depositor accounts are insured up to $250,000 as of October 2008 per individual per bank by the FDIC. Banks that are in danger of failing are either taken over by the FDIC, administered temporarily, then sold or merged with other banks. The FDIC maintains a list of banks showing institutions seized by regulators and the assuming institutions.

**Banking privacy[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=8)**]**

*Further information:*[*Bank secrecy § United States*](https://en.wikipedia.org/wiki/Bank_secrecy#United_States)

In the United States, [banking privacy](https://en.wikipedia.org/wiki/Bank_secrecy) and [information security](https://en.wikipedia.org/wiki/Information_security) is not protected through a singular law nor is it an unalienable right.[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) The regulation of banking privacy is typically undertaken by a sector-by-sector basis.[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) The most prominent federal law governing banking privacy in the U.S. is the [Gramm-Leach-Bliley Act](https://en.wikipedia.org/wiki/Gramm%E2%80%93Leach%E2%80%93Bliley_Act) (GLB).[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) This regulates the disclosure, collection, and use of non-public information by banking institutions.[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) Additionally, the [Federal Trade Commission](https://en.wikipedia.org/wiki/Federal_Trade_Commission) (FTC) serves as the primary protector of banking privacy by fining violators of federal and state banking privacy laws.[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) Unlike [banking in Switzerland](https://en.wikipedia.org/wiki/Banking_in_Switzerland) or other European countries, violations of banking privacy are usually a [civil offense](https://en.wikipedia.org/wiki/Municipal_offense) not a [criminal one](https://en.wikipedia.org/wiki/Crime).[[2]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-:1-2) However, the [Financial Industry Regulatory Authority](https://en.wikipedia.org/wiki/Financial_Industry_Regulatory_Authority) (FINRA) offers numerous banking privacy provisions within its statutes.[[12]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-12)[[13]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-13)

**List of banks[**[**edit**](https://en.wikipedia.org/w/index.php?title=Banking_in_the_United_States&action=edit&section=9)**]**

*Main article:*[*List of largest banks in the United States*](https://en.wikipedia.org/wiki/List_of_largest_banks_in_the_United_States)

According to the FDIC, there were 6,799 FDIC-insured commercial banks in the United States as of February 11, 2014.[[9]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-fdic_press_release-9) Every member of the [Federal Reserve System](https://en.wikipedia.org/wiki/Federal_Reserve_System) is listed along with non-members who are also insured by the FDIC. The five largest banks by assets in 2011 were [JPMorgan Chase](https://en.wikipedia.org/wiki/JPMorgan_Chase), [Bank of America](https://en.wikipedia.org/wiki/Bank_of_America), [Citigroup](https://en.wikipedia.org/wiki/Citigroup), [Wells Fargo](https://en.wikipedia.org/wiki/Wells_Fargo), and [Goldman Sachs](https://en.wikipedia.org/wiki/Goldman_Sachs).[[14]](https://en.wikipedia.org/wiki/Banking_in_the_United_States#cite_note-lynch-14)

# Stock Exchange

A **stock exchange**, **securities exchange** or [bourse](https://en.wikipedia.org/wiki/Exchange_%28organized_market%29),[[note 1]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-5) is a facility where [stock brokers](https://en.wikipedia.org/wiki/Stock_broker) and [traders](https://en.wikipedia.org/wiki/Stock_trader) can buy and sell [securities](https://en.wikipedia.org/wiki/Security_%28finance%29), such as [shares](https://en.wikipedia.org/wiki/Share_%28finance%29) of [stock](https://en.wikipedia.org/wiki/Stock) and [bonds](https://en.wikipedia.org/wiki/Bond_%28finance%29) and other financial instruments. Stock exchanges may also provide facilities for the issue and redemption of such securities and instruments and capital events including the payment of income and [dividends](https://en.wikipedia.org/wiki/Dividend).[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] Securities traded on a stock exchange include stock issued by [listed companies](https://en.wikipedia.org/wiki/Listed_company), [unit trusts](https://en.wikipedia.org/wiki/Unit_trust), [derivatives](https://en.wikipedia.org/wiki/Derivative_%28finance%29), pooled investment products and [bonds](https://en.wikipedia.org/wiki/Bond_%28finance%29). Stock exchanges often function as "continuous auction" markets with buyers and sellers consummating transactions via [open outcry](https://en.wikipedia.org/wiki/Open_outcry) at a central location such as the floor of the exchange or by using an [electronic trading platform](https://en.wikipedia.org/wiki/Electronic_trading_platform).[[5]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-6)

To be able to trade a security on a certain stock exchange, the security must be [listed](https://en.wikipedia.org/wiki/Listing_%28finance%29) there. Usually, there is a central location at least for record keeping, but trade is increasingly less linked to a physical place, as modern markets use [electronic communication networks](https://en.wikipedia.org/wiki/Electronic_communication_network), which give them advantages of increased speed and reduced cost of transactions. Trade on an exchange is restricted to brokers who are members of the exchange. In recent years, various other trading venues, such as electronic communication networks, [alternative trading systems](https://en.wikipedia.org/wiki/Alternative_trading_system) and "[dark pools](https://en.wikipedia.org/wiki/Dark_pool)" have taken much of the trading activity away from traditional stock exchanges.[[6]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-7)

[Initial public offerings](https://en.wikipedia.org/wiki/Initial_public_offering) of stocks and bonds to investors is done in the [primary market](https://en.wikipedia.org/wiki/Primary_market) and subsequent trading is done in the [secondary market](https://en.wikipedia.org/wiki/Secondary_market). A stock exchange is often the most important component of a stock market. Supply and demand in [stock markets](https://en.wikipedia.org/wiki/Stock_market) are driven by various factors that, as in all [free markets](https://en.wikipedia.org/wiki/Free_market), affect the price of stocks (see [stock valuation](https://en.wikipedia.org/wiki/Stock_valuation)).

There is usually no obligation for stock to be issued through the stock exchange itself, nor must stock be subsequently traded on an exchange. Such trading may be *off exchange* or [over-the-counter](https://en.wikipedia.org/wiki/Over-the-counter_%28finance%29). This is the usual way that [derivatives](https://en.wikipedia.org/wiki/Derivative_%28finance%29) and [bonds](https://en.wikipedia.org/wiki/Bond_%28finance%29) are traded. Increasingly, stock exchanges are part of a global securities market. Stock exchanges also serve an economic function in providing liquidity to shareholders in providing an efficient means of disposing of shares.

**History[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=1)**]**

Early history**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=2)**]**

The idea of debt dates back to the [ancient world](https://en.wikipedia.org/wiki/Ancient_world), as evidenced for example by ancient [Mesopotamian](https://en.wikipedia.org/wiki/Mesopotamia) city clay tablets recording interest-bearing loans. There is little consensus among scholars as to when corporate [stock](https://en.wikipedia.org/wiki/Stock)was first traded. Some see the key event as the [Dutch East India Company](https://en.wikipedia.org/wiki/Dutch_East_India_Company)'s founding in 1602,[[7]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-8) while others point to earlier developments. Economist [Ulrike Malmendier](https://en.wikipedia.org/wiki/Ulrike_Malmendier) of the [University of California at Berkeley](https://en.wikipedia.org/wiki/University_of_California_at_Berkeley) argues that a share market existed as far back as [ancient Rome](https://en.wikipedia.org/wiki/Ancient_Rome). One of Europe's oldest stock exchanges is the [Frankfurt Stock Exchange](https://en.wikipedia.org/wiki/Frankfurt_Stock_Exchange) ([Frankfurter Wertpapierbörse](https://de.wikipedia.org/wiki/B%C3%B6rse_Frankfurt)) established in 1585 in [Frankfurt am Main](https://en.wikipedia.org/wiki/Frankfurt).

In the [Roman Republic](https://en.wikipedia.org/wiki/Roman_Republic), which existed for centuries before the [Empire](https://en.wikipedia.org/wiki/Roman_Empire) was founded, there were *societates publicanorum*, organizations of contractors or leaseholders who performed temple-building and other services for the government. One such service was the feeding of geese on the Capitoline Hill as a reward to the birds after their honking warned of a Gallic invasion in 390 B.C. Participants in such organizations had *partes* or shares, a concept mentioned various times by the statesman and orator [Cicero](https://en.wikipedia.org/wiki/Cicero). In one speech, Cicero mentions "shares that had a very high price at the time". Such evidence, in Malmendier's view, suggests the instruments were tradable, with fluctuating values based on an organization's success. The *societas* declined into obscurity in the time of the emperors, as most of their services were taken over by direct agents of the state.

Tradable [bonds](https://en.wikipedia.org/wiki/Bond_%28finance%29) as a commonly used type of security were a more recent innovation, spearheaded by the Italian city-states of the late [medieval](https://en.wikipedia.org/wiki/Medieval) and early [Renaissance](https://en.wikipedia.org/wiki/Renaissance) periods.

Establishment of formal stock exchanges**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=3)**]**

*See also:*[*Economic history of the Dutch Republic*](https://en.wikipedia.org/wiki/Economic_history_of_the_Dutch_Republic)*,*[*Financial history of the Dutch Republic*](https://en.wikipedia.org/wiki/Financial_history_of_the_Dutch_Republic)*, and*[*Dutch East India Company*](https://en.wikipedia.org/wiki/Dutch_East_India_Company)

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| --- | --- | --- |
| **“** | The stock market — the daytime adventure serial of the well-to-do — would not be the stock market if it did not have its ups and downs. (...) And it has many other distinctive characteristics. Apart from the economic advantages and disadvantages of stock exchanges — the advantage that they provide a free flow of capital to finance industrial expansion, for instance, and the disadvantage that they provide an all too convenient way for the unlucky, the imprudent, and the gullible to lose their money — their development has created a whole pattern of social behavior, complete with customs, language, and predictable responses to given events. What is truly extraordinary is the speed with which this pattern emerged full blown following the establishment, in 1611, of [the world's first important stock exchange](https://nl.wikipedia.org/wiki/Beurs_van_Hendrick_de_Keyser) — a roofless courtyard in Amsterdam — and the degree to which it persists (with variations, it is true) on the New York Stock Exchange in the nineteen-sixties. Present-day [stock trading](https://en.wikipedia.org/wiki/Stock_trading) in the United States — a bewilderingly vast enterprise, involving millions of miles of private telegraph wires, computers that can read and copy the Manhattan Telephone Directory in three minutes, and over twenty million [stockholder](https://en.wikipedia.org/wiki/Stockholder)participants — would seem to be a far cry from a handful of seventeenth-century Dutchmen haggling in the rain. But the field marks are much the same. The first stock exchange was, inadvertently, a laboratory in which new human reactions were revealed. By the same token, the [New York Stock Exchange](https://en.wikipedia.org/wiki/New_York_Stock_Exchange) is also a sociological test tube, forever contributing to the human species' self-understanding. The behaviour of the pioneering Dutch [stock traders](https://en.wikipedia.org/wiki/Stock_trader) is ably documented in a book entitled “Confusion of Confusions,” written by a plunger on the Amsterdam market named [Joseph de la Vega](https://en.wikipedia.org/wiki/Joseph_de_la_Vega); originally published in 1688, (...) | **”** |
| — [*John Brooks*](https://en.wikipedia.org/wiki/John_Brooks_%28writer%29), in “Business Adventures” (1968)[[8]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-9) |

While the Italian city-states produced the first transferable government bonds, they did not develop the other ingredient necessary to produce a fully-fledged [capital market](https://en.wikipedia.org/wiki/Capital_market): the [stock market](https://en.wikipedia.org/wiki/Stock_market) in its modern sense.[[9]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-10) In the early 1600s the [Dutch East India Company](https://en.wikipedia.org/wiki/Dutch_East_India_Company) (VOC) became the first company in history to issue [bonds](https://en.wikipedia.org/wiki/Bond_%28finance%29) and [shares](https://en.wikipedia.org/wiki/Share_%28finance%29) of [stock](https://en.wikipedia.org/wiki/Stock) to the general public. As [Edward Stringham](https://en.wikipedia.org/wiki/Edward_Stringham) (2015) notes, "companies with transferable shares date back to classical Rome, but these were usually not enduring endeavors and no considerable [secondary market](https://en.wikipedia.org/wiki/Secondary_market) existed (Neal, 1997, p. 61)."[[10]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-11) The VOC, formed to build up the spice trade, operated as a colonial ruler in what is now [Indonesia](https://en.wikipedia.org/wiki/Indonesia) and beyond, a purview that included conducting military operations against the wishes of the exploited natives and of competing colonial powers. Control of the company was held tightly by its directors, with ordinary shareholders not having much influence on management or even access to the company's accounting statements.

However, shareholders were rewarded well for their investment. The company paid an average dividend of over 16% per year from 1602 to 1650. Financial innovation in Amsterdam took many forms. In 1609, investors led by [Isaac Le Maire](https://en.wikipedia.org/wiki/Isaac_Le_Maire) formed history's first [bear market](https://en.wikipedia.org/wiki/Bear_market) syndicate, but their coordinated trading had only a modest impact in driving down share prices, which tended to remain robust throughout the 17th century. By the 1620s, the company was expanding its securities issuance with the first use of corporate bonds.

[Joseph de la Vega](https://en.wikipedia.org/wiki/Joseph_de_la_Vega), also known as Joseph Penso de la Vega and by other variations of his name, was an Amsterdam trader from a Spanish Jewish family and a prolific writer as well as a successful businessman in 17th-century Amsterdam. His 1688 book *Confusion of Confusions*[[13]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-14) explained the workings of the city's stock market. It was the earliest book about [stock trading](https://en.wikipedia.org/wiki/Stock_trading) and inner workings of a stock market, taking the form of a dialogue between a merchant, a shareholder and a philosopher, the book described a market that was sophisticated but also prone to excesses, and de la Vega offered advice to his readers on such topics as the unpredictability of market shifts and the importance of patience in investment.

In England, [King William III](https://en.wikipedia.org/wiki/King_William_III) sought to modernize the kingdom's finances to pay for its wars, and thus the first government bonds were issued in 1693 and the [Bank of England](https://en.wikipedia.org/wiki/Bank_of_England) was set up the following year. Soon thereafter, English [joint-stock companies](https://en.wikipedia.org/wiki/Joint-stock_company) began going public.

London's first stockbrokers, however, were barred from the old commercial center known as the Royal Exchange, reportedly because of their rude manners. Instead, the new trade was conducted from coffee houses along [Exchange Alley](https://en.wikipedia.org/wiki/Exchange_Alley%2C_London). By 1698, a broker named John Castaing, operating out of [Jonathan's Coffee House](https://en.wikipedia.org/wiki/Jonathan%27s_Coffee_House), was posting regular lists of stock and commodity prices. Those lists mark the beginning of the [London Stock Exchange](https://en.wikipedia.org/wiki/London_Stock_Exchange).[[14]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-15)

One of history's greatest [financial bubbles](https://en.wikipedia.org/wiki/Financial_bubble) occurred around 1720. At the center of it were the [South Sea Company](https://en.wikipedia.org/wiki/South_Sea_Company), set up in 1711 to conduct English trade with South America, and the [Mississippi Company](https://en.wikipedia.org/wiki/Mississippi_Company), focused on commerce with France's Louisiana colony and touted by transplanted Scottish financier [John Law](https://en.wikipedia.org/wiki/John_Law_%28economist%29), who was acting in effect as France's central banker. Investors snapped up shares in both, and whatever else was available. In 1720, at the height of the mania, there was even an offering of "a company for carrying out an undertaking of great advantage, but nobody to know what it is".

By the end of that same year, share prices had started collapsing, as it became clear that expectations of imminent wealth from the Americas were overblown. In London, Parliament passed the [Bubble Act](https://en.wikipedia.org/wiki/Bubble_Act), which stated that only royally chartered companies could issue public shares. In Paris, Law was stripped of office and fled the country. Stock trading was more limited and subdued in subsequent decades. Yet the market survived, and by the 1790s shares were being traded in the young United States. On May 17, 1792, the [New York Stock Exchange](https://en.wikipedia.org/wiki/New_York_Stock_Exchange) opened under a [platanus occidentalis](https://en.wikipedia.org/wiki/Platanus_occidentalis) (buttonwood tree) in [New York City](https://en.wikipedia.org/wiki/New_York_City), as 24 stockbrokers signed the [Buttonwood Agreement](https://en.wikipedia.org/wiki/Buttonwood_Agreement), agreeing to trade five securities under that buttonwood tree.[[15]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-16)

**Role of stock exchanges[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=4)**]**

Stock exchanges have multiple roles in the economy. This may include the following:[[16]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-17)

Raising capital for businesses**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=5)**]**

Besides the borrowing capacity provided to an individual or firm by the [banking system](https://en.wikipedia.org/wiki/Banking_system), in the form of [credit](https://en.wikipedia.org/wiki/Credit_%28finance%29) or a loan, a stock exchange provides [companies](https://en.wikipedia.org/wiki/Company) with the facility to raise [capital](https://en.wikipedia.org/wiki/Financial_capital) for expansion through selling [shares](https://en.wikipedia.org/wiki/Share_%28finance%29) to the investing public.[[17]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-18)

[Capital intensive](https://en.wikipedia.org/wiki/Capital_intensive) companies, particularly [high tech](https://en.wikipedia.org/wiki/High_tech) companies, always need to raise high volumes of capital in their early stages. For this reason, the public market provided by the stock exchanges has been one of the most important funding sources for many capital intensive [startups](https://en.wikipedia.org/wiki/Startup_company). After the 1990s and early-2000s hi-tech listed companies' boom and bust in the world's major stock exchanges[[*clarification needed*](https://en.wikipedia.org/wiki/Wikipedia%3APlease_clarify)*(confusing syntax)*], it has been much more demanding for the high-tech entrepreneur to take his/her company public, unless either the company is already generating sales and earnings, or the company has demonstrated credibility and potential from successful outcomes: clinical trials, market research, patent registrations, etc. This is quite different from the situation of the 1990s to early-2000s period, when a number of companies (particularly Internet boom and biotechnology companies) [went public](https://en.wikipedia.org/wiki/Initial_public_offering) in the most prominent stock exchanges around the world in the total absence of sales, earnings, or any type of well-documented promising outcome. Though it's not as common, it still happens that highly speculative and financially unpredictable hi-tech startups are listed for the first time in a major stock exchange. Additionally, there are smaller, specialized entry markets for these kind of companies with [stock indexes](https://en.wikipedia.org/wiki/Stock_index) tracking their performance (examples include the [Alternext](https://en.wikipedia.org/wiki/Alternext), [CAC Small](https://en.wikipedia.org/wiki/CAC_Small), [SDAX](https://en.wikipedia.org/wiki/SDAX), [TecDAX](https://en.wikipedia.org/wiki/TecDAX)).

Alternatives to stock exchanges for raising capital**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=6)**]**

R&D limited partnerships**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=7)**]**

Companies have also raised significant amounts of capital through [R&D](https://en.wikipedia.org/wiki/R%26D) [limited partnerships](https://en.wikipedia.org/wiki/Limited_partnership). Tax law changes that were enacted in 1987 in the United States changed the tax deductibility of investments in R&D limited partnerships. In order for a partnership to be of interest to investors today, the [cash on cash return](https://en.wikipedia.org/wiki/Cash_on_cash_return) must be high enough to entice investors.

Venture capital**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=8)**]**

A usual source of capital for startup companies has been [venture capital](https://en.wikipedia.org/wiki/Venture_capital). This source remains largely available today, but the maximum statistical amount that the venture company firms in aggregate will invest in any one company is not limitless (it was approximately $15 million in 2001 for a biotechnology company).

Corporate partners**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=9)**]**

Another alternative source of cash for a private company is a corporate partner, usually an established multinational company, which provides capital for the smaller company in return for marketing rights, patent rights, or equity. Corporate partnerships have been used successfully in a large number of cases.

Mobilizing savings for investment**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=10)**]**

When people draw their savings and invest in shares (through an [initial public offering](https://en.wikipedia.org/wiki/Initial_public_offering) or the [seasoned equity offering](https://en.wikipedia.org/wiki/Seasoned_equity_offering) of an already listed company), it usually leads to [rational](https://en.wikipedia.org/wiki/Rationality) allocation of resources because funds, which could have been consumed, or kept in idle [deposits](https://en.wikipedia.org/wiki/Deposit_%28finance%29) with banks, are mobilized and redirected to help companies' management boards finance their organizations. This may promote business activity with benefits for several economic sectors such as agriculture, commerce and industry, resulting in stronger economic growth and higher [productivity](https://en.wikipedia.org/wiki/Productivity_%28economics%29) levels of firms.

Facilitating acquisitions**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=11)**]**

Companies view acquisitions as an opportunity to expand [product lines](https://en.wikipedia.org/wiki/Product_line), increase distribution channels, hedge against volatility, increase their [market share](https://en.wikipedia.org/wiki/Market_share), or acquire other necessary business [assets](https://en.wikipedia.org/wiki/Asset). A [takeover bid](https://en.wikipedia.org/wiki/Takeover_bid) or [mergers and acquisitions](https://en.wikipedia.org/wiki/Mergers_and_acquisitions) through the [stock market](https://en.wikipedia.org/wiki/Stock_market) is one of the simplest and most common ways for a company to grow by acquisition or fusion.

Profit sharing**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=12)**]**

Both casual and professional [stock investors](https://en.wikipedia.org/wiki/Stock_investor), as large as [institutional investors](https://en.wikipedia.org/wiki/Institutional_investor) or as small as an ordinary [middle-class family](https://en.wikipedia.org/wiki/Middle_class), through [dividends](https://en.wikipedia.org/wiki/Dividend) and [stock price](https://en.wikipedia.org/wiki/Stock_price) increases that may result in [capital gains](https://en.wikipedia.org/wiki/Capital_gain), share in the wealth of profitable businesses. Unprofitable and troubled businesses may result in [capital losses](https://en.wikipedia.org/wiki/Capital_loss) for shareholders.

Corporate governance**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=13)**]**

By having a wide and varied scope of owners, companies generally tend to improve management standards and [efficiency](https://en.wikipedia.org/wiki/Efficiency_%28economics%29) to satisfy the demands of these shareholders and the more stringent rules for public corporations imposed by public stock exchanges and the government. Consequently, it is alleged that public companies (companies that are owned by shareholders who are members of the general public and trade shares on public exchanges) tend to have better management records than [privately held companies](https://en.wikipedia.org/wiki/Privately_held_company)(those companies where shares are not publicly traded, often owned by the company founders, their families and heirs, or otherwise by a small group of investors).

Despite this claim, some well-documented cases are known where it is alleged that there has been considerable slippage in [corporate governance](https://en.wikipedia.org/wiki/Corporate_governance) on the part of some public companies, particularly in the cases of [accounting scandals](https://en.wikipedia.org/wiki/Accounting_scandal). The policies that led to the [dot-com bubble](https://en.wikipedia.org/wiki/Dot-com_bubble) in the late 1990s and the [subprime mortgage crisis](https://en.wikipedia.org/wiki/Subprime_mortgage_crisis) in 2007–08 are also examples of corporate mismanagement. The mismanagement of companies such as [Pets.com](https://en.wikipedia.org/wiki/Pets.com) (2000), [Enron](https://en.wikipedia.org/wiki/Enron) (2001), [One.Tel](https://en.wikipedia.org/wiki/One.Tel) (2001), [Sunbeam Products](https://en.wikipedia.org/wiki/Sunbeam_Products) (2001), [Webvan](https://en.wikipedia.org/wiki/Webvan)(2001), [Adelphia Communications Corporation](https://en.wikipedia.org/wiki/Adelphia_Communications_Corporation) (2002), [MCI WorldCom](https://en.wikipedia.org/wiki/MCI_WorldCom) (2002), [Parmalat](https://en.wikipedia.org/wiki/Parmalat) (2003), [American International Group](https://en.wikipedia.org/wiki/American_International_Group) (2008), [Bear Stearns](https://en.wikipedia.org/wiki/Bear_Stearns) (2008), [Lehman Brothers](https://en.wikipedia.org/wiki/Lehman_Brothers) (2008), [General Motors](https://en.wikipedia.org/wiki/General_Motors_Chapter_11_reorganization) (2009) and [Satyam Computer Services](https://en.wikipedia.org/wiki/Satyam_Computer_Services) (2009) all received plenty of media attention.

Many banks and companies worldwide utilize securities identification numbers ([ISIN](https://en.wikipedia.org/wiki/ISIN)) to identify, uniquely, their stocks, bonds and other securities. Adding an ISIN code helps to distinctly identify securities and the ISIN system is used worldwide by funds, companies, and governments.

However, when poor financial, ethical or managerial records become public, [stock investors](https://en.wikipedia.org/wiki/Stock_investor) tend to lose money as the stock and the company tend to lose value. In the stock exchanges, shareholders of underperforming firms are often penalized by significant share price decline, and they tend as well to dismiss incompetent management teams.

Creating investment opportunities for small investors**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=14)**]**

As opposed to other businesses that require huge capital outlay, investing in shares is open to both the large and small [stock investors](https://en.wikipedia.org/wiki/Stock_investor) as minimum investment amounts are minimal. Therefore, the stock exchange provides the opportunity for small investors to own shares of the same companies as large investors.

Government capital-raising for development projects**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=15)**]**

Governments at various levels may decide to borrow money to finance infrastructure projects such as sewage and water treatment works or housing estates by selling another category of [securities](https://en.wikipedia.org/wiki/Security_%28finance%29) known as [bonds](https://en.wikipedia.org/wiki/Bond_%28finance%29). These bonds can be raised through the stock exchange whereby members of the public buy them, thus loaning money to the government. The issuance of such bonds can obviate, in the short term, direct taxation of citizens to finance development—though by securing such bonds with the full faith and credit of the government instead of with collateral, the government must eventually tax citizens or otherwise raise additional funds to make any regular coupon payments and refund the principal when the bonds mature.

Barometer of the economy**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=16)**]**

At the stock exchange, share prices rise and fall depending, largely, on economic forces. Share prices tend to rise or remain stable when companies and the economy in general show signs of stability and growth. A [recession](https://en.wikipedia.org/wiki/Recession), [depression](https://en.wikipedia.org/wiki/Depression_%28economics%29), or [financial crisis](https://en.wikipedia.org/wiki/Financial_crisis) could eventually lead to a [stock market crash](https://en.wikipedia.org/wiki/Stock_market_crash). Therefore, the movement of share prices and in general of the [stock indexes](https://en.wikipedia.org/wiki/Stock_index) can be an indicator of the general trend in the economy.

**Listing requirements[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=17)**]**

Each stock exchange imposes its own [listing requirements](https://en.wikipedia.org/wiki/Listing_requirements) upon companies that want to be listed on that exchange. Such conditions may include minimum number of shares outstanding, minimum market capitalization, and minimum annual income.

Examples of listing requirements**[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=18)**]**

The listing requirements imposed by some stock exchanges include:

**New York Stock Exchange:** the [New York Stock Exchange](https://en.wikipedia.org/wiki/New_York_Stock_Exchange) (NYSE) requires a company to have issued at least a million shares of stock worth $100 million and must have earned more than $10 million over the last three years.[[18]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-19)

**NASDAQ Stock Exchange:** [NASDAQ](https://en.wikipedia.org/wiki/NASDAQ) requires a company to have issued at least 1.25 million shares of stock worth at least $70 million and must have earned more than $11 million over the last three years.[[19]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-20)

**London Stock Exchange:** the main market of the [London Stock Exchange](https://en.wikipedia.org/wiki/London_Stock_Exchange) requires a minimum market capitalization (£700,000), three years of audited financial statements, minimum public float (25%) and sufficient [working capital](https://en.wikipedia.org/wiki/Working_capital) for at least 12 months from the date of listing.

**Bombay Stock Exchange:** [Bombay Stock Exchange](https://en.wikipedia.org/wiki/Bombay_Stock_Exchange) (BSE) requires a minimum market capitalization of ₹250 million (US$3.6 million) and minimum public float equivalent to ₹100 million (US$1.4 million).[[20]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-21)

**Ownership[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=19)**]**

Stock exchanges originated as [mutual organizations](https://en.wikipedia.org/wiki/Mutual_organization), owned by its member stock brokers. However, the major stock exchanges have *demutualized*, where the members sell their shares in an [initial public offering](https://en.wikipedia.org/wiki/Initial_public_offering). In this way the mutual organization becomes a corporation, with shares that are listed on a stock exchange. Examples are [Australian Securities Exchange](https://en.wikipedia.org/wiki/Australian_Securities_Exchange) (1998), [Euronext](https://en.wikipedia.org/wiki/Euronext) (merged with New York Stock Exchange), [NASDAQ](https://en.wikipedia.org/wiki/NASDAQ) (2002), [Bursa Malaysia](https://en.wikipedia.org/wiki/Bursa_Malaysia) (2004), the [New York Stock Exchange](https://en.wikipedia.org/wiki/New_York_Stock_Exchange) (2005), [Bolsas y Mercados Españoles](https://en.wikipedia.org/wiki/Bolsas_y_Mercados_Espa%C3%B1oles), and the [São Paulo Stock Exchange](https://en.wikipedia.org/wiki/S%C3%A3o_Paulo_Stock_Exchange) (2007).

The [Shenzhen Stock Exchange](https://en.wikipedia.org/wiki/Shenzhen_Stock_Exchange) and [Shanghai Stock Exchange](https://en.wikipedia.org/wiki/Shanghai_Stock_Exchange) can be characterized as quasi-state institutions insofar as they were created by government bodies in China and their leading personnel are directly appointed by the [China Securities Regulatory Commission](https://en.wikipedia.org/wiki/China_Securities_Regulatory_Commission).

Another example is [Tashkent Stock Exchange](https://en.wikipedia.org/wiki/Tashkent_Stock_Exchange) established in 1994, three years after the collapse of the Soviet Union, mainly state-owned but has a form of a public corporation ([joint-stock company](https://en.wikipedia.org/wiki/Joint-stock_company)). [Korea Exchange](https://en.wikipedia.org/wiki/Korea_Exchange) (KRX) owns 25% less one share of the Tashkent Stock Exchange.[[21]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-22)

In 2018, there were 15 licensed stock exchanges in the United States, of which 13 actively traded securities. All of these exchanges were owned by three publicly traded multinational companies, [Intercontinental Exchange](https://en.wikipedia.org/wiki/Intercontinental_Exchange), [Nasdaq, Inc.](https://en.wikipedia.org/wiki/Nasdaq%2C_Inc.), and [Cboe Global Markets](https://en.wikipedia.org/wiki/Cboe_Global_Markets), except one, [IEX](https://en.wikipedia.org/wiki/IEX).[[22]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-Reuters1-19-23)[[23]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-24) In 2019, a group of financial corporations announced plans to open a members owned exchange, MEMX, an ownership structure similar to the mutual organizations of earlier exchanges.[[24]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-25)[[22]](https://en.wikipedia.org/wiki/Stock_exchange#cite_note-Reuters1-19-23)

**Other types of exchanges[**[**edit**](https://en.wikipedia.org/w/index.php?title=Stock_exchange&action=edit&section=20)**]**

In the 19th century, exchanges were opened to trade [forward contracts](https://en.wikipedia.org/wiki/Forward_contract) on [commodities](https://en.wikipedia.org/wiki/Commodity). Exchange traded forward contracts are called [futures contracts](https://en.wikipedia.org/wiki/Futures_contract). These [*commodity markets*](https://en.wikipedia.org/wiki/Commodity_market) later started offering future contracts on other products, such as interest rates and shares, as well as [options](https://en.wikipedia.org/wiki/Option_%28finance%29) contracts. They are now generally known as [futures exchanges](https://en.wikipedia.org/wiki/Futures_exchange).

# United States Police Power

In [United States constitutional law](https://en.m.wikipedia.org/wiki/United_States_constitutional_law), **police power** is the capacity of the [states](https://en.m.wikipedia.org/wiki/U.S._state) to [regulate](https://en.m.wikipedia.org/wiki/Regulation) behavior and enforce order within their territory for the betterment of the [health](https://en.m.wikipedia.org/wiki/Health), [safety](https://en.m.wikipedia.org/wiki/Safety), [morals](https://en.m.wikipedia.org/wiki/Morality), and [general welfare](https://en.m.wikipedia.org/wiki/Common_good) of their inhabitants.[[1]](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29#cite_note-1) Under the [Tenth Amendment to the United States Constitution](https://en.m.wikipedia.org/wiki/Tenth_Amendment_to_the_United_States_Constitution), the powers not delegated to the Federal Government are reserved to the states or to the people. This implies that the Federal Government does not possess all possible powers, because most of these are reserved to the State governments, and others are reserved to the people.

Police power is exercised by the legislative and executive branches of the various states through the enactment and [enforcement of laws](https://en.m.wikipedia.org/wiki/Law_enforcement). States have the power to compel [obedience](https://en.m.wikipedia.org/wiki/Obedience_%28human_behavior%29) to these laws through whatever measures they see fit, provided these measures do not infringe upon any of the rights protected by the [United States Constitution](https://en.m.wikipedia.org/wiki/United_States_Constitution) or their own [state constitutions](https://en.m.wikipedia.org/wiki/State_constitution_%28United_States%29) and are not unreasonably arbitrary or oppressive. Methods of enforcement can include [legal sanctions](https://en.m.wikipedia.org/wiki/Sanctions_%28law%29), [physical means](https://en.m.wikipedia.org/wiki/Violence#Law), and other forms of [coercion](https://en.m.wikipedia.org/wiki/Coercion) and inducement. Controversies over the exercise of state police power can arise when exercise by state authorities conflicts with individual rights and freedoms.

**Origins**

The authority for use of police power under American Constitutional law has its roots in [English](https://en.m.wikipedia.org/wiki/English_law#Common_law) and European common law traditions.[[2]](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29#cite_note-Pox-2) Even more fundamentally, use of police power draws on two (Latin) principles, [*sic utere tuo ut alienum non laedas*](https://en.m.wikipedia.org/wiki/Sic_utere_tuo_ut_alienum_non_laedas) ("use that which is yours so as not to injure others"), and [*salus populi suprema lex esto*](https://en.m.wikipedia.org/wiki/Salus_populi_suprema_lex_esto) ("the welfare of the people shall be the supreme law"), to justify restriction of individual liberties in order to protect the general welfare.[[2]](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29#cite_note-Pox-2) The concept of police power in America was further expanded in a series of notable court cases in the late-nineteenth and early-twentieth centuries, including the landmark 1851 [Massachusetts Supreme Judicial Court](https://en.m.wikipedia.org/wiki/Massachusetts_Supreme_Judicial_Court) case [Commonwealth v. Alger](https://en.m.wikipedia.org/wiki/Commonwealth_v._Alger), and the 1905 [Supreme Court](https://en.m.wikipedia.org/wiki/Supreme_Court_of_the_United_States) case [Jacobson v. Massachusetts](https://en.m.wikipedia.org/wiki/Jacobson_v._Massachusetts).

**Restrictions**

Due to the nebulous definition of the police power, restrictions on its use are few and far between. In Commonwealth v. Alger, Chief Justice [Lemuel Shaw](https://en.m.wikipedia.org/wiki/Lemuel_Shaw) wrote that "It is much easier to perceive and realize the existence and sources of [the police power] than to mark its boundaries, or prescribe limits to exercise."[[2]](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29#cite_note-Pox-2) However, according to historian Michael Willrich, "Shaw recognized certain constitutional restraints on police power, but they were few. Laws must apply equally to all under like circumstances... government interferences with individual rights must be 'reasonable' – they must have a clear relation to some legitimate legislative purpose. Beyond those outer limits... most courts stayed out of the way of state police power."[[3]](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29#cite_note-Pox_302-3) Later court cases have expanded somewhat on these restrictions by limiting the ability of states to infringe upon implied constitutional rights and by demanding a stricter standard of [reasonability](https://en.m.wikipedia.org/wiki/Legal_burden_of_proof), but regulation of police power remains fairly minimal.[[4]](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29#cite_note-4)

Basis of United States land-use planning authority

The police power is the basis for [land-use planning](https://en.m.wikipedia.org/wiki/Land-use_planning) authority in the United States. This authority is usually delegated by state governments to local governments, including counties and municipalities. It is these local governments that most frequently exercise police power in land use planning matters. The regulation of land use based on police power is distinct from the taking of private property by the government through the power of eminent domain. If the regulation of land use is done under the authority of the police power, the private property owner is not typically entitled to compensation, as they would be if property were taken under the power of eminent domain. The court decision in the case [Commonwealth v. Alger](https://en.m.wikipedia.org/wiki/Commonwealth_v._Alger) was related to land use planning and dealt with the construction of a wharf on privately owned tidelands around Boston Harbor.[[5]](https://en.m.wikipedia.org/wiki/Police_power_%28United_States_constitutional_law%29#cite_note-5)

# Tempe History

### Tempe Timeline: <https://www.tempe.gov/government/community-services/tempe-history-museum/tempe-history/timeline>

### Arizona Organic Act: <https://en.wikipedia.org/wiki/Arizona_Organic_Act>

The Arizona Organic Act was an [organic act](https://en.wikipedia.org/wiki/Organic_act) passed in the [United States federal law](https://en.wikipedia.org/wiki/United_States_federal_law) introduced as H.R. 357 in the second session of the [37th U.S. Congress](https://en.wikipedia.org/wiki/37th_United_States_Congress) on March 12, 1862, by Rep. [James M. Ashley](https://en.wikipedia.org/wiki/James_Mitchell_Ashley) of [Ohio](https://en.wikipedia.org/wiki/Ohio). The Act provided for the creation of the [Arizona Territory](https://en.wikipedia.org/wiki/Arizona_Territory) by the division of the [New Mexico Territory](https://en.wikipedia.org/wiki/New_Mexico_Territory) into two territories, along the current boundary between New Mexico and Arizona. On February 24, 1863, President [Abraham Lincoln](https://en.wikipedia.org/wiki/Abraham_Lincoln) signed the bill once it had been approved by [Congress](https://en.wikipedia.org/wiki/United_States_Congress). The bill established a [provisional government](https://en.wikipedia.org/wiki/Provisional_government) for the new territory. It abolished [slavery](https://en.wikipedia.org/wiki/Slavery) in the new Arizona Territory, but did not abolish it in the portion that remained the New Mexico Territory. During the 1850s, Congress had resisted a demand for Arizona statehood because of a well-grounded fear that it would become a slave state.

### Arizona Territorial Legislature Established December 29, 1863:

[Arizona Territory](https://en.wikipedia.org/wiki/Arizona_Territory) was created by the [Arizona Organic Act](https://en.wikipedia.org/wiki/Arizona_Organic_Act) and officially established on December 29, 1863

<https://en.wikipedia.org/wiki/Arizona_Territorial_Legislature>

<https://en.wikipedia.org/wiki/1st_Arizona_Territorial_Legislature>

The 1st Arizona Territorial Legislative Assembly was a session of the [Arizona Territorial Legislature](https://en.wikipedia.org/wiki/Arizona_Territorial_Legislature) which began on September 26, 1864, in [Prescott, Arizona](https://en.wikipedia.org/wiki/Prescott%2C_Arizona), and ran for forty-three days.[[1]](https://en.wikipedia.org/wiki/1st_Arizona_Territorial_Legislature#cite_note-FOOTNOTEWagoner197044,60-1) The session was responsible for enacting Arizona's first [legal code](https://en.wikipedia.org/wiki/Legal_code), creation of the territory's first four counties, and authorizing a volunteer militia to fight hostile Indians.

### Fort McDowell named Camp McDowell, and later renamed Fort McDowell in 1867: <http://arizonaoddities.com/2010/10/who-was-the-mcdowell-in-fort-mcdowell/>

In Don Dedera’s book, “Arizona Place Names” (University of Arizona Press, 1960), he says of Camp McDowell: “The camp was named for Maj. Gen. Irvin McDowell, who had been decorated for his services at the battle of Buena Vista, Mexico, and had been appointed major general on March 18, 1865, for his services at Cedar Mountain, Virginia.”

### Early Salt River Economy in 1866: <https://en.wikipedia.org/wiki/John_Y._T._Smith>

From February till June 1866, Smith oversaw a civilian workforce harvesting hay along the bank of the Salt River. By early 1867 he had built a hay camp and laid out a road between the camp and the fort.[[4]](https://en.wikipedia.org/wiki/John_Y._T._Smith#cite_note-FOOTNOTEMawn1977211-4) At the camp he built a house and had a small herd of cattle.[[1]](https://en.wikipedia.org/wiki/John_Y._T._Smith#cite_note-FOOTNOTEGoff198391-1) Smith filed no claim to the land however and had abandoned the camp by late 1867.[[4]](https://en.wikipedia.org/wiki/John_Y._T._Smith#cite_note-FOOTNOTEMawn1977211-4) After leaving the camp, Smith became a post trader at Fort McDowell.[[3]](https://en.wikipedia.org/wiki/John_Y._T._Smith#cite_note-BDRobit-3)

|  |  |
| --- | --- |
| 1871 | Charles T. Hayden establishes a store and freighting headquarters on the south side of the Salt River. Hayden built the first structure on his homestead in October, 1871 [this is recognized as Tempe's "official" founding date, although there were already people living in the Tempe area]. |

The [Hohokam](https://en.wikipedia.org/wiki/Hohokam) lived in this area and built [canals](https://en.wikipedia.org/wiki/Canal) to support their agriculture. They abandoned their settlements during the 15th century, with a few individuals and families remaining nearby.

[Fort McDowell](https://en.wikipedia.org/wiki/Fort_McDowell%2C_Arizona) was established approximately 25 mi (40 km) northeast of present downtown Tempe on the upper [Salt River](https://en.wikipedia.org/wiki/Salt_River_%28Arizona%29) in 1865 allowing for new towns to be built farther down the Salt River. US military service members and Hispanic workers were hired to grow food and animal feed to supply the fort, and less than a year later, had set up small camps near the river that were the first permanent communities in the Valley after the fall of the Hohokam. (Phoenix was settled shortly afterward, by 1867–68.) The two settlements were 'Hayden's Ferry', named after a ferry service operated by [Charles T. Hayden](https://en.wikipedia.org/wiki/Charles_T._Hayden), and '[San Pablo](https://en.wikipedia.org/wiki/San_Pablo%2C_Arizona)', and were located west and east of [Hayden Butte](https://en.wikipedia.org/wiki/Tempe_Butte) respectively. The ferry became the key river crossing in the area. The Tempe Irrigating Canal Company was soon established by William Kirkland and James McKinney to provide water for alfalfa, wheat, barley, oats, and cotton.

Pioneer [Darrell Duppa](https://en.wikipedia.org/wiki/Phillip_Darrell_Duppa) is credited with suggesting Tempe's name, adopted in 1879, after comparing the [Salt River](https://en.wikipedia.org/wiki/Salt_River_%28Arizona%29) valley near a 300-foot (91 m)-tall [butte](https://en.wikipedia.org/wiki/Butte), to the [Vale of Tempe](https://en.wikipedia.org/wiki/Vale_of_Tempe) near [Mount Olympus](https://en.wikipedia.org/wiki/Mount_Olympus) in [Greece](https://en.wikipedia.org/wiki/Greece).[[5]](https://en.wikipedia.org/wiki/Tempe%2C_Arizona#cite_note-Blanton2007-5)

In 1885, the [13th Arizona Territorial Legislature](https://en.wikipedia.org/wiki/13th_Arizona_Territorial_Legislature) chose Tempe for the site of the Territorial Normal School, which became Arizona Normal School, Arizona State Teachers College, Arizona State College and finally [Arizona State University](https://en.wikipedia.org/wiki/Arizona_State_University).

The Maricopa and Phoenix Railroad, built in 1887, crossed the Salt River at Tempe, linking the town to the nation's growing transportation system. The Tempe Land and Improvement Company was formed to sell lots in the booming town. Tempe became an economic hub for the surrounding agricultural area. The city incorporated in 1894.

The completion of [Roosevelt Dam](https://en.wikipedia.org/wiki/Roosevelt_Dam) in 1911 guaranteed enough water to meet the growing needs of Valley farmers. On his way to dedicate the dam, former President [Theodore Roosevelt](https://en.wikipedia.org/wiki/Theodore_Roosevelt) applauded the accomplishments of the people of central Arizona and predicted that their towns would be prosperous cities in the future. Less than a year later, Arizona was admitted as the 48th state, and the Salt River Valley continued to develop.

In the 20th and 21st centuries, Tempe has expanded as a suburb of Phoenix, and as a center of education and commerce.

The camp became Fort McDowell in 1867.

**Fort McDowell was founded in 1865 at the juncture of Sycamore Creek and the Verde River by five companies of the army’s California Volunteers. It was near several Indian trails and convenient for expeditions against the Yavapai and Tonto Apache, who were tearing up the pea patch at the time.**

**Fort McDowell was abandoned in 1881 and became the Fort McDowell Indian Reservation in 1890.**

### Charles T. Hayden - <https://en.wikipedia.org/wiki/Charles_T._Hayden>

### Maricopa County Founded - February 14, 1871

**MCSO - Even before Arizona was granted statehood, counties were being established. Such was the case for Maricopa County, established in 1871.**

**Arizona was still a “territory” back then and, as such, had a territorial legislature which oversaw the creation of counties and their governments.**

**In the mid-1880s, the legislature put into statute the positions of sheriff, a tax collector and a treasurer.**

**As the years went by, of course, more governmental positions were added, more counties came into being and eventually on February 14, 1912, Arizona was named the 48th state in the United States.**

**The state constitution then and now maintains that certain governmental positions are to be elected by the people rather than appointed by a governing board. One of those elected positions is the Office of Sheriff. There are 15 county Sheriffs in Arizona today.**

<https://www.azcentral.com/story/news/local/arizona-history/2017/01/03/top-lawmen-maricopa-county-history-countys-sheriffs/92793798/>

### ASU Established - March 12, 1885 as the Territorial Normal School

<https://en.wikipedia.org/wiki/Arizona_State_University#History>

<https://en.wikipedia.org/wiki/13th_Arizona_Territorial_Legislature>

### 1887 Tempe Daily News - <https://en.wikipedia.org/wiki/Tempe_Daily_News>

**Cox renamed the paper**[***Tempe Daily News Tribune***](https://en.wikipedia.org/wiki/Tempe_Daily_News_Tribune)**in 1986**

ox sold its holdings to Canadian-based [Thomson Newspapers](https://en.wikipedia.org/wiki/Thomson_Corporation) in 1996 and the paper's new owners combined the *Tempe Daily News Tribune* with four other newspapers to form *The Tribune* in 1997. This publication became the [*East Valley Tribune*](https://en.wikipedia.org/wiki/East_Valley_Tribune) in December 1999. Thompson sold its holdings to California's Freedom Publications, Inc. in 2000 and the [*East Valley Tribune*](https://en.wikipedia.org/wiki/East_Valley_Tribune) ceased publication in 2009, ending 122 years of continuous local news coverage in Tempe.[[2]](https://en.wikipedia.org/wiki/Tempe_Daily_News#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/Tempe_Daily_News#cite_note-:1-3)

**Tempe Incorporated - October 15, 1892**

**1894 The Maricopa County Board of Supervisors incorporates the town of Tempe. Dr. Fenn J. Hart is named the first mayor.**

### Tempe Police Department Formed 1895: <https://en.wikipedia.org/wiki/Tempe_Police_Department>

The first settlers to move to the Tempe area, south of the Salt River and east of Phoenix, were Hispanic families from southern Arizona. They helped construct the two first irrigation canals, the Kirkland-McKinney Ditch and the San Francisco Canal, and started small farms to the east and west of a large butte (Tempe Butte). In 1872, some of these Mexican settlers founded a town called San Pablo east of Tempe Butte.  Another settlement, known as Hayden’s Ferry, developed west of Tempe Butte. Charles Trumbull Hayden, owner of a mercantile and freighting business in Tucson, homesteaded this location in 1870. Within a few years, he had built a store and flourmill, warehouses and blacksmith shops, and a ferry. This community became the trade center for the south side of the Salt River Valley. Both settlements grew quickly and soon formed one community. The town was named Tempe in 1879.

Beginning in the 1870s, Hayden's ferry carried passengers and cargo across the Salt River when the water was too high to ford. The crossing was so important that the settlement that formed on the south bank was named Hayden's Ferry, later changed to Tempe.

### Maricopa County Wikipedia: [https://en.wikipedia.org/wiki/Maricopa\_County,\_Arizona](https://en.wikipedia.org/wiki/Maricopa_County%2C_Arizona)

### East Valley Wikipedia: [https://en.wikipedia.org/wiki/East\_Valley\_(Phoenix\_metropolitan\_area](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area))

The term "East Valley" to describe that part of [Metropolitan Phoenix](https://en.wikipedia.org/wiki/Phoenix_metropolitan_area) east of the city of Phoenix emerged in the early 1980s.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) Metro Phoenix is in the [Salt River Valley](https://en.wikipedia.org/wiki/Salt_River_Valley), which has been marketed as the Valley of the Sun. A newspaper publisher, Charles Wahlheim, started using East Valley in the *Mesa Tribune*, *Chandler Arizonan*, and the *Tempe Daily News* - newspapers purchased by the Cox newspaper chain out of Atlanta - as a marketing device aimed at giving his company's newspapers creditability as alternatives to the powerful Phoenix-based [Arizona Republic](https://en.wikipedia.org/wiki/The_Arizona_Republic) and [Phoenix Gazette](https://en.wikipedia.org/wiki/Phoenix_Gazette).[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6)

In 1980, Phoenix dwarfed other cities in the region with a population of 789,704.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) [Mesa](https://en.wikipedia.org/wiki/Mesa%2C_Arizona) was the next biggest city with a population of 152,404, followed by [Tempe](https://en.wikipedia.org/wiki/Tempe%2C_Arizona) with a population of 106,919.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) A group called the Phoenix 40 heavily influenced the region's politics and business matters affecting the entire region.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) Wahlheim approached Chandler grocery-chain owner [Eddie Basha](https://en.wikipedia.org/wiki/Eddie_Basha%2C_Jr.) and asked him to help create a business group to be the East Valley's answer to the Phoenix 40.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) That group was named the [*East Valley Partnership*](https://en.wikipedia.org/wiki/East_Valley_Partnership), an organization of business, education and political leaders that continues to advocate on behalf of the East Valley and its cities.

### East Valley Partnership: <https://en.wikipedia.org/wiki/East_Valley_Partnership>

<https://www.evp-az.org/>

**About**

The East Valley Partnership is a coalition of civic, business, educational and political leaders from [Ahwatukee](https://en.wikipedia.org/wiki/Ahwatukee%2C_Phoenix), [Apache Junction](https://en.wikipedia.org/wiki/Apache_Junction), [Carefree](https://en.wikipedia.org/wiki/Carefree%2C_Arizona), [Cave Creek](https://en.wikipedia.org/wiki/Cave_Creek%2C_Arizona), [Chandler](https://en.wikipedia.org/wiki/Chandler%2C_Arizona), [Fort McDowell Yavapai Nation](https://en.wikipedia.org/wiki/Fort_McDowell_Yavapai_Nation), [Florence](https://en.wikipedia.org/wiki/Florence), [Fountain Hills](https://en.wikipedia.org/wiki/Fountain_Hills), [Gila River Indian Community](https://en.wikipedia.org/wiki/Gila_River_Indian_Community), [Gilbert](https://en.wikipedia.org/wiki/Gilbert%2C_Arizona), [Guadalupe](https://en.wikipedia.org/wiki/Guadalupe%2C_Arizona), [Mesa](https://en.wikipedia.org/wiki/Mesa), [Queen Creek](https://en.wikipedia.org/wiki/Queen_Creek), [Salt River Pima-Maricopa Indian Community](https://en.wikipedia.org/wiki/Salt_River_Pima-Maricopa_Indian_Community), [Scottsdale](https://en.wikipedia.org/wiki/Scottsdale%2C_Arizona), [Sun Lakes](https://en.wikipedia.org/wiki/Sun_Lakes%2C_Arizona), and [Tempe](https://en.wikipedia.org/wiki/Tempe%2C_Arizona) dedicated to promoting economic development in the East Valley. The Partnership actively advocates in areas such as economic development; education; transportation and infrastructure; arts, behavioral health; and other important areas.

**History**

In 1980, The Wall Street Journal noted that the East Valley of metropolitan Phoenix was one of the most vibrant growth centers in the United States, with extremely high residential and commercial market potential. Located on the periphery of Phoenix, the East Valley stood in the shadow of the superior political clout of Phoenix with little united strength to win government funding or allocations for the seven individual cities comprising the East Valley. In the spring of 1982, a group of influential business leaders held the first meeting to create guidelines for an aligned coalition that became the East Valley Partnership.

An executive committee was formed and appointed a selection committee to identify a list of influential leaders from the East Valley. The initial group was nonpartisan and represented the needs of the region. By early 1983, the East Valley Partnership had become a functioning body made up of legislators, city and county officials, business leaders and city leaders. Several primary concerns were identified. Among the concerns were transportation, court system decentralization, water, economic development, and human services.

While the East Valley Partnership was originally conceived as a small, restricted group of top leaders, today it has broadened to include leading individuals from all areas of business, education, government and civic enterprise united as an entity representing the interests of the East Valley. The East Valley Partnership, recognizing that more can be accomplished by working together, now regularly collaborates with Phoenix, the western portion of the Valley and Pinal County leaders in a wide range of issues.

Ten years after the regional concept was introduced, it was politically institutionalized with the state legislature's creation of the [East Valley Institute of Technology](https://en.wikipedia.org/wiki/East_Valley_Institute_of_Technology).[[8]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-8) What had once been the Mesa Vocational School was given a new name and an East Valley-wide tax base. Today, its services are offered to 10 school districts.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6)

E.V.I.T. - Established in 1991

### Tempe gov Brief History: <https://www.tempe.gov/government/community-services/tempe-history-museum/tempe-history/a-brief-history-of-tempe>

### Arizona Territory: <https://en.wikipedia.org/wiki/Arizona_Territory>

### San Pablo, Arizona: [https://en.wikipedia.org/wiki/San\_Pablo,\_Arizona](https://en.wikipedia.org/wiki/San_Pablo%2C_Arizona)

### Tempe Wikipedia: [https://en.wikipedia.org/wiki/Tempe,\_Arizona](https://en.wikipedia.org/wiki/Tempe%2C_Arizona)

### Tempe Historical Society; <http://tempehistory.org/>

### Pleasant Valley War: <http://genealogytrails.com/ariz/gila/tontobasinfued.html>

### <https://en.wikipedia.org/wiki/Pleasant_Valley_War>

### Arizona Historical Land Jurisdictions: <https://www.familysearch.org/wiki/en/Previous_Jurisdictions_to_Land_in_Arizona>

### The Phoenix 40: <https://roguecolumnist.typepad.com/rogue_columnist/2010/12/phoenix-101-the-phoenix-40.html>

Once upon a time, the Phoenix 40 ran this town, got things done, showed real leadership. The Phoenix 40 was an exclusionary bunch of powerful white men trying to hold onto their power in changing times. The Phoenix 40 was only the tip of an iceberg of evil and corruption that sits deep in the DNA of the city and state. So go the tales, myths and realities long after the legendary group morphed into the benign and toothless Greater Phoenix Leadership.

### Jewish History Tempe: <https://www.tempe.gov/home/showdocument?id=38432>

### Islamic History Tempe:  <https://tempemosque.com/our-history-2/>

# Tempe Development Shit

### [Tempe Post-World War II Context Study](https://www.tempe.gov/home/showdocument?id=5397)https://www.tempe.gov/home/showdocument?id=5397

By the late 1940s, home building was becoming a much more efficient undertaking, due largely to the frequent partnerships that were formed between landowners and builders. Following a practice that was becoming common throughout the country, the horizontal developer filed the subdivision plat, installed streets and utilities, while the builder, or vertical developer, erected ten to twenty block houses at a time, all built to standardized specifications. Either the developer or the builder, or a third party realtor, handled all sales of houses in the tract. All homes were pre-approved for FHA mortgages. Because of this new coordinated approach, a subdivision could be laid out and its houses built and sold in less than a year.

By the early 1950s, patterns of subdivision development were increasingly segregating Tempe residents by income level. The rapidly growing southwest portion of town, south of 8th Street (University Drive) and west of Farmer Avenue, was filled with middle class residential neighborhoods. To the south of Arizona State College were Tempe's more affluent neighborhoods, with large homes on large irrigated lots. Subdivisions with smaller inexpensive houses were mostly located to the northwest (west of downtown) and east, along Apache Boulevard.

As neighborhoods grew, new churches were built in the subdivisions. The Seventh-Day Adventist Church was built in University Park, and the Community Christian Church was built in University Terrace. Local builders and developers often sat on church construction committees.25

While many new homes were being built in the mid 1950s, some older houses were being demolished. As the downtown business district expanded to the south, dozens of houses on Mill Avenue between 6th and 10th streets were razed for construction of new stores and office buildings. During this time, East Tempe, or Barrio Al Centro, the oldest neighborhood in Tempe, was condemned and all of the land was acquired by Arizona State College for expansion of the campus. The area encompassed about 100 acres on the north side of 8th Street, between College Avenue and Rural Road. Nearly all the residents of the barrio were Mexican American families, and many were descendants of Tempe pioneers. They vigorously resisted the destruction of their neighborhood, but ultimately they moved, and many bought houses in the new neighborhoods that were being built. The demolition of Barrio Al Centro effectively ended segregated housing in Tempe

Apartments and other types of rental units were built at a much slower pace than single family homes. In the late 1940s, it appears that apartment buildings were only built on Mill Avenue, in the downtown area. Structures built specifically as multi-family rental properties were rare within the new subdivisions. This was due in part to strong opposition from homeowners and developers. By 1958, larger apartment complexes were becoming more common in Tempe.

The Housing Act of 1954 lowered the amount of down payment required for houses costing up to $25,000, and the Emergency Housing Act of 1958 and Housing Act of 1959 also expanded FHA and VA loans for single family homes. This made it possible to obtain federally-insured mortgages for larger houses. Following the trend in development that had been established since 1950, the largest and most expensive homes were built in neighborhoods to the south.

In the late 1950s, all new low-cost housing was built to the east, in Sections 23 and 24. The B & H Construction Company built houses on all ten lots in the B-H Homes subdivision in 1958 at a cost of $4,800 each. Transmission Terrace was developed by Harl Chamberlain; he built three-bedroom, one-bath houses, with paved streets and sidewalks, that sold for $8,250. Various builders apparently erected small Ranch Style houses in Lee Park through the 1950s. The subdivision includes Thew Elementary School, which serves the surrounding east Tempe area, and Calvary Baptist Church, which was built as a permanent home for the congregation of the Buena Park Baptist Mission. Chamberlain built the River Drive Church of Christ in Transmission Terrace.

During the post-World War II period, 1946-1960, more than 3,200 acres of new residential subdivisions were developed, extending neighborhoods as far south as Southern Avenue. In examining the history of this residential development, it is impossible to consider the historical significance or architecture of individual houses. By definition, the postwar suburban subdivision and all of its homes share the same set of attributes. Construction in a subdivision was typically controlled by single builder with a standardized stylistic approach. Indeed, the ubiquitous FHA building and planning standards required that each home be inseparable from its neighborhood.

At the end of World War II, Tempe had a small but thriving downtown business district along Mill Avenue, between 1st and 6th streets. Nearly all Tempe businesses were concentrated in this area. Some, such as Laird and Dines Drugstore, Tempe Hardware Company, and the Vienna Bakery, had been in business for more than forty years. As the rapid development of new subdivisions brought more people to Tempe, many new businesses opened to serve them. In the late 1940s, the downtown commercial district started expanding down to 8th Street (University Drive). By the early 1950s, commercial growth started moving farther to the south and to the east, where the population of the city was growing.

During World War II, Americans learned to live with rationing and chronic shortages of food and other commodities, but after the war, as the peacetime economy soared, food and consumer goods were available in great abundance and variety. Grocers began adapting to the new economy by expanding their stores. Stocking nationally distributed brand name products and a greater variety of frozen, processed and packaged foods required more space. Most groceries built additions or moved into larger buildings. Safeway opened the first supermarket in Tempe in 1951. The company built a block masonry store with steel truss roof on the northeast corner of 5th Street and Myrtle at a cost of $125,000. With 17,500 square feet, it was four times as big as old store on Mill Avenue. Banks remodeled, expanded, and added drive-through windows to serve the growing population, but only one new bank building was erected in the 1950s. The First State Bank of Mesa, designed by Scottsdale architect Hiram Benedict, was built at 619 Mill Avenue in 1954. This International style building was built of pumice block with terrazzo tile; it had 3,440 square feet of floor space, with a drive-through window and a paved parking lot fronting on Mill Avenue

As the data in the preceding table indicates, all types of retail stores steadily increased in number after the war, but this growth was not in proportion to the massive residential construction that brought thousands of new residents to the city.  This changed dramatically in 1955, with the construction of Tempe's first two shopping centers, the A. J. Bayless Shopping Center and Tempe Center

### Continuity, Change, and Coming of Age: Redevelopment and Revitalization in Downtown Tempe, Arizona, 1960-2012 by Alyssa Danielle Gerszewski: <https://repository.asu.edu/attachments/135076/content/Gerszewski_asu_0010N_13911.pdf>

Addressing downtown decline became a priority as Tempeans started city planning in the 1960s. Since the mid-1950s automobiles, freeway construction, and the emergence of commercial centers promoted the relocation of traditional businesses along arterial streets causing vacancies in downtown. The disappearance of key locally owned businesses accelerated degeneration and disinvestment in the central business district.16The countercultural business community, later known as the Mill Avenue Merchant’s Association (MAMA), gradually moved in and filled these vacancies. These new countercultural businesses appeared along Mill Avenue and were looked upon unfavorably by city leaders and residents. These new businesses and their clientele distressed city leader and some Tempe residents motiving them to try and improve downtown.

MAMA, or the counter cultural business community, and the City of Tempe expressed conflicting plans for the fate of downtown. Both groups advocated economic development and image enhancement. The counter cultural community promoted cultural activities and establishing a historic district in downtown, while political leaders, hoping to emulate Scottsdale’s Fifth Avenue district success, supported the creation of an upscale shopping district. Despite some opposition, the City of Tempe created a Redevelopment Agency and introduced the 1973 University-Hayden Butte Redevelopment Plan laying out the strategy for the revival of downtown. The redevelopment plan gradually replaced the suburban development strategy and was a very deliberate attempt to create a unique downtown.

ASU was the main catalyst for culture in Tempe, and the construction of the Grady Gammage Auditorium in 1964 solidified that role. This was the most impressive cultural facility in the Valley throughout the 1960s. In addition, the appearance of some cultural organizations, cultural facilities outside downtown, and arts festivals were indicative of some cultural development in Tempe as well.

### A People's Guide to Maricopa County: <https://peoplesguidetomaricopa2.blogspot.com/?view=sidebar>

5 turning points for Tempe's Mill Avenue: <https://www.azcentral.com/story/news/local/tempe/2014/11/16/tempe-mill-avenue-turning-point/19151897/>

For generations, Mill Avenue has been recognized as a local entertainment mecca and a national college hotspot.

But officials on Nov. 12[unveiled a revamped name for the area](https://www.azcentral.com/story/news/local/tempe/2014/11/13/mill-avenue-rebrand-downtown-tempe/18967653/), "downtown Tempe," coupled with a simple new logo, "dt."

Reaction on social media suggested some Arizonans weren't impressed. Some wondered why Tempe would trade a brand built on tradition some 140 years in the making. Others taking advantage of the district's amenities Friday took the name change in stride.

The Downtown Tempe Authority, the non-profit that manages the Mill Avenue business district for landowners, spearheaded the rebranding effort.

Kate Borders, who heads the organization, said the change embraces the expanding commerce that stretches beyond Mill.

Trendy bars and restaurants are opening on streets east and west of Mill and attracting consumers to businesses on side strips that have long struggled to draw traffic.

RELATED: [Mill Avenue gets new brand, name as Downtown Tempe](https://www.azcentral.com/story/news/local/tempe/2014/11/13/mill-avenue-rebrand-downtown-tempe/18967653/)

The marketing mantra was repeated by Mayor Mark Mitchell, other city leaders and business owners: Mill is evolving. We need to let people know we have more to offer than just one street.

Mary Ann Miller has worked with hundreds of Mill Avenue businesses in her 15 years leading the Tempe Chamber of Commerce.

Miller thinks the community will embrace the name as soon as they realize that it's not such a big change.

"This is what we've been calling it anyway — it's downtown Tempe," she said.

Brent and Tricia Blough walked the cobblestone sidewalks on Mill Friday. Brent went to Arizona State University in the 1990s and visits Tempe annually from California to compete in the Ironman triathlon.

"A lot on Mill has changed," Brent said.

"I'll always call it Mill," Tricia said.

"Yeah, Mill — it's more of a destination, (downtown) that's just an area," he said.

April Zavala and Erika Miller, Mesa residents, ate ice cream as the sun set on Mill Friday.

"It makes sense," Miller said of the name change. "But it's sad, 'cause it's (always been) Mill."

"It is more than Mill, it has spilled out in all directions," Zavala agreed. "But since high school, we've said, 'Let's hang out on Mill.' "

Through the years, Mill Avenue has stood the test of time. Here's a look at the iconic thoroughfare over the decades:

**1874 — Early Mill**

Mill Street was born before Tempe was even christened a city.

Historians believe Mill Street, later Mill Avenue, was the city's first named roadway. The artery was named after the Hayden Flour Mill, completed in 1874 by early pioneer Charles T. Hayden. The mill was built at what is now the southeastern intersection of Rio Salado Parkway and Mill.

Hayden had recognized the power and the potential in the water rushing through the Salt River. He moved from Tucson and built a wooden cable ferry that straddled the desert river at about where the Mill Avenue bridge stands today.

The thriving ferry service gave Tempe its first name, Hayden's Ferry. Mill Street served as the main road from the ferry.

The Hayden Flour Mill sparked the industry needed to draw commerce to Mill and to turn the western settlement into a budding city.

In 1879, San Pablo, a Mexican community at the base of 'A' Mountain, merged with Hayden's Ferry and adopted one name, Tempe.

**1885 — Students on Mill**

Arizona State University and the historic Mill Avenue area are so tightly linked that the strip often feels like an extension of the sprawling campus.

ASU was founded in 1885 as the Arizona Territorial Normal School of Tempe. Educators at the small school were dedicated to training teachers.

Today, Mill Avenue is home to prominent ASU buildings that house classrooms. ASU students and educators are considered a driving force behind the thriving intellectual capital, innovation and diversity in downtown Tempe.

The university has grown to an estimated 82,000 students to become one of the nation's largest campuses by enrollment. Although some students live near the budding Phoenix campus, the bulk still choose to rent in Tempe to be close to entertainment on Mill, Sun Devil sports and the college-town vibe.

**1970 — Revitalization on Mill**

In the 1970s, Harry Mitchell, a former Tempe mayor and Arizona congressman, spearheaded an effort to revitalize Mill.

Some areas were so rundown the City Council razed parts of the downtown. A smattering of business owners united to form the Mill Avenue Merchants Association to promote their interests and ensure historic preservation remained a priority.

Mitchell has said the change was slow. Some longtime retailers balked at the revamping. The city used incentives to attract new businesses that slowly reformed the downtown.

The push continued into the 1990s to turn the downtown into an entertainment district. Today, the area remains concentrated with bars and restaurants and struggles to attract more retail to balance the commerce.

**1990 — Music on Mill**

In the 1990s, the Mill Avenue music scene was recognized nationally.

The vibe was hot enough to become a launching pad for local bands and hip enough to be showcased in an indie flick.

Mill was known as a thriving incubator for talented bands such as the Gin Blossoms, the Meat Puppets, the Refreshments, Jimmy Eat World and Dead Hot Workshop. The bands would draw huge crowds to Mill.

Tempe residents and leaders are still trying to revive the music scene, but have been unable, so far, to recapture past success.

**2011 — Towers on Mill**

Before the recession stalled construction throughout the Valley, an influx of luxury condos was slated for downtown Tempe.

The region was primed for residents seeking an urban lifestyle after light rail, built in 2008, had transformed the city's transit system with connections to downtown Phoenix business and sports arenas.

The most high-profile project was Centerpoint Condominiums. The skyscrapers were lauded as the fix Mill Avenue needed.

City leaders said residents living downtown would bring a reliable customer base within walking distance of merchants.

Centerpoint's first tower was partially built when the economy tanked and the developers lost financing amid the market crash. The boarded-up building was called an eyesore and became an embarrassment for the downtown.

Relief came in 2011, when a developer purchased the building. But when Zaremba Group converted the condos into apartments, some businesses balked. They worried the former luxury project would become home to students who lacked the kind of deep pockets that high-rise condo dwellers would have.

The skyscraper changed the skyline of downtown. The development became the first of several high-rise apartment buildings in the Mill Avenue area. Businesses have said the students are a boost but they would still rather see condos over apartments built in the area.

Gringo Star, LSD and hippies: The history of Mill Avenue's Laird and Dines buildin: <http://www.statepress.com/article/2015/10/gringo-starr-lsd-and-hippies-the-history-of-mill-avenues-laird-and-dines-building>

**Origins**

The Laird and Dines Building, as it is known today, was built in 1893 for Dr. S.C. Heineman and R. Gill. By 1901, it was known as the William Building named after its owner. It wasn’t until then that Dr. J.A. Dines and Hugh E. Laird opened their drug store that stayed in business until 1964.

The Laird and Dines Building’s aesthetic was inspired by Victorian-style architecture. It had woodwork characteristic of the period and details including columns, ornate balustrades, and octagonal turrets.

**Politics**

Both owners of Laird and Dines Drug Store were very important community leaders in the formative years of Tempe. Dines served as the fifth mayor of Tempe from 1903 to 1912 and again from 1916 to 1920.  Laird held the position from 1928 to 1930 and 1948 to 1960.

Laird and Dines weren’t the only politicians to benefit from the building. Senator Carl Hayden and Governor Benjamin B. Mouer both ran their campaign offices there in the ‘20s and ‘30s. Richard Nucci, a former City of Tempe Historic Preservation Officer, mentioned the rumors regarding the sketchy politics of the time.

“The Laird and Dines drugstore was the de facto city hall for a number of smokey backroom deals and political activities that were common in small, rural communities back in the ‘30s,” Nucci said.

**Highways**

In 1929, the Victorian style architecture was considered outdated and the Laird and Dines Building was redesigned to be more consistent with the Spanish Colonial style architecture. The architects took off the tower, laid stucco around the brick and formed arches. Many of Tempe’s historic buildings had this treatment during the time.

Thirty years later, Arizona designated Mill Avenue a state highway. This had grave implications for the Laird and Dines Building as part of its overhang had to be removed due to highway codes. Mark Vinson, Tempe City Architect and a former City of Tempe Historic Preservation Officer, said it changed the look of the building.

“The colonnade on the west side of the building facing Mill Avenue was cut off,” Vinson said. “They put a metal screen on all of the windows. It looked horrible.”

In 1963, Laird and Dines Drug Store closed for good. All of the Laird and Dines heirs were all across the country so the building was managed professionally until the city of Tempe took title of it in the aftermath.

**Hippies**

Despite Laird and Dines Drug Store no longer serving Tempe, the building’s history continued to grow. At one point in the mid-'60s, The Laird and Dines Building was even a hostel of sorts — the second floor hosted many of Tempe’s free-spirits and nomads. Richard Mickle, a tenant for three months in the fall of 1966, recalls the arts, drugs and dynamic of Tempe at the time.

“Laird and Dines was basically a hippie pad,” Mickle said. “Mike Smith, an incredible local artist at the time, did a mural in the upstairs living room. It was a large leafless tree and it encompassed a whole wall. Bob Dylan had a very frizzy hairstyle in ’66 and Mike Smith had drawn Dylan’s face into the tree. When you looked deeper into the tree you realize that the canopy was actually his hair.”

Mickle was in a band called The Holy Grail at the time and would often play in ‘love-ins’ at Tempe Beach (today known as Tempe Beach Park). Mickle characterizes this period with marijuana, psychedelics and peacefulness. He was just one of the many characters that resided on the second floor of the Laird and Dines Building.

However, the main tenants during this time were Circus, a hippie paraphernalia and head shop, and Wax Thread, a leather shop and a vegetarian restaurant.

**McDonalds**

In 1994, the City of Tempe, with the help of Vinson, rehabilitated the Laird and Dines Building back to its pre-1929 aesthetic. Adjacent to the original building, an architecturally compatible three-story extension was added so that developers had more room to work with and so clients would have their necessary square footage.

The first tenants in the rehabilitated Laird and Dines was a McDonalds on the first floor and a Hooters on the second. The McDonalds didn’t last because of the lack of a drive-thru, but Hooters stayed open for more than 20 years before it closed earlier this year.

After McDonalds, the first floor went through a series of owner including a Mongolian grill, and The Library Restaurant and Bar before becoming Gringo Star Street Bar.

**Present**

During the rehabilitation period, Vinson and many Tempe officials tried to register the Laird and Dines Building under the National Register of Historic Places. Unfortunately, this never came to fruition as much of the building was altered from its original state. Despite that, The Laird and Dines Building is one of Tempe’s most iconic and historic leasers. Vinson appreciates its tenants and its historical implications.

“Any use of it allows the building to exist in its current form and this is typically a good thing,” Vinson said. “The worst enemy of a historic building is vacancy. That is when bad things start to happen.”

**Related links:**

[An abridged history of Mill Avenue: The Tempe Hardware Building](http://www.statepress.com/article/2015/10/an-abridged-history-of-mill-avenue-the-tempe-hardware-building)

[An abridged history of Mill Avenue: The Hayden Flour Mill](http://www.statepress.com/article/2015/09/an-abridged-history-of-mill-avenue-the-hayden-flour-mill)

### Tempe: A history of gentrification

Tempe's history prompts a reflective look towards the city's future

**Photo by**[**Benjamin Cooper**](http://www.statepress.com/staff/benjamin_cooper) | The State Press

A building under construction is pictured in Tempe, Arizona, on Tuesday, Sept. 18, 2018.

By [Benjamin Cooper](http://www.statepress.com/staff/benjamin_cooper) | 11/07/18 1:50am

**A City at a Crossroads**

In a cramped room at the Tempe Transit Center, just across the street from City Hall, officials presented the new Urban Master Overlay Plan to a full room of city residents. The purpose of the event, held on Sept. 20 and one of three that week, was to receive input from locals on the city’s long-term plans for what they define as Tempe’s urban core. Periodically, the light rail tram pulled into the station just outside the room’s far window. Each time, the presenter paused as the squealing brakes disrupted his train of thought.

The ambiance was apropos. Much of the meeting focused on patterns of development, which are intertwined with projects such as the light rail, Tempe Town Lake and those spearheaded by ASU.

Although the city has had some degree of success with these projects, the other focus of the event, albeit a subsidiary part of it, was affordable housing policy, underscoring the tension at the heart of development efforts. Residents also voiced displeasure over issues such as building heights and traffic, both of which are inextricably tied to patterns of development in Tempe and its urban geography.

The tenor of the event indicates the newfound sensitivity of the City Council to concerns over gentrification and costs of development. Tempe, one time an agricultural settlement, one time a post-agricultural suburb, is now urbanizing, and confronting the accompanying social challenges along the way.

Tempe is, in terms of development and the future of its urban core, at a crossroads. This leads to the pressing questions: What is the history of development and gentrification in Tempe? What were the historical forces driving the city’s evolution? What roles has Tempe played in the past in the Western states and the U.S. at large?

And, importantly, how has the city’s unique economic, political and social history shaped the urban form we see today?

**Tempe’s Roots**

Tempe was incorporated in 1892 but first began as a collection of farms relying on irrigated water from the Rio Salado. During this period, it was settled primarily by white and Mexican-American farmers and ranchers, built on [Akimel O’odham and Piipaash land](https://oan.srpmic-nsn.gov/archives/2018/may-03-2018/stories/story08.asp). The form and function of this early agricultural settlement continues to have an impact on the evolution of the city.

The first Hayden Flour Mill (there would be three, the last being the one now standing) [opened in 1874](https://www.tempe.gov/city-hall/community-development/historic-preservation/hayden-flour-mill), east of Hayden Butte. [Charles Hayden](http://www.haydenflourmills.com/our-story/) owned the mill, ferry and general store constituting the core of the town, which is now the Mill Avenue bar district. San Pablo, a largely Mexican-American community south of Hayden Butte, housed many of the workers that made Hayden’s business, and consequently Tempe, possible.

An event that would play a crucial role in the future development of the city was the 1885 founding of [Arizona State University, then called the Territorial Normal School](https://www.asu.edu/about/university-history-and-milestones), with the purpose of training teachers for Arizona students.

Railroads and the waves of settlement they facilitated further changed the morphology of Tempe. The city was first connected to the rest of the United States by railroad in 1887. Shortly thereafter investors constructed new shops and housing, concentrated on Mill, Maple and Ash Avenues.

As Tempe grew in population, the boundaries of the residential neighborhoods continually pushed southward from what is now University Drive (a push that would only be thwarted in 1971 by the [annexation of the hitherto unincorporated land south of Warner Road by the City of Chandler](https://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1049&context=econ_workingpaper)).

For most of its early history, the city was agricultural. The industry that was present mostly served the needs of agriculture and husbandry: both the [Hayden Flour MIll](https://www.tempe.gov/city-hall/community-development/historic-preservation/tempe-historic-property-register/hayden-flour-mill-silos) and the [Borden Milk Company Creamery](https://www.tempe.gov/city-hall/community-development/historic-preservation/historic-eligible-properties/creamery-complex). It was the Mill Avenue area that first became a center of business activity, sporting a bank and a variety of shops.

[Construction of several dams upstream of the Salt River](http://www.eastvalleytribune.com/arizona/roosevelt-dam-marks-years-of-anchoring-arizona-s-growth/article_46766f44-50f8-11e0-9358-001cc4c002e0.html), beginning in 1902 with the Roosevelt Dam, allowed for further expansion of commerce and agriculture by providing a regular source of water and power to the Phoenix Metro Area. However, this would have consequences for the river and the habitat it supported as the sources that fed its watershed vanished.

**Tempe on Wheels**

Like all American cities, Tempe’s geography was altered by the rise of automobiles and the policies that encouraged their use. From the 1910s to the 1940s, several state and federal infrastructure programs made the city a hub for traffic moving along highway routes that spread out and knotted through the Western U.S. countryside; the US 60, a corridor once [carrying motorists from Virginia to California](https://www.azdot.gov/media/blog/posts/2016/05/12/road-trip-arizona-s-piece-of-us-60-an-original-transcontinental-highway), then passed through Mesa, Tempe and Phoenix.

Throughout this time period, Tempe also reflected the racial politics of the nation.

Mexican-American people had resided in Tempe since its inception and throughout the early 20th century. [Amidst growing nationwide hostility to racial minorities](https://www.history.com/news/the-brutal-history-of-anti-latino-discrimination-in-america), Mexican-Americans were subjected to discrimination and social marginalization in the city they helped build. For instance, the city forced Mexican-American children to attend separate schools than white children, which led [to one of the earliest desegregation cases in American history in 1925](https://home1.nps.gov/heritageinitiatives/latino/latinothemestudy/education.htm). The case involved a scheme by which Hispanic children were to be taught by untrained teachers from the Territorial Normal School of Tempe. When a public swimming pool was opened in 1923, [Mexican-Americans were barred](http://peoplesguidetomaricopa.blogspot.com/2011/05/tempe-beach-park.html) until 1946. Even then, they were only admitted under special rules. Additionally, black people were [barred from living in the city around this time](https://www.tempe.gov/home/showdocument?id=38430).

The onset of the Great Depression in the early 1930s and World War II in the 1940s dampened the growth of ASU. However, the future University bloomed in the fertile soil created for America’s higher education system by the GI Bill and the subsequent waves of student enrollment that resulted.

Expanding enrollment and programs fed the growth of the University into its immediate surroundings. For instance, in the mid 1950s, the [City of Tempe and the University](http://www.eastvalleytribune.com/local/history-all-that-remains-of-tempe-s-lost-san-pablo/article_2367858e-8e3c-11e0-a79c-001cc4c03286.html) used eminent domain to wipe out the San Pablo Barrio, located at the base of Hayden Butte. This was done in order to provide ASU with land for student housing and Sun Devil Stadium.

[According to “A People’s Guide to Maricopa County,”](https://peoplesguidetomaricopa2.blogspot.com/2012/12/mickey-mouse-neighborhood.html?view=magazine)a collaborative project undertaken by ASU students in 2013, “The residents were forced to move, and many ended up in what is now the area of Escalante/La Victoria. Others displaced by the expansion relocated to other barrios along the Salt River, or moved to other parts of Phoenix.”

The 1950s brought many changes to the character of Tempe. Over this decade, the city became characteristically and functionally suburban, as the US 60, then routed through Mill Avenue and Apache Boulevard, as well as the curved stretch around Gammage that connects the two, provided the backbone for Tempe’s redevelopment by way of car and subdivision. Between 1950 and 1960, [Tempe’s population tripled](https://population.us/az/tempe/), the influx buoyed by the University and the proliferation of high-tech industry.

Increasingly automobile-centric development in the city would alter the economy of Tempe, as well as the businesses that it supported. Capital left the central business district, clustered around Mill Avenue, to flow into the suburbs. [New classes of businesses and industry,](https://www.tempe.gov/city-hall/community-services/tempe-history-museum/tempe-history/a-brief-history-of-tempe)dependent on the automobile, replaced the former, small industry-agriculture complex. Car repair shops, motels, car washes and mobile-home parks went up.

Mill Avenue struggled to adapt to patterns of development that affirmed the centrality of the car that the densely packed district was not built to accommodate. Suburban shopping centers with ample parking were more suited to the car-dominated suburban lifestyle. In the late 1950s and 1960s, Mill Avenue experienced a period of decay and disinvestment as it lost its centrality to city life and became less attractive to shoppers within walking distance.

Just north, the often dry riverbed of the Salt River, a host to a variety of unsavory forms of entertainment, was considered an eyesore by many residents — an [“an ugly scar in Tempe”](https://www.tempe.gov/city-hall/community-development/tempe-town-lake/fast-facts-coloring-book-slideshows-and-videos/historic-timeline) according to the City. Also unwelcome by locals was the influx of [hippie college students to Mill in the late 1960s](http://www.statepress.com/article/2015/10/gringo-starr-lsd-and-hippies-the-history-of-mill-avenues-laird-and-dines-building), frequenting new businesses created by ASU alumni in the wake of Mill Avenue’s slump, something of a revitalization for the district.

Decreasing water usage, owing to the paving over of thirsty farmland in favor of residential housing, also made way for the restoration of the Salt Riverbed. Floods in the winter [of 1965-1966 were a rude reminder](https://www.azcentral.com/story/weather/2014/09/09/mondays-storm-historic-floods-deadly-damaging-history-ariz/15320385/)to Tempe residents of what the Salt River was when the city first began.

**Major Changes**

In 1967, the City of Tempe published its first plan, the purpose of which was to inform future development. [According to a 2014 Masters Thesis authored by Alyssa Gerszewski and published by ASU](https://repository.asu.edu/attachments/135076/content/Gerszewski_asu_0010N_13911.pdf), the plan “provided a new framework for future land use, economic and cultural development, public-private partnerships, downtown redevelopment, and the accomplishment of other community projects and goals.”

Another plan in 1973 outlined the City’s approach to re-develop Mill Avenue. It involved a “mixture of new construction and preservation to maintain an ‘old town’ feel, and would recreate downtown into the commercial, residential, recreational, cultural and entertainment hub of Tempe.”

The late 1960s foreshadowed changes on Mill Avenue, and the plan for the Salt River would prove to be the historical precedents for the rapid changes Tempe is experiencing now.

On the one hand, it is important to not overstate the scale or completeness of the changes that occurred in the urban core. For example, Hayden Flour Mill did not cease operations until 1998, and many businesses from the counterculture era still exist on Mill to this day.

However, many others have closed or moved, such as the [Gentle Strength Cooperative](http://www.eastvalleytribune.com/news/gentle-strength-cooperative-closes-its-doors/article_ef6672cc-c719-56dd-a903-4df5b3083b00.html) and Changing Hands Bookstore. A planned development, The Local, which is set to host a Whole Foods, has [fueled resentment among nearby residents](http://www.eastvalleytribune.com/local/tempe/high-end-complex-grocery-set-for-tempe/article_95225fd4-68ef-11e7-8db9-5f048492b0ee.html)who are bitter about the loss of the historical character of the area and the lack of affordable options because it is located on the former site of the Cooperative.

Although the city made overtures to historic preservation, [several historic properties along Mill Avenue were either demolished](https://www.tempe.gov/city-hall/community-services/tempe-history-museum/tempe-history/historic-property) or [significantly altered](http://www.statepress.com/article/2015/10/an-abridged-history-of-mill-avenue-the-hauntings-of-casa-loma-building) by the city in its efforts to redevelop. In other cases, the businesses originally operating out of historic buildings were replaced with new ones, many of them corporate chains. A striking example is that of the [Mcdonalds and Hooters that co-occupied the historic Laird and Dines building in the 1990s](http://www.statepress.com/article/2015/10/gringo-starr-lsd-and-hippies-the-history-of-mill-avenues-laird-and-dines-building) — Hooters is still there to this day.

While it is clear that the desire on the part of city officials to redevelop the downtown was a major contributing factor, it is important to note that the term “gentrification” does not describe all of the redevelopment that is taking and has taken place in Tempe. Gentrification refers to development that displaces existing residents in favor of wealthier, higher class residents. It does not refer to urbanization in general, [although the two are often confounded](http://www.statepress.com/article/2017/09/spopinion-urbanization-in-cities-is-a-necessary-evil). However, evidence also indicates that development in Tempe is displacing residents. There is also a measure of concern over building heights and the fate of historic neighborhoods and communities.

Two major decisions on the part of the City of Tempe are contributing to the gentrification of Tempe’s urban core: the installation of the Light Rail and decisions related to Tempe Town Lake, both of which were intended to encourage development in their vicinity and run through the urban core area.

**Light Rail**

Although cars were of key importance to mid-century development in Tempe’s urban core, by the 1970s this area had lost its status as a transportation hub. All the major thoroughfares that pass through Tempe bypass the core. The Phoenix Light Rail could be viewed as a response to manner in which automobile-centrism had left the downtown area behind. This response would be forced to confront the results of that development, much like the response to Mill Avenue’s decline forced the City to confront its new tenants.

Flooding in the Salt Riverbed in 1980 caused severe damage to multiple bridges that spanned it. According to High Country News, transportation [officials were forced to respond by creating an impromptu commuter train route over the river](https://www.hcn.org/issues/46.20/two-cities-develop-public-transportation), dubbed the “Sardine Express” by city residents.

A little less than a decade later, [a plan to introduce the light rail to the Phoenix area was put on the ballot but defeated](https://www.phoenixnewtimes.com/news/valtrans-derailed-6412784). That was just the beginning of attempts to bring the light rail to the Phoenix Metro Area. In 2008, [after a raft of sales tax increases were passed and federal funding secured](https://cronkite.asu.edu/assets/student_work/light_rail/METRO_History.pdf), the light rail opened on a 20-mile stretch between Mesa, Tempe and Phoenix.

[The city of Tempe planned a zoning overlay district](http://documents.tempe.gov/sirepub/cache/1207/mfdmsomazowbtdpkt4duc4fr/1790448409282018052145642.PDF), the goal of of which was to “encourage appropriate land development and redevelopment that is consistent with the community's focused investment in transit, bicycle and pedestrian infrastructure in certain geographic areas of the City.” Mixed use zoning, those that combine retail, commercial, and residential functions in a single, dense area was emphasized.

Several recent development projects indicate that this model of development has displaced residents living alongside the light rail. [The Arizona Republic reports](https://www.azcentral.com/story/news/local/tempe/2018/03/09/tempe-mobile-home-park-closure-underscores-lack-affordable-housing/395891002/)that several motorhome developments have been torn down in favor of newer, far more expensive developments. For example, [Pony Acres, an affordable mobile home park near Mcclintock and Apache, built in 1969](https://www.azcentral.com/story/news/local/tempe/2015/06/15/tempe-mobile-home-residents-along-light-rail-line-face-eviction/71257986/), was torn down to make way for a multifamily development that [charges between $1,520 and $1,825 for a two-bedroom apartment](https://www.tempoapts.com/floorplans).

Another project planned along the light rail, Park Place, is to [replace another mobile home park and two restaurants](https://azbex.com/park-place-in-tempe-moving-forward/).

Many of these mobile home parks preserve the memory of Tempe’s former position as a major corridor of motor traffic along the once US 60. Now, the presence of the light rail will shape the future of this corridor.

The impact of the light rail on affordable housing may be more far-reaching than the direct replacement of affordable housing with newer, more expensive, apartments. A 2015 article from Confluence Denver [suggests that the installation of light rail transit raises rents generally](http://www.confluence-denver.com/features/transit_rents_denver_042215.aspx), indicating that rent increases could also force poorer residents out of neighborhoods in the vicinity, [forcing transit ridership down as a result as well](http://www.latimes.com/opinion/op-ed/la-oe-rosenthal-transit-gentrification-metro-ridership-20180220-story.html).

"No growing city can solve affordability," said Josh Rohmer, a principal of BAE Urban Economics, the firm advising Tempe on its latest Urban Master Overlay Plan. "There aren't a lot of affordable projects in Tempe."

**Rio Salado**

In 1967, ASU students envisioned a facelift for the river including parks, development and aquatic recreation: the [Rio Salado Project](http://saltriverstories.org/items/show/224). The vision was expansive, encompassing the entire stretch of the Salt River in Phoenix, but the project met limited success. That is, except for in Tempe.

Changes in water usage, resulting from the aforementioned decline of the agricultural economy in Tempe freed up water that could be used for the project. The shifting use of space in Tempe set the conditions by which future changes could be made.

Over the next few decades following the inception of the plan, the Rio Salado Project [moved toward completion in 1999](https://www.tempe.gov/city-hall/community-development/tempe-town-lake/fast-facts-coloring-book-slideshows-and-videos/historic-timeline), opening only in a small stretch of Tempe. The development would include parks, the Tempe [Arts Center](https://www.bizjournals.com/phoenix/stories/2003/11/17/newscolumn3.html) and a water park.

The Rio Salado also received its own overlay district in 1981, [the purpose of which was to encourage private development and “revitalization”](https://data.tempe.gov/dataset/rio-salado-overlay-district)along the shores of the planned Tempe Town Lake complex.

Tempe’s effort to encourage development along the shore of the Town Lake has largely proven to be a success, with luxury apartment buildings constructed, and currently under construction, all along the shore. [According to a State Press article published in 2015](http://www.statepress.com/article/2015/11/is-tempe-town-lake-worth-it/), residents have complained that the lake holds little value except for those who can afford to live near it.

"There are a couple of things I think have caused the gentrification, which I truly believe has happened in the Maple-Ash area," Tempe City Councilmember Kolby Granville told The State Press. "I think the biggest thing that has done it is the town lake and the revitalization of Mill Avenue."

Development on Tempe Town Lake is analogous to the DC Potomac waterfront, which was intended to draw new business to the blighted area. However, [this approach was decried by many residents](https://www.washingtonpost.com/lifestyle/magazine/do-posh-waterfronts-make-a-city-world-class-dc-is-betting-hundreds-of-millions-on-it/2018/06/22/c2e354bc-6800-11e8-bea7-c8eb28bc52b1_story.html?noredirect=on&utm_term=.b13de62f277e)for primarily serving the needs of wealthier residents and displacing existing residents.

All of the developments along Tempe Town Lake that we could catalog rent well above affordable rates. Some examples include Skywater at Town Lake ($1,693.00 for a two bedroom apartment, at the cheapest), Ten01 ($1,255-$1,610 for a two bedroom apartment) as well as Bridgeview Condos ($500,000-$700,000 for a two-bedroom condo). Several more are planned as well, such as [Broadstone Rio Salado](https://azbex.com/276-unit-broadstone-rio-salado-advances-in-tempe/), [The Pier](https://azbex.com/276-unit-broadstone-rio-salado-advances-in-tempe/) and [Aura at Watermark](http://watermarktempe.com/#/apartments/overview).

Finally, there are several office complexes abutting the shore of Tempe Town Lake. Two of the most high profile are the [Hayden Ferry Lakeside complex](http://www.saltriverstories.org/items/show/233) and the [2 million square foot Marina Heights complex](https://www.azcentral.com/story/news/local/tempe/2017/12/15/state-farm-campus-tempe-sold-investment-groups-sale-leaseback-deal/951647001/). Arizona State University was intimately involved with both developments; it sold the land for the latter development and collects rent on the former. In 2017, [the Marina Heights complex sold for $900 millions](https://www.bizjournals.com/phoenix/news/2017/12/12/check-out-how-much-profit-was-made-on-the-marina.html) (the Arizona Board of Regents stills owns the land).

**A Gentrifying City**

The history of urban evolution of Tempe points to some serious questions about future development.

Despite the low rents in absolute terms, the [Phoenix metro area ranks as the 9th most unaffordable city for renters](https://www.azcentral.com/story/money/real-estate/catherine-reagor/2018/02/18/phoenix-ranks-9th-most-unaffordable-city-renters-according-study/338127002/) because wages are relatively low with respect to rents. In Tempe, despite housing subsidies for the poorest residents, finding a landlord who will accept vouchers, is offering the right amount of rooms and is able to pass building inspections, [can be](https://www.azcentral.com/story/news/local/tempe-best-reads/2017/07/02/lack-affordable-housing-arizona-forces-renters-settle/379483001/) difficult.

More so, existing affordable stock is being torn down in favor of newer apartments and condos. The fact of the matter is that not enough affordable housing exists in Tempe, Granville said..

While Tempe Town Lake and the light rail have had their own unique effects on Tempe, and have modified the city in ways unique to the form and function of existing development, these effects suggest broad implications for the future of Phoenix’s south central neighborhoods, where future light rail extensions and Rio Salado revitalization efforts will cut through some poor black and Hispanic neighborhoods.

If the history of Tempe’s urban core and the effects the Rio Salado and light rail improvements have had in displacing poor, local residents are to be any indication, then the future may see gentrification accelerate in the coming years.

"I think (affordable housing) has gotten worse, and I think it will get worse," Granville said. "But I will tell you that I don't think it was this council that made any of that happen."

*or’s note: This article was originally published in print in State Press Magazine, vol. 19, issue 2 on Oct. 10, 2018.*

|  |
| --- |
| Historical population |
| Census | Pop. |  | %± |
| [1880](https://en.wikipedia.org/wiki/1880_United_States_Census) | 135 |  | — |
| [1890](https://en.wikipedia.org/wiki/1890_United_States_Census) | 897 |  | 564.4% |
| [1900](https://en.wikipedia.org/wiki/1900_United_States_Census) | 885 |  | −1.3% |
| [1910](https://en.wikipedia.org/wiki/1910_United_States_Census) | 1,473 |  | 66.4% |
| [1920](https://en.wikipedia.org/wiki/1920_United_States_Census) | 1,963 |  | 33.3% |
| [1930](https://en.wikipedia.org/wiki/1930_United_States_Census) | 2,495 |  | 27.1% |
| [1940](https://en.wikipedia.org/wiki/1940_United_States_Census) | 2,906 |  | 16.5% |
| [1950](https://en.wikipedia.org/wiki/1950_United_States_Census) | 7,684 |  | 164.4% |
| [1960](https://en.wikipedia.org/wiki/1960_United_States_Census) | 24,897 |  | 224.0% |
| [1970](https://en.wikipedia.org/wiki/1970_United_States_Census) | 63,550 |  | 155.3% |
| [1980](https://en.wikipedia.org/wiki/1980_United_States_Census) | 106,919 |  | 68.2% |
| [1990](https://en.wikipedia.org/wiki/1990_United_States_Census) | 141,865 |  | 32.7% |
| [2000](https://en.wikipedia.org/wiki/2000_United_States_Census) | 158,945 |  | 12.0% |
| [2010](https://en.wikipedia.org/wiki/2010_United_States_Census) | 161,719 |  | 1.7% |
| Est. 2017 | 185,038 | [[3]](https://en.wikipedia.org/wiki/Tempe%2C_Arizona#cite_note-USCensusEst2017-3) | 14.4% |

**1967**: Tempe adopts its first General Plan to direct the development of the city

**1971**: The first building constructed specifically for the Tempe Public Library is completed at Southern Avenue and Rural Road. Today this building houses the Tempe History Museum.

**1974**: The City of Chandler annexes land along Ray Road, blocking Tempe's last avenue of expansion. Tempe becomes landlocked.

**1990**: Tempe's population is 141,000 and Tempe voters approve an ordinance to provide funding for public art.

**1997**: The Hayden Flour Mill closes after 123 years of operation. The Mill's last operator was Bay State Milling, which purchased the mill in 1981. Limited operations continued until March 1998

**2009**: The East Valley Tribune, the latest version of the Tempe Daily News, ceases circulation in Tempe, marking the end of 122 years of continuous newspaper coverage

### Zoning: <https://library.municode.com/az/tempe/codes/zoning_and_development_code?nodeId=ZONING_DEVELOPMENT_CODE_PT1_IN>

### General Plan 2040: <https://www.tempe.gov/home/showdocument?id=22057>

### Urban Core Masterplan Page: <https://www.tempe.gov/government/community-development/urban-core-masterplan?fbclid=IwAR3z-YW4nUBAcJeXkQKvWuNcyRlpzbX0Z2BCMauHWGgRFvmZk0A4fEc_4as>

### Urban Core Masterplan Fact Sheet: <https://www.tempe.gov/home/showdocument?id=61909>

### Tempe Arts and Culture Plan: <https://www.tempe.gov/home/showdocument?id=35023>

### Character Area 3: <https://www.tempe.gov/government/community-development/character-areas/downtown-rio-salado-asu-nw-neighborhoods>

### CA3 Final Doc: <https://www.tempe.gov/government/community-development/character-areas/downtown-rio-salado-asu-nw-neighborhoods/final-document>

### ASU Novus: <https://novus.asu.edu/vision>

### Census Data: <https://www.census.gov/quickfacts/tempecityarizona>

### Cities: Don’t Fall in the Branding Trap: <https://www.citylab.com/perspective/2019/02/city-branding-traps-marketing-campaigns/582496/>

### Tempe Grocery Drama 2006: <http://www.eastvalleytribune.com/opinion/tempe-officials-are-pleased-that-a-grocery-is-planned-for/article_917c56d1-86a2-5fbb-855b-4163974fb467.html?fbclid=IwAR1-HJN4ykLAAa76otic6GJa5IO-CHE0Y8FX8fPry2f-VbcSPjsuUW0cSEU>

### Arredondo: <http://www.eastvalleytribune.com/opinion/columnists/richardson-arredondo-left-giant-black-mark-on-tempe/article_da1c36aa-198a-11e2-a6eb-0019bb2963f4.html?fbclid=IwAR0rmAqf6mRdSYKrqZfqaxEbVrkqdFmQceoh5_4wMevAj8A3mDruqob4kQU>

### <https://www.phoenixnewtimes.com/news/fbis-ben-arredondo-bust-apparently-cracked-open-a-bit-by-talking-points-memo-6663094>

### DTA: <https://www.downtowntempe.com/go/downtown-tempe-community>

The Downtown Tempe Community is a private, non-profit organization that works in partnership with the City of Tempe to increase the value of the Mill Avenue District through enhanced management and promotional services on behalf of DTC members and other downtown stakeholders.

Local business and property owners, working with The City of Tempe, created the DTC in 1993 in response to a growing, dynamic district economy and environment. The purpose of the new organization was to provide enhanced management and promotional services to the district.

### Kate Borders: <https://mylocalnews.us/editors-picks/downtown-tempe-authority-we-keep-downtown-clean/>

### Charles Huellmantel: <https://mylocalnews.us/community/the-long-and-storied-history-of-charles-huellmantel-and-the-farmer-arts-district/>

### Tempe: A History of Gentrification: http://www.statepress.com/article/2018/11/spmagazine-tempe-a-history-of-gentrification

### 1992 Oral History Interview with Harry Mitchell: <https://tempethoughts.wordpress.com/2011/09/21/1992-oral-history-interview-with-harry-mitchell/>

<https://tempethoughts.wordpress.com/tag/tempe-history/>

### Historic Properties: [https://en.wikipedia.org/wiki/List\_of\_historic\_properties\_in\_Tempe,\_Arizona](https://en.wikipedia.org/wiki/List_of_historic_properties_in_Tempe%2C_Arizona)

### Threatened Places: Tempe’s Maple Ash Neighborhood: <https://kjzz.org/content/39064/threatened-places-tempe%E2%80%99s-maple-ash-neighborhood>

<https://www.azcentral.com/story/news/local/tempe/2017/08/31/tempe-historic-neighborhoods-fight-gentrification-urban-expansion/573494001/>

The Maple-Ash community, one of Tempe's oldest neighborhoods, is named after the two major streets that run through it: Maple and Ash avenues.

The community got its start in 1909 and was the first expansion outside of the city's original boundaries, according Victor Linoff, a local historian and a member of the Tempe Historic Preservation Foundation.

Many of the homes in the area are over 50 years old, making them eligible for historic status.

"Only a handful of homes are left," Linoff said of the original neighborhood. Most already have been lost to redevelopment, he said.

Many of the homes have a style unique to the area. A number of the homes are built in a style common to the Philippines that is designed to help with the heat, Linoff said.

The homes have large patios and porches, which allow for shady areas to cool off and are commonly accompanied by an "Arizona room," which gives the feeling of being outdoors without the heat.

In the late 1960s, the city sought to redevelop the downtown area and the philosophy of the time was that "no one would want to live in old homes," Linoff said.

With that mindset, the city rezoned the area for larger developments to create opportunities for growth. The decision angered many homeowners at the time, Linoff said.

People began buying up houses in the areas to save them from redevelopment. At the same time, developers sought homes too, looking to bundle parcels for larger developments.

More than 40 years later, city leaders appear to be changing their attitude toward the area.

### the American Planning Association's 2008 Great Streets in America

<https://en.wikipedia.org/wiki/American_Planning_Association>

<https://www.planning.org/greatplaces/>

More than 3 million square feet of new retail, restaurant, office, and residential space has been built along the street during the past quarter century. Annual sales in the city have skyrocketed from $12 million to $160 million, providing Tempe with more than a 50-to-1 return on its investment.

The Mill Avenue experience today is far different from that of the 1970s and before. Suburbanization and the resulting urban disinvestment of the 1950s and 1960s hit Mill Avenue hard. Many community leaders favored the wholesale demolition of the district while others backed a hands-off approach. Eventually the city commissioned a group of local planners and architects, the Par 3 Group, to study Mill Avenue and its environs. The resulting plan, adopted by the city council, sought not only to revitalize the street but to preserve historic buildings and enhance the pedestrian experience.

<https://www.planning.org/greatplaces/streets/2008/millavenue.htm>

Tempe ([/tɛmˈpiː/](https://en.wikipedia.org/wiki/Help%3AIPA/English) [*tem-PEE'*](https://en.wikipedia.org/wiki/Help%3APronunciation_respelling_key);[[4]](https://en.wikipedia.org/wiki/Tempe%2C_Arizona#cite_note-4) *Oidbaḍ* in [O'odham](https://en.wikipedia.org/wiki/O%27odham_language)), also known as Hayden's Ferry [during the territorial times of Arizona](https://en.wikipedia.org/wiki/Arizona_Territory), is a city in [Maricopa County](https://en.wikipedia.org/wiki/Maricopa_County%2C_Arizona), [Arizona](https://en.wikipedia.org/wiki/Arizona), [United States](https://en.wikipedia.org/wiki/United_States), with the Census Bureau reporting a 2017 population of 185,038.[[3]](https://en.wikipedia.org/wiki/Tempe%2C_Arizona#cite_note-USCensusEst2017-3) The city is named after the [Vale of Tempe](https://en.wikipedia.org/wiki/Vale_of_Tempe) in [Greece](https://en.wikipedia.org/wiki/Greece). Tempe is located in the [East Valley](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29) section of [metropolitan Phoenix](https://en.wikipedia.org/wiki/Phoenix_metropolitan_area); it is bordered by [Phoenix](https://en.wikipedia.org/wiki/Phoenix%2C_Arizona) and [Guadalupe](https://en.wikipedia.org/wiki/Guadalupe%2C_Arizona) on the west, [Scottsdale](https://en.wikipedia.org/wiki/Scottsdale%2C_Arizona) on the north, [Chandler](https://en.wikipedia.org/wiki/Chandler%2C_Arizona) on the south, and [Mesa](https://en.wikipedia.org/wiki/Mesa%2C_Arizona) on the east. Tempe is also the location of the main campus of [Arizona State University](https://en.wikipedia.org/wiki/Arizona_State_University).

# AZ Tribes

<https://www.tempetourism.com/native-american-communities/>

<https://en.wikipedia.org/wiki/Indigenous_peoples_of_Arizona>

<https://en.wikipedia.org/wiki/Maricopa_people>

<https://en.wikipedia.org/wiki/Tonto_Apache>

<https://en.wikipedia.org/wiki/Yavapai>

<https://en.wikipedia.org/wiki/Tohono_O%CA%BCodham_Nation>

# General AZ History

For thousands of years before the modern era, Arizona was home to many [Native American](https://en.m.wikipedia.org/wiki/Indigenous_peoples_of_the_Americas)tribes. [Hohokam](https://en.m.wikipedia.org/wiki/Hohokam), [Mogollon](https://en.m.wikipedia.org/wiki/Mogollon_culture) and [Ancestral Puebloan](https://en.m.wikipedia.org/wiki/Ancestral_Puebloans) cultures were among those that flourished throughout the state. Many of their pueblos, cliffside dwellings, rock paintings and other prehistoric treasures have survived and attract thousands of tourists each year.

In 1539, [Marcos de Niza](https://en.m.wikipedia.org/wiki/Marcos_de_Niza), a Spanish [Franciscan](https://en.m.wikipedia.org/wiki/Franciscan), became the first European to contact Native Americans. He explored parts of the present state and made contact with [native](https://en.m.wikipedia.org/wiki/Native_Americans_in_the_United_States) inhabitants, probably the [Sobaipuri](https://en.m.wikipedia.org/wiki/Sobaipuri). The expedition of Spanish explorer [Coronado](https://en.m.wikipedia.org/wiki/Francisco_V%C3%A1squez_de_Coronado) entered the area in 1540–1542 during its search for [Cíbola](https://en.m.wikipedia.org/wiki/Quivira_and_C%C3%ADbola). Few Spanish settlers migrated to Arizona. One of the first settlers in Arizona was [José Romo de Vivar](https://en.m.wikipedia.org/wiki/Jos%C3%A9_Romo_de_Vivar).[[20]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-Lainez_and_Torres-20)

[Father Kino](https://en.m.wikipedia.org/wiki/Eusebio_Kino) was the next European in the region. A member of the [Society of Jesus](https://en.m.wikipedia.org/wiki/Society_of_Jesus) ("[Jesuits](https://en.m.wikipedia.org/wiki/Jesuits)"), he led the development of a chain of missions in the region. He converted many of the Indians to Christianity in the [Pimería Alta](https://en.m.wikipedia.org/wiki/Pimer%C3%ADa_Alta) (now southern Arizona and northern [Sonora](https://en.m.wikipedia.org/wiki/Sonora)) in the 1690s and early 18th century. Spain founded *presidios* ("fortified towns") at Tubac in 1752 and Tucson in 1775.

When [Mexico](https://en.m.wikipedia.org/wiki/Mexico) achieved its independence from the [Kingdom of Spain](https://en.m.wikipedia.org/wiki/Kingdom_of_Spain) and its [Spanish Empire](https://en.m.wikipedia.org/wiki/Spanish_Empire) in 1821, what is now Arizona became part of its Territory of *Nueva California,* ("New California"), also known as [*Alta California*](https://en.m.wikipedia.org/wiki/Alta_California) ("Upper California").[[21]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-21) Descendants of ethnic Spanish and mestizo settlers from the colonial years still lived in the area at the time of the arrival of later European-American migrants from the United States.



[Mexico](https://en.m.wikipedia.org/wiki/First_Mexican_Republic) in 1824. [Alta California](https://en.m.wikipedia.org/wiki/Alta_California) is the northwestern-most state.

During the [Mexican–American War](https://en.m.wikipedia.org/wiki/Mexican%E2%80%93American_War) (1847–1848), the [U.S. Army](https://en.m.wikipedia.org/wiki/United_States_Army) occupied the national capital of [Mexico City](https://en.m.wikipedia.org/wiki/Mexico_City) and pursued its claim to much of northern Mexico, including what later became [Arizona Territory](https://en.m.wikipedia.org/wiki/Territory_of_Arizona_%28United_States%29) in 1863 and later the State of Arizona in 1912. The [Treaty of Guadalupe Hidalgo](https://en.m.wikipedia.org/wiki/Treaty_of_Guadalupe_Hidalgo)(1848) specified that, in addition to language and cultural rights of the existing inhabitants of former Mexican citizens being considered as inviolable, the sum of [US$](https://en.m.wikipedia.org/wiki/US%24)15 million dollars in compensation (equivalent to $434,365,384.62 in 2018.) be paid to the Republic of Mexico.[[22]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-22)In 1853, the U.S. acquired the land south below the [Gila River](https://en.m.wikipedia.org/wiki/Gila_River) from Mexico in the [Gadsden Purchase](https://en.m.wikipedia.org/wiki/Gadsden_Purchase) along the southern border area as encompassing the best future southern route for a transcontinental railway.

What is now known as the state of Arizona was initially administered by the United States government as part of the [Territory of New Mexico](https://en.m.wikipedia.org/wiki/Territory_of_New_Mexico) until the southern part of that region seceded from the [Union](https://en.m.wikipedia.org/wiki/Union_%28American_Civil_War%29) to form the [Territory of Arizona](https://en.m.wikipedia.org/wiki/Territory_of_Arizona_%28Confederate_States%29).[[23]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-23) This newly established territory was formally organized by the [Confederate States](https://en.m.wikipedia.org/wiki/Confederate_States_of_America) government on Saturday, January 18, 1862, when [President](https://en.m.wikipedia.org/wiki/President_of_the_Confederate_States_of_America)[Jefferson Davis](https://en.m.wikipedia.org/wiki/Jefferson_Davis) approved and signed *An Act to Organize the Territory of Arizona*,[[24]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-24) marking the first official use of the name "Territory of Arizona". The Southern territory supplied the Confederate government with men, horses, and equipment. Formed in 1862, [Arizona scout companies](https://en.m.wikipedia.org/wiki/Company_A%2C_Arizona_Rangers) served with the [Confederate States Army](https://en.m.wikipedia.org/wiki/Confederate_States_Army) during the [Civil War](https://en.m.wikipedia.org/wiki/American_Civil_War). Arizona has the westernmost military engagement on record during the Civil War with the [Battle of Picacho Pass](https://en.m.wikipedia.org/wiki/Battle_of_Picacho_Pass).

The Federal government declared a new U.S. Arizona Territory, consisting of the western half of earlier New Mexico Territory, in [Washington, D.C.](https://en.m.wikipedia.org/wiki/Washington%2C_D.C.), on February 24, 1863. These new boundaries would later form the basis of the state. The first territorial capital, Prescott, was founded in 1864 following a gold rush to central Arizona.[[25]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-25) The capital was later [moved to Tucson, back to Prescott, and then to its final location in Phoenix](https://en.m.wikipedia.org/wiki/Arizona_Territory_capitals) in a series of controversial moves as different regions of the territory gained and lost political influence with the growth and development of the territory.[[26]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-26)

Although names including "Gadsonia," "Pimeria," "Montezuma" and "Arizuma" had been considered for the territory,[[27]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-27) when 16th President [Abraham Lincoln](https://en.m.wikipedia.org/wiki/Abraham_Lincoln) signed the final bill, it read "Arizona," and that name was adopted. ([Montezuma](https://en.m.wikipedia.org/wiki/Montezuma_%28mythology%29) was not derived from the [Aztec](https://en.m.wikipedia.org/wiki/Aztec) emperor, but was the sacred name of a divine hero to the [Pima people](https://en.m.wikipedia.org/wiki/Pima_people) of the [Gila River Valley](https://en.m.wikipedia.org/wiki/Gila_River_Valley). It was probably considered—and rejected—for its sentimental value before Congress settled on the name "Arizona.")

[Brigham Young](https://en.m.wikipedia.org/wiki/Brigham_Young), patriarchal leader of [The Church of Jesus Christ of Latter-day Saints](https://en.m.wikipedia.org/wiki/The_Church_of_Jesus_Christ_of_Latter-day_Saints) in [Salt Lake City](https://en.m.wikipedia.org/wiki/Salt_Lake_City) in [Utah](https://en.m.wikipedia.org/wiki/Utah), sent [Mormons](https://en.m.wikipedia.org/wiki/Mormons) to Arizona in the mid- to late 19th century. They founded [Mesa](https://en.m.wikipedia.org/wiki/Mesa%2C_Arizona), [Snowflake](https://en.m.wikipedia.org/wiki/Snowflake%2C_Arizona), [Heber](https://en.m.wikipedia.org/wiki/Heber-Overgaard%2C_Arizona), [Safford](https://en.m.wikipedia.org/wiki/Safford%2C_Arizona), and other towns. They also settled in the [Phoenix Valley](https://en.m.wikipedia.org/wiki/Phoenix_Valley) (or "Valley of the Sun"), [Tempe](https://en.m.wikipedia.org/wiki/Tempe%2C_Arizona), [Prescott](https://en.m.wikipedia.org/wiki/Prescott%2C_Arizona), and other areas. The Mormons settled what became [northern Arizona](https://en.m.wikipedia.org/wiki/Northern_Arizona) and northern New Mexico. At the time these areas were in a part of the former [New Mexico Territory](https://en.m.wikipedia.org/wiki/New_Mexico_Territory).

During the nineteenth century, a series of gold and silver rushes occurred in the territory, the best known being the 1870s stampede to the silver bonanzas of [Tombstone, Arizona](https://en.m.wikipedia.org/wiki/Tombstone%2C_Arizona) in southeast Arizona, also known for its legendary outlaws and lawmen.[[28]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-28) By the late 1880s, copper production eclipsed the precious metals with the rise of copper camps like [Bisbee, Arizona](https://en.m.wikipedia.org/wiki/Bisbee%2C_Arizona) and [Jerome, Arizona](https://en.m.wikipedia.org/wiki/Jerome%2C_Arizona).[[29]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-29)[[30]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-30) The boom and bust economy of mining also left hundreds of [ghost towns](https://en.m.wikipedia.org/wiki/Ghost_towns) across the territory, but copper mining continued to prosper with the territory producing more copper than any other state by 1907, which earned Arizona the nickname "the Copper State" at the time of statehood.[[31]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-31)[[32]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-32) During the first years of statehood the industry experienced growing pains and labor disputes with the [Bisbee Deportation](https://en.m.wikipedia.org/wiki/Bisbee_Deportation) of 1917 the result of a copper miners’ strike.[[33]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-33) The state continues to produce half of the nation's newly mined [copper](https://en.m.wikipedia.org/wiki/Copper).

20th century to present

During the [Mexican Revolution](https://en.m.wikipedia.org/wiki/Mexican_Revolution) from 1910 to 1920, several battles were fought in the Mexican towns just across the border from Arizona settlements. Throughout the revolution, many Arizonans enlisted in one of the several armies fighting in Mexico. Only two significant engagements took place on U.S. soil between U.S. and Mexican forces: [Pancho Villa](https://en.m.wikipedia.org/wiki/Pancho_Villa)'s 1916 Columbus Raid in New Mexico, and the [Battle of Ambos Nogales](https://en.m.wikipedia.org/wiki/Battle_of_Ambos_Nogales) in 1918 in Arizona. The Americans won the latter.

After Mexican federal troops fired on U.S. soldiers, the American garrison launched an assault into [Nogales, Mexico](https://en.m.wikipedia.org/wiki/Nogales%2C_Sonora). The Mexicans eventually surrendered after both sides sustained heavy casualties. A few months earlier, just west of Nogales, an Indian War battle had occurred, considered the last engagement in the [American Indian Wars](https://en.m.wikipedia.org/wiki/American_Indian_Wars), which lasted from 1775 to 1918. U.S. soldiers stationed on the border confronted [Yaqui Indians](https://en.m.wikipedia.org/wiki/Yaqui_Indians) who were using Arizona as a base to raid the nearby Mexican settlements, as part of their wars against Mexico.

Arizona became a U.S. state on February 14, 1912. Arizona was the [48th state admitted](https://en.m.wikipedia.org/wiki/List_of_U.S._states_by_date_of_admission_to_the_Union) to the U.S. and the last of the [contiguous states](https://en.m.wikipedia.org/wiki/Contiguous_United_States) to be admitted.

Cotton farming and copper mining, two of Arizona's most important statewide industries, suffered heavily during the [Great Depression](https://en.m.wikipedia.org/wiki/Great_Depression). But during the 1920s and even the 1930s, tourism began to develop as the important Arizonan industry it is today. Dude ranches, such as the K L Bar and Remuda in Wickenburg, along with the Flying V and Tanque Verde in Tucson, gave tourists the chance to take part in the flavor and activities of the "Old West." Several upscale hotels and resorts opened during this period, some of which are still top tourist draws. They include the [Arizona Biltmore Hotel](https://en.m.wikipedia.org/wiki/Arizona_Biltmore_Hotel) in central Phoenix (opened 1929) and the Wigwam Resort on the west side of the Phoenix area (opened 1936).

Arizona was the site of German [POW](https://en.m.wikipedia.org/wiki/POW) camps during World War II and [Japanese-American](https://en.m.wikipedia.org/wiki/Japanese_American) internment camps. Because of wartime fears of a Japanese invasion of the West Coast, the government authorized the removal of all Japanese-American residents from western Washington, western Oregon, all of California, and western Arizona. From 1942 to 1945, they were forced to reside in internment camps built in the interior of the country. Many lost their homes and businesses. The camps were abolished after World War II.

The Phoenix-area German P.O.W. site was purchased after the war by the [Maytag](https://en.m.wikipedia.org/wiki/Maytag) family (of major [home appliance](https://en.m.wikipedia.org/wiki/Home_appliance) fame). It was developed as the site of the [Phoenix Zoo](https://en.m.wikipedia.org/wiki/Phoenix_Zoo). A [Japanese-American internment](https://en.m.wikipedia.org/wiki/Japanese_American_internment) camp was on [Mount Lemmon](https://en.m.wikipedia.org/wiki/Mount_Lemmon), just outside the state's southeastern city of Tucson. Another [POW camp](https://en.m.wikipedia.org/wiki/POW_camp) was near the [Gila River](https://en.m.wikipedia.org/wiki/Gila_River) in eastern [Yuma County](https://en.m.wikipedia.org/wiki/Yuma_County%2C_Arizona).

Arizona was also home to the [Phoenix Indian School](https://en.m.wikipedia.org/wiki/Steele_Indian_School_Park), one of several federal [Indian boarding schools](https://en.m.wikipedia.org/wiki/Indian_boarding_schools) designed to assimilate Native American children into mainstream European-American culture. Children were often enrolled into these schools against the wishes of their parents and families. Attempts to suppress native identities included forcing the children to cut their hair, to take and use English names, to speak only English, and to practice Christianity rather than their native religions.[[34]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-34)

Numerous Native Americans from Arizona fought for the United States during World War II. Their experiences resulted in a rising activism in the postwar years to achieve better treatment and civil rights after their return to the state. After Maricopa County did not allow them to register to vote, in 1948 veteran [Frank Harrison](https://en.m.wikipedia.org/w/index.php?title=Frank_Harrison_(soldier)&action=edit&redlink=1) and [Harry Austin](https://en.m.wikipedia.org/wiki/Harry_Austin), of the [Mojave-Apache Tribe](https://en.m.wikipedia.org/w/index.php?title=Mojave-Apache_Tribe&action=edit&redlink=1) at [Fort McDowell Indian Reservation](https://en.m.wikipedia.org/wiki/Fort_McDowell_Indian_Reservation), brought a legal suit, [*Harrison and Austin v. Laveen*](https://en.m.wikipedia.org/w/index.php?title=Harrison_and_Austin_v._Laveen&action=edit&redlink=1)*,* to challenge this exclusion. The Arizona Supreme Court ruled in their favor.[[9]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-HAvote-9)

Arizona's population grew tremendously with residential and business development after World War II, aided by the widespread use of [air conditioning](https://en.m.wikipedia.org/wiki/Air_conditioning), which made the intensely hot summers more comfortable. According to the *Arizona Blue Book* (published by the [Arizona Secretary of State](https://en.m.wikipedia.org/wiki/Arizona_Secretary_of_State)'s office each year), the state population in 1910 was 294,353. By 1970, it was 1,752,122. The percentage growth each decade averaged about 20% in the earlier decades, and about 60% each decade thereafter.

In the 1960s, [retirement communities](https://en.m.wikipedia.org/wiki/Retirement_communities) were developed. These age-restricted subdivisions catered exclusively to the needs of senior citizens and attracted many retirees who wanted to escape the harsh winters of the [Midwest](https://en.m.wikipedia.org/wiki/Midwest) and the [Northeast](https://en.m.wikipedia.org/wiki/Northeastern_United_States). [Sun City](https://en.m.wikipedia.org/wiki/Sun_City%2C_Arizona), established by developer [Del Webb](https://en.m.wikipedia.org/wiki/Del_Webb)and opened in 1960, was one of the first such communities. [Green Valley](https://en.m.wikipedia.org/wiki/Green_Valley%2C_Arizona), south of Tucson, was another such community, designed as a retirement subdivision for Arizona's teachers. Many senior citizens from across the U.S. and [Canada](https://en.m.wikipedia.org/wiki/Canada) come to Arizona each winter and stay only during the winter months; they are referred to as [snowbirds](https://en.m.wikipedia.org/wiki/Snowbird_%28people%29).

In March 2000, Arizona was the site of the first legally binding election ever held over the internet to nominate a candidate for public office.[[35]](https://en.m.wikipedia.org/wiki/Arizona#cite_note-35) In the 2000 Arizona Democratic Primary, under worldwide attention, [Al Gore](https://en.m.wikipedia.org/wiki/Al_Gore) defeated [Bill Bradley](https://en.m.wikipedia.org/wiki/Bill_Bradley). Voter turnout in this state primary increased more than 500% over the 1996 primary.

Three ships named [USS *Arizona*](https://en.m.wikipedia.org/wiki/USS_Arizona) have been christened in honor of the state, although only [USS *Arizona* (BB-39)](https://en.m.wikipedia.org/wiki/USS_Arizona_%28BB-39%29) was so named after statehood was achieved.

# LABOR HISTORY

### Mine Tales: Notable labor strikes in Arizona history:  <https://tucson.com/news/local/minetales/mine-tales-notable-labor-strikes-in-arizona-history/article_3d2e0d34-6bb8-5b85-b0a0-15acf171affb.html>

### Unsung Hero Farm Labor: <https://kjzz.org/content/372734/arizonas-unsung-hero-farm-labor-movement>

### The IWW In Wartime Arizona: <http://www.library.arizona.edu/exhibits/bisbee/docs/jahbyrk.html>

### Bisbee Deportation: <https://en.wikipedia.org/wiki/Bisbee_Deportation>

### Maricopa County Organizing Project 1970-1994: <http://www.azarchivesonline.org/xtf/view?docId=ead/asu/mcop.xml;query=;brand=default>

Local farm workers and organizers formed the Maricopa County Organizing Project (MCOP), a non-profit civil and human rights organization, in 1977 to change the exploitative nature of farm labor in Arizona and to improve the treatment of workers. Unlike the United Farm Workers (UFW), MCOP helped to organize and represent undocumented as well as documented farm workers.

# FASCIST HISTORY

### Great Papago Escape 1944: <https://en.wikipedia.org/wiki/Great_Papago_Escape>

### Minutemen Project 2004: <https://en.wikipedia.org/wiki/Minuteman_Project>

### SB-1070

### KKK: <http://www.copperarea.com/pages/the-ku-klux-klan-in-arizona/>

# MEDIA HISTORY

### 1887 Tempe Daily News - <https://en.wikipedia.org/wiki/Tempe_Daily_News>

Cox renamed the paper [*Tempe Daily News Tribune*](https://en.wikipedia.org/wiki/Tempe_Daily_News_Tribune) in 1986

ox sold its holdings to Canadian-based [Thomson Newspapers](https://en.wikipedia.org/wiki/Thomson_Corporation) in 1996 and the paper's new owners combined the *Tempe Daily News Tribune* with four other newspapers to form *The Tribune* in 1997. This publication became the [*East Valley Tribune*](https://en.wikipedia.org/wiki/East_Valley_Tribune) in December 1999. Thompson sold its holdings to California's Freedom Publications, Inc. in 2000 and the [*East Valley Tribune*](https://en.wikipedia.org/wiki/East_Valley_Tribune) ceased publication in 2009, ending 122 years of continuous local news coverage in Tempe.[[2]](https://en.wikipedia.org/wiki/Tempe_Daily_News#cite_note-:0-2)[[3]](https://en.wikipedia.org/wiki/Tempe_Daily_News#cite_note-:1-3)

The term "East Valley" to describe that part of [Metropolitan Phoenix](https://en.wikipedia.org/wiki/Phoenix_metropolitan_area) east of the city of Phoenix emerged in the early 1980s.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) Metro Phoenix is in the [Salt River Valley](https://en.wikipedia.org/wiki/Salt_River_Valley), which has been marketed as the Valley of the Sun. A newspaper publisher, Charles Wahlheim, started using East Valley in the *Mesa Tribune*, *Chandler Arizonan*, and the *Tempe Daily News* - newspapers purchased by the Cox newspaper chain out of Atlanta - as a marketing device aimed at giving his company's newspapers creditability as alternatives to the powerful Phoenix-based [Arizona Republic](https://en.wikipedia.org/wiki/The_Arizona_Republic) and [Phoenix Gazette](https://en.wikipedia.org/wiki/Phoenix_Gazette).[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6)

In 1980, Phoenix dwarfed other cities in the region with a population of 789,704.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) [Mesa](https://en.wikipedia.org/wiki/Mesa%2C_Arizona) was the next biggest city with a population of 152,404, followed by [Tempe](https://en.wikipedia.org/wiki/Tempe%2C_Arizona) with a population of 106,919.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) A group called the Phoenix 40 heavily influenced the region's politics and business matters affecting the entire region.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) Wahlheim approached Chandler grocery-chain owner [Eddie Basha](https://en.wikipedia.org/wiki/Eddie_Basha%2C_Jr.) and asked him to help create a business group to be the East Valley's answer to the Phoenix 40.[[6]](https://en.wikipedia.org/wiki/East_Valley_%28Phoenix_metropolitan_area%29#cite_note-eastvalleytribune-6) That group was named the [*East Valley Partnership*](https://en.wikipedia.org/wiki/East_Valley_Partnership), an organization of business, education and political leaders that continues to advocate on behalf of the East Valley and its cities.

### East Valley Partnership: <https://en.wikipedia.org/wiki/East_Valley_Partnership>

<https://www.evp-az.org/>

**Phoenix New Times began in 1970**

The paper was founded in 1970 by a group of students at [Arizona State University](https://en.wikipedia.org/wiki/Arizona_State_University), led by Frank Fiore, Karen Lofgren, Michael Lacey, Bruce Stasium, Nick Stupey, Gayle Pyfrom, Hal Smith, and later, Jim Larkin, as a [counterculture](https://en.wikipedia.org/wiki/Counterculture) response to the [Kent State shootings](https://en.wikipedia.org/wiki/Kent_State_shootings) in the spring of that year. Gary Brennan played a role in its creation. According to the 20th Anniversary issue of the *New Times*, published on May 2, 1990, Fiore suggested that the anti-war crowd put out its own paper. The first summer issues were called the *Arizona Times* and assembled in the staff's La Crescenta apartments across from ASU. The *Arizona Times* was renamed the *New Times* as the first college issue went to press in September 1970.

# BIG ECONOMIC HISTORY

Cox Enterprises, Inc. is a [privately held](https://en.wikipedia.org/wiki/Private_company) American [conglomerate](https://en.wikipedia.org/wiki/Conglomerate_%28company%29) based near [Atlanta](https://en.wikipedia.org/wiki/Atlanta) in [Sandy Springs](https://en.wikipedia.org/wiki/Sandy_Springs%2C_GA). Cox is also a communications and automotive services company. The company owns newspapers, television stations, radio stations (all three being owned by [Cox Media Group](https://en.wikipedia.org/wiki/Cox_Media_Group)), [Cox Communications](https://en.wikipedia.org/wiki/Cox_Communications), [Manheim Auctions](https://en.wikipedia.org/wiki/Manheim_Auctions), [AutoTrader.com](https://en.wikipedia.org/wiki/AutoTrader.com), [Kelley Blue Book](https://en.wikipedia.org/wiki/Kelley_Blue_Book). They previously owned [Savings.com](https://en.wikipedia.org/wiki/Savings.com) and [Valpak](https://en.wikipedia.org/wiki/Valpak) before being sold to Platinum Equity[[3]](https://en.wikipedia.org/wiki/Cox_Enterprises#cite_note-3). Cox Enterprises is currently headed by the daughter of founder [James M. Cox](https://en.wikipedia.org/wiki/James_M._Cox), [Anne Cox Chambers](https://en.wikipedia.org/wiki/Anne_Cox_Chambers), and the two children of her late sister Barbara Cox. Its chairman is Barbara Cox's son, [James C. Kennedy](https://en.wikipedia.org/wiki/James_C._Kennedy). Fourth generation members of the Cox family are on the company's board of directors.[[4]](https://en.wikipedia.org/wiki/Cox_Enterprises#cite_note-4)

The company was founded in [Dayton, Ohio](https://en.wikipedia.org/wiki/Dayton%2C_Ohio) by [James M. Cox](https://en.wikipedia.org/wiki/James_M._Cox), who purchased the [*Dayton Daily News*](https://en.wikipedia.org/wiki/Dayton_Daily_News) in 1898[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)]. Cox later became the Democratic Party candidate for president of the United States in the [presidential election of 1920](https://en.wikipedia.org/wiki/United_States_presidential_election%2C_1920), running unsuccessfully on a [ticket](https://en.wikipedia.org/wiki/Ticket_%28election%29) that included [Franklin D. Roosevelt](https://en.wikipedia.org/wiki/Franklin_D._Roosevelt) as the vice presidential candidate.[[*citation needed*](https://en.wikipedia.org/wiki/Wikipedia%3ACitation_needed)] The company is also well-known for its ownership of [Bing Crosby Productions](https://en.wikipedia.org/wiki/Bing_Crosby) and [Rysher Entertainment](https://en.wikipedia.org/wiki/Rysher_Entertainment) the two companies merged in 1993. Cox shut down the company and sold its distribution assets to Viacom and now they are a part of the archives of [CBS Television Distribution](https://en.wikipedia.org/wiki/CBS_Television_Distribution) as well as the back catalog of [Paramount Pictures](https://en.wikipedia.org/wiki/Paramount_Pictures).

[James M. Cox Jr.](https://en.wikipedia.org/wiki/James_M._Cox_Jr.) became the company's chairman after his father died in 1957. The family and company were highlighted in a 2015 Forbes article called "[This Billionaire Knows the Secret to Saving a Family Business](https://www.forbes.com/sites/abrambrown/2015/09/30/this-billionaire-knows-the-secret-to-saving-a-family-business/)".[[5]](https://en.wikipedia.org/wiki/Cox_Enterprises#cite_note-5)

Cox Jr. died in 1974 and his sisters inherited ownership. Barbara Cox's second husband Garner Anthony and son by her first husband James Cox Kennedy have served as chairman, and in 2018 Anne Cox's grandson [Alexander C. Taylor](https://en.wikipedia.org/wiki/Alexander_C._Taylor) became chief executive officer.

### Arizona Cotton Growers Association - http://www.azarchivesonline.org/xtf/view?docId=ead/asl/ASLAPR\_MG45ArizonaCottonGrowersAssociation.xml&doc.view=print;chunk.id=0

The Arizona Cotton Growers Association (ACGA) was originally founded as the Salt River Valley Egyptian Cotton Growers Association around 1913. On November 30, 1917, the Salt River Valley Egyptian Cotton Growers Association officially changed their name to the Arizona Cotton Growers Association. However, the organization shut down in 1933 because of funding issues. The ACGA was re-established in 1943 with the objective of uniting cotton growers around key issues (labor shortages and water rights) in the State of Arizona. During World War II, the ACGA worked with the Bracero Program to bring Mexican Nationals to temporarily work on the plantations. ACGA built a camp near Nogales, Arizona to process the Mexican Nationals recruited to harvest cotton.

The 1940s brought success to the ACGA. Key accomplishments included the elimination of governmental purchasing discrimination and defeating the Farm Security Administration’s attempt to pay cotton workers on an hourly basis rather than by weight. By the late 1940s, about two-thirds of Arizona cotton acreage had signed with the ACGA.

Technological advancement in the 1960s meant that more and more cotton was picked mechanically and led to the end of the Bracero Program. With the end of the program, research on harvesting, pesticides, and fertilizers became a priority for the ACGA. In 1961, Clyde Wilson, an Arizona farmer and lawyer, became president of the National Cotton Council (NCC). This marked the first time that Arizona had been represented on the national level in the cotton industry. One of Wilson’s major accomplishments as president of the NCC was the boost he provided cotton farmers across the country when the NCC implemented an advertising campaign that emphasized the superiority of natural cotton over man-made fibers.

In the latter part of the decade, water rights became an issue when the Colorado River Basin Project Act of 1968 was passed by the United States Congress and signed by President Johnson. The passage of this act effectively created the Central Arizona Project, which diverted water from Lake Havasu City to provide water to Pima, Maricopa and Pinal counties. The ACGA lobbied federal officials, such as Senator Barry Goldwater and Congressman Morris Udall, on water rights and the Central Arizona Project. This legislation was under conflict for over 20 years, concerning Arizona’s rights to a portion of the water from the Colorado River, as stated in the Colorado River Compact of 1944. Other water rights issues have come up concerning the Native American Tribes in Arizona laying claim to a certain amount of water within the Central Arizona Project.

During the early 1970s, cotton prices skyrocketed. However, cotton farmers faced considerable challenges when the use of pesticides came under fire and rules and regulations from the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA) made producing cotton more difficult.

The 1980s were no different for Arizona cotton farmers. Difficulties during this decade included a destructive flood across Central Arizona in 1983, an economic crisis in 1985, intense competition from China as they increased cotton production that devastated the Arizona export business, and the escalation of the boll-weevil infestation in Arizona. These challenges led the ACGA to become more involved in the political process. Their efforts led to the adoption of the Boll-Weevil Eradication Program.

The next two decades continued to be a struggle for the Arizona cotton industry. When one pest problem was solved another would emerge. In addition, environmental concerns and water rights continue to plague the ACGA.

**Insight Enterprises -**<https://en.wikipedia.org/wiki/Insight_Enterprises>

# TAXES, REVENUE, AND JUDICIAL SHIT

**Tempe Municipal Building:**<https://en.wikipedia.org/wiki/Tempe_Municipal_Building>

**Mayors of Tempe**: <https://www.tempe.gov/government/community-services/tempe-history-museum/tempe-history/mayors-of-tempe>

# COUNTER-CULTURE

### Mill Avenue Merchants Association: [http://emuseum.tempe.gov/people/1660/mill-avenue-merchants-association;jsessionid=4025EF1FBDDA4347ADC3081BECA7CE36/objects](http://emuseum.tempe.gov/people/1660/mill-avenue-merchants-association%3Bjsessionid%3D4025EF1FBDDA4347ADC3081BECA7CE36/objects)

### Mill Ave Art Fest: <http://tempehistory.org/mill-ave-art-fest/>

### After the Mill Avenue Merchants Association’s demise in 2003, the responsibility for producing an event that in three days attracts more people than the city’s population was assumed by the Downtown Tempe Community.

[**https://www.hippy.com/hippie-havens/tempe-arizona/**](https://www.hippy.com/hippie-havens/tempe-arizona/)

<https://www.punkrocktheory.com/interviews/authority-zeros-guide-tempe-az> Tempe during the late 80s and early 90s. At that point, bands like the Meat Puppets, the Refreshments, and Dead Hot Workshop were getting started.

<https://www.phoenixnewtimes.com/restaurants/counter-culture-cafe-returns-with-a-tempe-twist-6517851>

<https://www.phoenixnewtimes.com/music/razing-the-bar-6414476>

The Sail-Inn

Nita’s Hideaway

East Side Records

Zia Records

Hippie Gypsy

The Bash on Ash

Coffee Plantation

Tempe Beach

Trails

Changing Hands

Gentle Strength Co-op

Long Wong’s

Three Roots

Rockaway Records

Yucca Tap Room

Hollywood Alley

Stinkweeds

Time Out Lounge

The Rogue Bar

Palo Verde Lounge

Tempe Tavern

Casey Moores

Cornish pasty

Marquee Theatre

# ANARCHIST SHIT

### PCWC: <http://firesneverextinguished.blogspot.com/2009/01/articles-and-analysis.html>

### Colin Ward, Chapter from Anarchy in Action: https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action

### It's Going Down Article Regarding Safe and Sober: <https://itsgoingdown.org/tempe-politicians-want-police-to-run-collections-for-campaign-reform-plan/?fbclid=IwAR0XS7TYRldw3x39S402pElLQgTU_cF_PynCTNLVH4p0Ue3B6VUjgalcPyM>

**Chapter VI. Who Is To Plan?**

Urban development is the capitalist definition of space. It is one particular realization of the technically possible, and it excludes all alternatives. Urban studies should be seen — like aesthetics, whose path to complete confusion they are about to follow — as a rather neglected type of penal reform: an epidemiology of the social disease called revolt.

The “theory” of urban development seeks to enlist the support of its victims, to persuade them that they have really chosen the bureaucratic form of conditioning expressed by modem architecture. To this end, all the emphasis is placed on utility, the better to hide the fact that this architecture’s real utility is to control men and reify the relations between them. People need a roof over their heads: superblocks provide it. People need informing and entertaining: telly does just that. But of course the kind of information, entertainment and place to live which such arguments help sell are not created for people at all, but rather without them and against them.

Kotanyi and Vaneigem, *Theses on Unitary Urbanism*

Contemporary town planning had its origins in the sanitary reform and public health movements of the nineteenth century, overlaid by architectural notions about civic design, economic notions about the location of industry, and above all by engineering notions about highway planning. Today, when there are close links between official planners and speculative developers, to the corruption of the former and the enrichment of the latter, we forget that there was also, in the early ideologists of town planning like Patrick Geddes and Ebenezer Howard, the hope of a great popular movement for town improvement and city development, and for a regionalist and decentralist approach to physical planning. There was even a link with anarchism through the persons of anarchist geographers like Kropotkin and Élisée Reclus and their friendship with Patrick Geddes (whose biographer writes: “an interesting book could be written about the scientific origins of the international anarchist movement, and if it were, the name of Geddes would not be absent”.)[[67]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn67)

But, in a society where urban land and its development are in the hands of speculative entrepreneurs and where the powers of urban initiative are in the hands of local and national government, it was inevitable that the processes of change and innovation should be controlled by bureaucracies and speculators or by an alliance between the two. With not the slightest provision for popular initiative and choice in the whole planning process it is scarcely surprising that the citizen mistrusts and fears the “planner” who for him is just one more municipal functionary working in secrecy in City Hall.

When the poor working-class districts of our cities were devastated by bombing in the Second World War it was said that Hitler had provided the opportunity for massive slum clearance and reconstruction which could never have been achieved in peace-time. Comprehensive redevelopment of the bombed areas was undertaken. But so wedded was the planning profession and its municipal employers to the huge, utilitarian rehousing project that they proceeded with their own *blitzkrieg*, with the demolition contractor taking the place of the bomber.

“Raze and rise” was their crude philosophy, a terrible simplification of the historical process of urban decay and renewal, as though the intention was to obliterate the fact that our cities had a past. And it was pursued with the thoroughness of total war, as you can see with surrealist clarity in a city like Liverpool where hundreds of acres have been devastate while neither the Corporation nor anyone else has the finance for rebuilding. They either sow grass on the flattened streets or deposit rubble to keep out the Gypsies. Another aspect of the war of planning against the poor has been the universal policy of building inner ring roads or urban motorways for the benefit of the out-of-town commuter and the motoring lobby. The highway engineer has staked his professional reputation on getting the traffic through — at whatever cost — and, needless to say, it is the poor districts of the city that provide the cheapest route.

In the United States similar policies of urban renewal have meant the destruction of the run-down, top-down sector of town to replace low-income housing by office blocks, parking lots or expensive apartments at high rents. In practice, “bringing back life to the city” meant “running the Blacks out of town”. What happened to the inhabitants unable to afford the new high rents? Obviously they were squeezed into the remaining run-down districts, thus increasing their housing problems. The result, apart from the long, hot summers of the late 1960s, was a revulsion against the idea of “planning”, and the growth of the idea of the planner, not as the servant of the powerful interests that govern the city but as the advocate of the inhabitants, to help them formulate their own plan, or at least their own demands on City Hall.

The same loss of faith in “planning” led to the provisions in current British legislation for “public participation in planning”.[[68]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn68) So foreign are these mildly democratic notions to the way things are actually managed in a formally democratic society that many of the early attempts at promoting “advocacy planning” have been seen as yet another subtle form of manipulation, of gaining a community’s acquiescence in its own destruction, while in Britain the planning profession’s interpretation of public participation has simply meant *informing* the public of what is in store once the basic decisions have already been taken. In urban rehousing the planners congratulate themselves on abandoning the inhuman and grossly uneconomic tower block housing policy only to institute urban rehabilitation policies which in practice have meant that landlords, aided by government grants, have rehabilitated their property, “winkled out” the original tenants and either let the improved properties at middle-class rents or sold them to middle-class purchasers. Their former tenants are added to the numbers of overcrowded or homeless city dwellers, compelled by their low incomes to be the superfluous people, the non-citizens of the city who man its essential services at incomes that do not allow them to live there above the squalor level.

Planning, the essential grid of an ordered society which, it is said, makes anarchy “an impossible dream”, turns out to be yet another way in which the rich and powerful oppress and harass the weak and poor. The disillusionment with planning as a plausible activity has led to quite serious suggestions that we would be better off without it, not merely, as would be predictable, from the free market entrepreneurs, resenting any limitation on their sacred right to make maximum profits, but from involved professionals. One such group in Britain flew a kite labelled “Non-Plan: An Experiment in Freedom”. Why not have the courage, they asked, to let people shape their own environment? And they declared that:

The whole concept of planning (the town and country kind at least) has gone cock-eyed. What we have today represents a whole cumulation of good intentions. And what those good intentions are worth, we have almost no way of knowing ... As Melvin Webber has pointed out: planning is the only branch of knowledge purporting to be a science which regards a plan as being *fulfilled* when it is merely *completed*; there’s seldom any sort of check on whether the plan actually does what it was meant to do, and whether, if it does something different, this is for the better or for the worse.[[69]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn69)

They illustrate this with examples of the way in which many of the aspects of the physical environment that we admire today were developed for absolutely different reasons, which the planner never foresaw. Most planning, they declare, is aristocratic or oligarchical in its methods. At a deeper level Richard Sennett has written a book, *The Uses of Disorder*, which led one critic to declare that “with this book the process of redefining nineteenth-century anarchism for the twentieth century is begun”. Several different threads of thought are woven together in Sennett’s study of “personal identity and city life”. The first is a notion that he derives from the psychologist Erik Erikson that in adolescence men seek a purified identity to escape from uncertainty and pain and that true adulthood is found in the acceptance of diversity and disorder. The second is that modern American society freezes men in the adolescent posture — a gross simplification of urban life in which, when rich enough, people escape from the complexity of the city, with its problems of cultural diversity and income disparity, to private family circles of security in the suburbs — the purified community. The third is that city planning as it has been conceived in the past — with techniques like zoning and the elimination of “non-conforming users” — has abetted this process, especially by projecting trends into the future as a basis for present energy and expenditure.

This means guessing the future physical and social requirements of a community or city and then basing present spending and energy so as to achieve a readiness for the projected future state. In planning schools, beginning students usually argue that people’s lives in time are wandering and unpredictable, that societies have a history in the sense that they do what was not expected of them, so that this device is misleading. Planning teachers usually reply that of course the projected need would be altered by practical objections in the course of being worked out; the projective-need analysis is a pattern of ideal conditions rather than a fixed prescription.

But the facts of planning in the last few years have shown that this disclaimer on the part of planners is something that they do not really mean. Professional planners of highways, of redevelopment housing, of inner-city renewal projects have treated challenges from displaced communities or community groups as a threat to the value of their plans rather than as a natural part of the effort at social reconstruction. Over and over again one can hear in planning circles a fear expressed when the human beings affected by planning changes become even slightly interested in the remedies proposed for their lives. “Interference”, “blocking”, and “‘interruption of work” — these are the terms by which social challenges or divergences from the planners’ projections are interpreted. What has really happened is that the planners have wanted to take the plan, the projection in advance, as more “true?” than the historical turns, the unforeseen movements in the real time of human lives.[[70]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn70)

His prescription for overcoming the crisis of American cities is a reversal of these trends, a move for “outgrowing a purified identity”. He wants cities where people are forced to confront each other: “There would be no policing, nor any other form of central control, of schooling, zoning, renewal, or city activities that could be performed through common community action, or even more importantly, through direct, non-violent conflict in the city itself’ Non-violent? Yes, because Sennett claims that the present, modern, affluent city is one in which aggression and conflict are denied outlets other than violence, precisely because of the lack of personal confrontation. (Cries for law and order are loudest when communities — in the American suburb — are most isolated from other people in the city.) The clearest example, he suggests, of the way this violence occurs “is found in the pressures on the police in modern cities. Police are expected to be bureaucrats of hostility resolution” but “a society that visualises the lawful response to disorder as an impersonal, passive coercion only invites terrifying outbreaks of police rioting”. Whereas the anarchist city that he envisages, “pushing men to say what they think about each other in order to forge some mutual pattern of compatibility”, is not a compromise between order and violence but a wholly different way of living in which people wouldn’t have to choose between the two:

Really “decentralised” power, so that the individual has to deal with those around him, in a milieu of diversity, involves a change in the essence of communal control, that is, in the refusal to regulate conflict. For example, police control of much civil disorder ought to be sharply curbed; the responsibility for making peace in neighbourhood affairs ought to fall on the people involved. Because men are now so innocent and unskilled in the expression of conflict, they can only view these disorders as spiralling into violence. Until they learn through experience that the handling of conflict is something that cannot be passed on to policemen, this polarisation and escalation of conflict into violence will be the only end they can frame for themselves. This is as true of those who expect police reprisals against themselves, like the small group of militant students, as those who call in the police “on their side”[[71]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn71)

The professional’s task is changed too. “Instead of planning for some abstract urban whole, planners are going to have to work for the concrete parts of the city, the different classes, ethnic groups and races it contains. And the work they do for these people cannot be laying out their future; the people will have no chance to mature unless they do that for themselves, unless they are actively involved in shaping their social lives.”

The emphasis shifts from the distant city planning authority to the local community association and the growth and growing sophistication of such associations is a hopeful pointer in the direction of Sennett’s urban anarchy. We already have examples, both in Britain and in the United States, of community groups (with no “official” status) developing their own rehousing plans, just as feasible as those of the local authority, but more in tune with the desires of tenants, and capable, even under present-day conditions, of financial viability through housing society finance. The next step is the Neighborhood Council idea, and the step after that is for neighbourhoods to achieve real control of neighbourhood facilities. After that comes the federation of neighbourhoods.

The paradox here is that you can see the usual indifference and low electoral turn-out for the local authority elections and, at the same time, widespread support for and interest in an *ad hoc* community action group which devotes much of its time to fighting the local authority. From an anarchist point of view this is not surprising. The council, polarised on political party lines, remote from the neighbourhood, dominated by its professional officials who, as Chris Holmes said, operate the machinery in such a way as to make local initiative fruitless, is the descendent of nineteenth-century squirearchical paternalism. The Community Association, springing up from real concern over real issues, operates on the scale of face-to-face groups, and for this very reason is invested with a kind of popular legitimacy.

Ioan Bowen Rees, in the course of his valuable book *Government by Community*, compares the timid recommendations of the Skeffington Report on public participation in planning with current practice in Switzerland: “It was with the public that the Swiss began, with the Parish Meeting, as it were, passing its own planning statute and approving its own development plan.” The person who is intoxicated by large-scale thinking asks how planning could operate under these conditions. Well, Mr Bowen Rees emphasises, “No community in Switzerland is insignificant. This means that a small commune can — and sometimes does — hold up a motorway. And also that a small commune can — and sometimes does — save itself from economic stagnation by its own efforts. And why not? The result is neither poverty nor chaos.”[[72]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn72)

The idea of social planning and social administration through a decentralised network of autonomous communities is not a new idea, it is a return to a very old one. Walter Ullman remarks that the towns of the Middle Ages “represent a rather clear demonstration of entities governing themselves” and that: “In order to transact business, the community assembled in its entirety ... the assembly was not ‘representative’ of the whole, but was the whole.” He describes the antipathy between federations of autonomous communes and the central authorities:

That the communes, the *communitates*, became the target of attack by the “establishment” is not difficult to understand. In some instances the word “commune” was even employed as a term of abuse ... From the point of view of autonomy it is understandable why and how the towns entered into alliances, also called *conjurationes*, or leagues with other towns. The populist complexion of the towns perhaps tended to harbor a certain revolutionary spirit, directed against the wielders of the *Obrigkeit*, against Authority.[[73]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn73)

The early history of the United States was a period when in local administration the Town Meeting was supreme. As Tom Paine wrote: “For upwards of two years from the commencement of the American War, and for a longer period in several of the American states, there were no established forms of government. The old governments had been abolished and the country was too much occupied in defence to employ its attention in establishing new governments; yet during this interval order and harmony were preserved as inviolate as in any country of Europe.”[[74]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn74) And Staughton Lynd comments: “In the American tradition, too, rebellion against inherited authorities was not mere ‘anti-institutionalism’. Implicit, sometimes explicit, in the American revolutionary tradition was a dream of the good society as a voluntary federation of local communal institutions, perpetually recreated from below by what Paul Goodman calls ‘a continuous series of existential constitutional acts’.”[[75]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn75)

The rediscovery of community power, arising from the enormities of centralised bureaucratic planning, could b e the beginning of a recreation of this tradition. And it is precisely because we are in the very early stages of rediscovering it in a society dominated by bureaucratic administration that we have to learn through experience the pitfalls and disappointments of community organisation without community power, community consultation as a diversion from real community action. In Barnsbury, in North London, middle-class amenity pressure groups succeeded in getting traffic shifted into adjoining working-class districts where community pressure was less vocally organised. Here, of course, there is an answer, given years ago in another context by the traffic pundit, Professor Buchanan: “Sandbag a few streets, and see what happens.”[[76]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn76)

An American planner, Sherry Arnstein, devised a “ladder of participation” as a means of evaluating the genuineness or spuriousness of schemes for community participation in planning.[[77]](https://theanarchistlibrary.org/library/colin-ward-anarchy-in-action#fn77) The rungs of her ladder are:

                                                         CITIZEN CONTROL

                                                  DELEGATED POWER

                                          PARTNERSHIP

                                     PLACATION

                           CONSULTATION

                    INFORMING

             THERAPY

  MANIPULATION

Arnstein’s ladder is a very useful device for cutting our ideas about participation down to size. The Skeffington Report, especially as translated into practice, is only up to rungs three or four of the ladder. Its emphasis is on *educating* the public to an understanding of the planning authorities. It says, “we see the process of giving information and opportunities for participation as one which leads to a greater understanding and co-operation rather than to a crescendo of dispute”. But a crescendo of dispute is precisely what we need if we are ever to climb the rungs of Arnstein’s ladder to full citizen control.

My Writing
**Introduction:** What is the point of all of this?

The first order of business is to understand concretely how we exist here: humans in an ecological region, as conscious agents, as residents, as civilians or military personalle, as citizens or non-citizens, propertied and propertyless, as producers and consumers, and finally as anarchists. In only the most abstract sense can this understanding be developed without reference to history. However, the nature of this history extends far beyond our residential area; not only because our workplace is often far away from our residence, but because the structures that we are subject to develop and mutate from far away in time and place. Beginning with the conflicts between the British, Spanish, and French Empires, native tribes and the development of Mexico, into the establishment of Arizona, its counties, and the City of Tempe proper… our understanding of ourselves *for-others* as subjects of these forces is fundamental to understanding of ourselves *for-ourselves* as anarchists.

The second order of business is to understand our anarchist *praxis* within and beyond these fields of legal designation and economic circumstances. The lines that present themselves in the first analysis suggest the terrain of conflict within which we struggle to live as we choose, the consequences of our choices, and those people and their interests that we struggle against. This is all pre-requisite to questions about *how* to organize, if at all. It is simply to develop an adequate map of the players and forces that we everyday face as obstacles to the success of our own projects.

**Old Introduction: Visions**

Since times none of us could be old enough to remember, the city government of Tempe and those rich enough to be included have set the boundaries for which they want us to live, work, and play. Since 1967, the City has created General Plans to direct the development of Tempe. But even in its earliest moments a century earlier, as the space of Camp McDowell, Hayden's Ferry, and San Pablo, men of military might and wealth have been fighting, exploiting, and displacing those who don't fit into their grand visions. As early as 1866, John Y T Smith busied himself with the exploitation of Mexican workers, harvesting hay along the bank of the Salt River. By early 1867 he had built a hay camp and laid out a road between the camp and Fort McDowell. Charles T. Hayden built the first structure on his homestead in October, 1871; Tempe's "official" founding date. However, the first group of homesteaders settled on the south side of the Salt River. For several years this settlement was little more than a cluster of tents and shacks. It was inhabited by a very diverse group, made up mostly of Hispanic men who were born in Arizona or California when the region was still a part of Mexico; they were joined by former Confederate soldiers, European immigrants, and farmers from Missouri. And beneath all of this early development was the fact that this was being done on Akimel O’odham and Piipaash land.

From the 1967 General Plan all the way to the General Plan 2040 and Urban Core, the City and its investors have focused on growth, cleanliness, and big returns for those who could benefit from their visions. ASU has morphed from a tiny teacher's school into their own institution of urban planning. Its administrators making themselves rich, as well as powerful collaborators in strategies of surveillance and social control. But there has been a variety of resistances to these plans, whether it be from those who have fought against their exploitation as farm-workers forming the Maricopa County Organizing Project (MCOP), those who are concerned with historical preservation, hippies who dared to live differently in the Laird and Dines Building, rockers and punks operating record stores and music venues both officially and unofficially out of rented properties, or anarchists in the neighborhoods and the streets creating new ways to challenge authority.

**Objects of emphasis:**

The interaction between the government, banks, planners, developers: FHA mortgages, Housing Acts, GI Bills, ASU land grabs, etc.

The formation of MCSO and Tempe Police, their developments

The redlining targeting Mexicans and African Americans

The transition from agricultural economy to industry and commercial services

The post-WWII boom and expansion of city limits, it's eventual land-locking

City Planning after the 60's and the focus of those plans

The major news sources and the role of their founders in government

The educational institutions

Arts and Entertainment and Marketing shit: FARTS, DTC/DTA, etc.