To the Graduate Council:

I am submitting herewith a thesis written by William Eric Davis entitled "The Impact Of The Reagan Presidency On The U.S. Federal System." I have examined the final copy of this thesis for form and content and recommend that it be accepted in partial fulfillment of the requirements for the degree of Master of Arts, with a major in Political Science.

David M. Welborn

David M. Welborn, Major Professor

We have read this thesis and recommend its acceptance:

Patrick Freeland

Robert B. Cunningham

Accepted for the Council:

C W Minkel

Associate Vice Chancellor and Dean of The Graduate School

STATEMENT OF PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for a master's degree at The University of Tennessee, Knoxville, I agree that the library shall make it available to borrowers under the rules of the Library. Brief quotations from this thesis are allowable without special permission, provided that accurate acknowledgement of the source is made.

Permission for extensive quotation from or reproduction of this thesis may be granted by my major professor, or in his absence, by the Head of Interlibrary Services when, in the opinion of either, the proposed use of the material is for scholarly purposes. Any copying or use of the material in this thesis for financial gain shall not be allowed without my written permission.

Signature Wm. Eric Davis

Date April 21, 1992

THE IMPACT OF THE REAGAN PRESIDENCY ON THE U.S. FEDERAL SYSTEM

A Thesis
Presented for the
Master of Arts
Degree
The University of Tennessee, Knoxville

William Eric Davis

May 1992

ABSTRACT

This research describes the process of centralization in the U.S. federal system of government and Ronald Reagan's attempts to reverse this trend. Using Reagan's rhetoric gleaned from his campaign speeches, official speeches as president, along with his specific initiatives, an agenda is identified. This agenda is compared with the accomplishments of the Reagan administration toward the goal of decentralizing the federal system. Reagan is found to have been only partially successful in transforming the federal system, in part because of his approach to the problem and in part because of the politics of federalism.

It is concluded that the U.S. federal system has continued its march toward centralized government with only a partial, and perhaps only temporary, respite during the Reagan Era. In other words, Ronald Reagan was limited in what he could accomplish by way of federal reform before he even took the oath of office.

TABLE OF CONTENTS

CHAPTER ONE

Introduction

This thesis is concerned with where we are, as a nation, in terms of federalism and intergovernmental relations. Its major purpose is to analyze the impact of the Reagan presidency on the U.S. federal system. What does the federal system look like in the post-Reagan era? Does the system look any different than when Reagan took office in 1981? What does the Reagan experience portend for future attempts to transform the federal system? What lessons can we learn from Ronald Reagan's attempt at transformation?

Chapter two provides an overview of the history of federalism in the United States. It traces the gradual centralization of the U.S. federal system from dual federalism as the original character of the system (although some argue that dual federalism did not exist) through the centralization of the post-civil war period, to the cooperative arrangements that rose to prominence after the 1930's, and eventually to the "permissive" or "conjoint" federalism that characterized the 1960's and 1970's. There is some debate as to whether the traditional view of federalism (dual federalism) actually existed in the U.S. governmental system. Dual federalism is a system of dividing functions between the state and national governments that leaves each considerable autonomy within its own areas of jurisdiction.[1] Much of chapter two will be devoted to arguments about the original character and the evolution of the federal system.

A number of scholars have written of a shift from a traditional notion of federalism toward a theory of intergovernmental relations and have assigned this label to it. The shift is associated with the "cooperative" arrangements linking the various levels of government that emerged in recent decades. Some scholars have even written of a shift from intergovernmental relations (IGR) to a theory of intergovernmental management (IGM) where the major values are better policy and the most efficient administration in the case of either national or local control. Related to the shifts in the American federal system is the increasing but already substantial literature on "fiscal federalism."

Also of importance and to be included in the discussion of centralization is the matter of how federal (meaning national) regulation of lower levels of government has increased in the number and reach of requirements. This, some scholars argue, has made Washington the center of policymaking as a result of conditions or "strings" that are attached to federal grants-in-aid as conditions of

---

[1]David R. Beam, Timothy J. Conlan and David B. Walker, "Federalism: The Challenge of Conflicting Theories and Contemporary Practice," in *Political Science: The State of the Discipline,* ed. Ada W. Finifter. (Washington D.C.:The American Political Science Association, 1983), 248.

eligibility. The Tenth Amendment to the U.S. Constitution holds that powers not delegated to the national government are to be reserved to the states (or the people). Many argue that the national government has gotten around this restriction by applying conditions to which the states must comply in order to receive money from the national government. Others, however, maintain that the relationship between the national government and other levels of government is more aptly described as a "partnership." That is, the states and cities, together with the national government, make policy and are not in any sense "coerced" by the national government, nor are the states even "junior partners." Each level of government still has its role to play. This raises the question as to whether the national government actually exercises control over states through the vehicle of money. This is the question addressed by Frederick Wirt in his article "Does Control Follow the Dollar?".[2] Some attention will be devoted to this question.

Beyond the debate over the extent to which the federal system has undergone centralization is the normative debate over how power should be divided, if at all, and which functions are best performed by which level of government. How the issues are settled determines the character of the federal system. There have been many protracted debates in

[2]Frederick Wirt, "Does Control Follow the Dollar?: Value Analysis, School Policy, and State-Local Linkages," *Publius,* 10 (Spring 1980): 69-88.

the discipline of political science, among the founding fathers, and among the various levels of governments over this issue. The interesting theoretical questions, however, concern the consequences of the implementation of any one of the various models of federalism.

Chapter three concerns the Reagan program. More specifically, it treats Ronald Reagan's concept of federalism, the purposes behind his major initiatives, strategies and tactics for shifting responsibilities for administration and the funding of programs to the state and local levels are addressed. What did Reagan hope to accomplish in terms of budget savings and deficit reduction? What ideological considerations are evident in these initiatives? Accompanying the discussion of the purposes behind them is a detailed description of how the initiatives were to accomplish their intended goals. More specifically, which programs or kinds of programs did the Reagan administration wish to shift to the lower levels of government and what programs, if any, did President Reagan believe are best run by the national level of government?

Chapter four provides an assessment of the effects of Ronald Reagan on the federal system. What did he get compared to what he wanted and what he specifically asked for? The following questions are of particular interest: What has the shift of responsibilities in policymaking and administration from the national level to the state and local levels meant for the states and cities, particularly in fiscal terms? Are the states and cities in any position to take on added responsibilities for making policy, administering programs, and funding them? Was Reagan successful in ending or reducing the federal financial obligations to the lower levels? Were Reagan's successes temporary? Can the states and cities be trusted? Did the national government give states the means to accommodate the increased costs (for example, letting the states take over the collection of excise taxes)? How has the "new federalism" altered the tactics of interest groups (primarily states and cities) to get what they want? How have the states responded to the "new federalism?" That is, were they in favor of the shifts? How did Congress respond to the initiatives? These are the major questions addressed in chapter four.

Chapter five considers the politics of federalism. More specifically, it offers explanations for the successes and failures of Reagan's program in political terms. Some of the interesting questions concern Congress' ability to resist the de-nationalization of policymaking. How effective were affected interest groups (including state and local governments) in mobilizing in support of, or in opposition to, Reagan's initiatives? Did Reagan undermine his own attempts? What are the obstacles to presidential success in bringing about substantial changes in the governmental system? What are the broader implications of the Reagan experience? These are the major questions of interest in chapter five.

CHAPTER TWO

Overview of Federalism in the United States

If one were interested in determining the present state of American federalism, as well as its history, it quickly would become a confusing venture because of the nature of the existing literature on the subject. Some writers speak of the centralization, decentralization, or non-centralization of the federal system. Others ask the question: Is there or has there ever been dual federalism whereby there exists separate and autonomous centers of power? Does the concept of "partnership" more accurately describe the true nature of the relationship between the nation and the states? Still others argue that we should stop speaking of federalism and intergovernmental relations and begin speaking of intergovernmental management.

New terms have been introduced into our political vocabulary in an attempt to clarify understanding of the American system. They include "cooperative federalism", "creative federalism", "picket-fence federalism", "marblecake federalism", "conjoint federalism", and so forth. However, if one is interested in learning how today's federal system is arranged, it is necessary to understand and to be able to distinguish between the contending theories and concepts.

A number of theories about federalism, taken from representative works, and the arguments behind them are presented in this chapter along with their historical context. Many of the theories are considered to be time-bound. That is, they may have adequately described the federal system at the time they were developed but are not valid in describing later periods in the development of federalism in the United States.

ORIGINAL CHARACTER

There is dispute about the original character of the American federal system. Some scholars argue that the U.S. federal system was highly centralized from the adoption of the U.S. Constitution. That is, the national government was dominant over all other levels in nearly every policy area. Others argue that the federal system was initially decentralized and gradually became centralized over time. Among those who maintain that a decentralized system existed argue that it was characterized by "dual federalism," whereby the powers of the nation and those of the states are separate and inviolable. Others maintain that the American system was decentralized but characterized by partnership relationships between the nation and the various states. The issue of centralization vs. decentralization has been a major point of contention in studies of federalism. Where the locus of true decisionmaking authority lies determines the type of federalism to be practiced by the United States, i.e. dual, cooperative, conjoint, etc,.

The argument that the system was initially centralized is expounded most notably by William Riker. Riker draws a distinction between centralized and peripheralized federalism which is concerned with the allocation of power between the states and the nation. Riker makes the distinction thus:

> If a federalism is centralized, then the ruler(s) of the federation have and are understood to have greater influence over what happens in the society as a whole than do all the rulers of the subordinate governments. And, having this influence, they tend to acquire more. Thus, an identifying feature of centralized federalism is the tendency, as time passes, for the rulers of the federation to overawe the rulers of the constituent governments. Conversely, if a federalism is initially peripheralized, the rulers of the subordinate governments have, in sum, greater influence over the affairs of the whole society than do the ruler(s) of the federation. Having the initial advantage, the rulers of the subordinate governments tend to acquire more; and thus an identifying feature of peripheralized federalism is the tendency, eventually, for the rulers of the constituent governments to overawe the ruler(s) of the federation. Using these standards, observation of the historical development of particular federalisms enables the observer to assign them to either the centralized or the peripheralized category.[1]

Centralization at its most extreme is unitary government where the states are purely administrative units

---

[1]William Riker, *The Development of American Federalism,* (Boston: Kluwer Academic Publishers, 1987), 10-11.

whose function is to implement policy that is made at the higher level. At the other extreme stands a confederation or alliance system where states collectively make policy and are responsible for its implementation. Riker places the U.S. at the centralized end of the scale (just short of unitary government) after 1787 when the formal written constitution was established. He further maintains that the U.S. has held fast in that position somewhat consistently since then.[2]

It is commonly believed that federalism is a uniquely American invention. That is not an accurate belief according to Riker. If one recognizes the distinction between centralized and peripheralized federalism, it was centralized federalism that was invented with the U.S. Constitution. Peripheralized federalism had been in existence before in the Netherlands, for example, as well as in the alliances that existed between city-states in ancient times. The founding fathers were using that model of federalism as a blueprint for the kind of federalism that they did not want for the newly created nation.[3] They already had some experience with it under the Articles of

---

[2]Ibid., 17-41.

[3]Riker argues that the Dutch system could not have exerted much influence on the American delegates at the convention because of a lack of any real information or education about it. However, the Americans had their own experiences under the Articles to convince them to make some changes. See Riker, Ibid., 43-67.

Confederation and experienced the kinds of problems that are inherent in just such a system, particularly the difficulties in initiating concerted action among the constituent units.

Evidence for the centralized character of the U.S. system after 1787 is found in the use of the plan proposed by the Virginia delegation (the Virginia Plan) at the constitutional convention as the basis of debate and of the eventual constitution that was adopted.[4] This plan sought to remedy perceived defects in the Articles of Confederation alluded to by James Madison in "Vices of the Political System of the United States".[5] The twelve principle vices were:

> 1. The failure of the states to comply with Constitutional requisitions (that supposedly results from the number and independent authority of the states).
>
> 2. Encroachment by the states on the federal authority (examples cited by Riker include Georgia's wars and treaties with the Indians, unlicensed compacts between Virginia and Maryland and between Pennsylvania and New Jersey, etc).
>
> 3. Violations of the law of nations and of treaties (failure of states to enforce or abide by the peace treaty).
>
> 4. Trespasses of the states on the rights of each other.

---

[4]Ibid., 21.

[5]Ibid., 23. See also Robert Rutland, *Papers of James Madison,*vol.9 (Chicago: University of Chicago Press, 1975), 345-358. This author also acknowledges the extensive use of Riker's and Rutland's works in describing Madison's "Vices" to the reader.

5. Want of concert in matters where common interest requires it.

6. Want of guaranty (sic) to the states of their Constitution and laws against internal violence (a possible reference to Shay's rebellion).

7. Want of sanction to the laws, and of coercion in the government of the Confederacy. (That is, lack of any coercive powers by the national government to be brought to bear on the states).

8. Want of ratification by the people of the Articles of Confederacy. (Madison believed that this permitted states to ignore the Articles and was further evidence that the Articles were merely an alliance).

9. Multiplicity of the laws in the several states.

10. Mutability of the laws of the states. (Instability of the laws).

11. Injustice of the laws of the states.

12. The impotence of the laws of the states.

Riker placed these vices into the two categories of, first, the excessive authority of the states, which weakens the center (vices 1,2,3,7, and 8); and second, bad government by the states resulting from their excessive authority (vices 4,5,6,9,10,11, and 12). The cure Madison sought was to make the states subordinate to the nation.[6] It should be noted that Madison was the author of the Virginia Plan which, as previously mentioned, was the basis for the constitution that was eventually adopted.

The Virginia Plan proposed that Congress be empowered "to enjoy the Legislative Rights vested in Congress" by the

---

[6]Ibid., 25.

Articles, "to legislate in all cases to which the several States are incompetent, or in which the harmony of the United States may be interrupted by the exercise of individual legislation," and to "negative all laws passed by the several states contravening in the opinion of the National Legislature the articles of Union (sic)."[7] The national government, under the Virginia Plan, was also to be separate from the states electorally. In addition, perhaps for good measure, the national government was to supervise the states by, along with the use of a veto over state laws, guaranteeing a republican government in the states. All of this would certainly make the states subordinate to the nation.[8] Although the Virginia Plan was not adopted without modifications, it clearly showed the intentions of the framers to provide for a centralized government, according to Riker.

Another possible piece of evidence that the new system was intended from the beginning to be centralized is that the New Jersey Plan, proposed as an alternative to the Virginia Plan and very similar to the Articles of Confederation, was "decisively rejected".[9]

The Framers, however, did not create a unitary government. Under the Constitution that was eventually

---

[7]Ibid., 22.

[8]Ibid.

[9]Ibid.

adopted the state legislatures elected the members of the Senate, representatives had to be residents of their respective states, the national veto over state laws was eliminated, and an amendment (the tenth) secured the powers that were not expressly given to the national government or prohibited to the states by the Constitution to the states (or the people). All had the effect of protecting the states from national encroachment. Thus, according to Riker, the American Framers created the "centralized" federalism, as opposed to unitary government or alliance (peripheralized), that has since been copied worldwide among federal republics.[10]

Not all scholars who track federalism in the United States agree with Riker that the American system was centralized from the start. Many maintain that there has been a gradual centralization over the history of the republic, so much so that Vincent Ostrom warned:

> The contemporary debate over centralization and decentralization marks the end of a long era and the beginning of a new one in American political experience. Federalism-old style-is dead. Constitutional government is dying. The Imperial Presidency beckons. The debate over centralization and decentralization is the transition to the new era-the prelude to [Orwell's] 1984.[11]

---

[10]Ibid., 17-41.

[11]Vincent Ostrom, "The Contemporary Debate over Centralization and Decentralization," *Publius,*6 (Fall 1976): 21.

Ostrom sees the Constitution as a limiting document rather than a source of power, for the national government, contrary to Riker's argument. For Ostrom a properly constituted governmental arrangement is "one where *all* governments would be limited governments-limited by a system of enforceable or positive constitutional law (italics mine)."[12]

> Essential to the design of such an arrangement is positive constitutional rule...[that depends] upon the existence of alternative governments each with its own charter or constitution so that individuals can have access to different units of government in order to participate in diverse communities of interests and have access to alternative remedies.[13]

This type of system existed in the United States, argues Ostrom, until about the 1880's. This is the type of system that has been given the label dual federalism and the characteristics (axioms) of which are:

> 1. The national government is one of enumerated powers only.
>
> 2. The purposes which it may constitutionally promote are few.
>
> 3. Within their respective spheres the two centers of government (nation and states) are 'sovereign' thus, equal.
>
> 4. The relation of the two centers with each other is one of tension rather than collaboration.[14]

---

[12]Ibid., 22.

[13]Ibid., 22-23.

[14]Harry N.Scheiber, "American Federalism and the Diffusion of Power: Historical and Contemporary Perspectives," *University of Toledo Law Review,*9 (1978):

One way to show that there has been centralization in the American governmental system is to determine that dual federalism existed at some point and that during later periods in American history it was weakened or passed out of existence altogether.

The U.S. Constitution is one logical place to seek evidence for the proposition that dual federalism existed at one time and later disappeared. The Tenth Amendment to the U.S. Constitution, a part of the Bill of Rights that was added as a condition of ratification by the states, reads "the powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people."

Article I, section 8 of the Constitution states, "the Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States."

It goes on to spell out other powers that the Congress may exercise.[15] Madison (whose work was also used by Riker for his argument) states in the *Federalist Papers* (number 39) that "the proposed government cannot be deemed a *national* one; since its jurisdiction extends to certain

628. See also Edward S. Corwin, "The Passing of Dual Federalism," *Virginia Law Review,*36 (1950): 4.

[15]Although the "general welfare" clause along with the "necessary and proper" clause tends to weaken the enumerated powers argument. See Edward S. Corwin, "The Passing of Dual Federalism," 5.

enumerated objects only, and leaves to the several states a residuary and inviolable sovereignty over all other objects (italics in original)."[16]

One can also point to a number of judicial opinions to see the influence of the enumeration of powers doctrine. In 1819, the Supreme Court in *McCulloch v. Maryland* stated that:

> This government is acknowledged by all to be one of enumerated powers. The principle, that it can exercise only the powers granted to it, would seem too apparent to have required to be enforced by all those arguments which its enlightened friends, while it was depending before the people, found it necessary to urge. That principle is now universally admitted.[17]

In 1833 the Supreme Court ruled that the Bill of Rights amendments did not apply to state action, thus protecting state sovereignty (although this was effectively reversed later by the fourteenth amendment which is a powerful argument in favor of the notion of increased centralization).[18] The Court in *Charles River Bridge v. Warren Bridge,* in 1837, again defended the "rights reserved to the states" and the "portion of that power over their own internal police and improvement, which is so necessary to

---

[16]Alexander Hamilton, John Jay and James Madison, *The Federalist,* (New York: The Knickerbocker Press, 1888), 239.

[17]McCulloch v. Maryland, 4 Wheat. 316, 4 L. Ed. 579 (U.S. 1819). See also Corwin, "The Passing of Dual Federalism," 6.

[18]Barron v. Baltimore, 32 U.S. 243 (1833). See also Scheiber, "American Federalism and the Diffusion of Power," 629.

their well being and prosperity".[19] In *Prigg v. Pennsylvania,* an 1842 case, the Court ruled that the state courts could not be obliged but merely authorized to enforce a national law.[20] In *Abelman v. Booth,* decided in 1859, the Court ruled that:

> The powers of the general government, and of the state, although both exist and are exercised within the same territorial limits, are yet separate and independent of each other, within their respective spheres.[21]

As to the original intentions of the framers, William Anderson states that the framers intended that:

> the central government would be able to act autonomously, upon its own initiative, in the national interest, without regard to what the state governments might be doing in their respective territories.[22]

And further that:

> [T]he primary intention was to create a new, effective, autonomous national government for all the people and for the whole territory of the United States, and to set it down over the states to serve the people directly. In effect a dual system of government came into existence, the national government established for the whole country and the state governments left to carry on

---

[19]Charles River Bridge v. Warren Bridge, 36 U.S. 420 (1837). See also Scheiber, "American Federalism and the Diffusion of Power," 630.

[20]Prigg v. Pennsylvania, 41 U.S. 539 (1842). See also Scheiber, "American Federalism and the Diffusion of Power," 630.

[21]Abelman v. Booth, 21 Howard 506 (1859).

[22]William Anderson, *The NATION and the STATES, Rivals or Partners?,* (Minneapolis: The University of Minnesota Press, 1955), 76.

their local functions within their respective territories.[23]

Thus a powerful argument can and has been made that "dual federalism" did exist at one time in American history.

THE RISE OF COOPERATIVE ARRANGEMENTS

Those arguing that cooperation is the fundamental relationship between the levels of government insist that there never was a neat division of functions among the various governments and that virtually all governments are involved in all functions. That is, there is hardly an activity that does not involve the national, state, and the local level of government, particularly after the 1930s onward.[24] Morton Grodzins preferred the term "sharing" and attributed one or more of the following conditions to "shared" functions:[25]

> 1. In the formulation of any given program, significant decision-making power is exercised both by those in the federal government and those in state and local governments.
>
> 2. Where officials of all governments exercise significant responsibilities in the administration of a given activity.

---

[23]Ibid., 77.

[24]Morton Grodzins, *The American System: A New View of Government in the United States,* ed. Daniel J. Elazar, (Chicago: Rand McNally & Company, 1966), 8.

[25]Ibid., 10-11.

> 3. Where representatives of all governments exert significant influence over the operations of a given program.

Grodzins denied that there was ever in existence in the United States a system of separated governmental activities. That is, there "has never been a time when it was possible to put neat labels on discrete 'federal,' 'state,' and 'local' functions".[26]

As evidence for this proposition, Elazar points out attempts at internal improvements in the early American republic.[27] In 1808 the Federalists tried to have Congress authorize a system of postal roads in order to provide for internal communications for the nation. Albert Gallatin (Jefferson's Secretary of the Treasury) drew up a comprehensive plan that provided for the allocation of specific programs to different levels of government rather than intergovernmental sharing within each program. This plan was not adopted by Congress.[28] Eleven years later, in 1819, John C. Calhoun (then Secretary of War) prepared a second national plan for internal improvement that was adopted by Congress. But unlike the first plan, this one

> added a dimension to national action that been omitted in earlier planning. Instead of dividing

---

[26]Ibid., 17.

[27]Daniel J. Elazar, *The American Partnership: Intergovernmental Co-operation in the Nineteenth-Century United States,*(Chicago: The University of Chicago Press, 1962), 25-35.

[28]Ibid., 27.

> the field of internal improvements into separate programs, each to be assigned exclusively to a specific level of government, [Calhoun] developed the idea of two or more levels [of government] sharing in the implementation of each project.[29]

Elazar goes on to show similar arrangements existed during the same period regarding the banking system, public education, social services, and railroad construction.

Along with the formal cooperative arrangements that can be found in legislation, there are also informal means of cooperation. Informal means of cooperation developed primarily in the early twentieth century. One of the ways this is expressed is by conferences at the initiative of either the national or state level in order to discuss problems of common concern. In this manner ideas and information can be exchanged, experiences shared, and programs planned.[30]

A second means of informal cooperation that occurs between the various levels of government is the exchange of advisory and educational facilities.[31] The federal government quite often holds training seminars for state and local officials. For example, the FBI might train state and local law enforcement officers in the proper or updated techniques in crime detection. The Bureau of Investigation

---

[29]Ibid., 28.

[30]Jane Perry Clark, *The Rise of a New Federalism,* (New York: Columbia University Press, 1938), 16.

[31]Ibid., 22.

of the United States Department of Justice began similar activities in the middle 1930s.[32]

A third method of informal cooperation comes through the temporary loan of equipment or personnel, often without the expectation of reimbursement. Loans of personnel usually have the loaned employee, who may have some desired expertise, remaining attached to the government that he ordinarily serves and continues on its payroll. Sometimes, however, he or she secures a leave without pay from his or her own job and is then paid by the borrowing government.[33]

Another important method of informal cooperation is the performance of services by one government in place of another, explained thus:

> [W]hen economic or political considerations dictate, it may prove wise strategy for one government to turn over to the other those things which it is not politic or wise for it to handle itself. In other words, one government often "passes the buck" to the other to do for it what its own situation prevents it from accomplishing.[34]

Search and Seizure is an example whereby, at least at one time, state or local officers would provide evidence for a federal case, because in a number of states a search warrant could be issued on the information or assurance of the officer conducting the search without the restrictions

---

[32]Ibid., 23.

[33]Ibid., 38-39.

[34]Ibid., 41-42.

that were placed upon federal officers that required them to give detailed information about the nature of the place or the person to be searched. Federal officers were (at least at one time) permitted to use such evidence.[35]

The major method of formal cooperation, and the most interesting theoretically, comes in the form of grants-in-aid. The first grants made to the states were land grants to improve education. Then came the cash grants that developed from one-time gifts into annual payments. Brooke Graves asserts:

> [It] has been said that one of the basic principles of federalism is that the superior resources of the central government shall be used to initiate and support national programs, largely administered by the political subdivisions. If this be true, it is clear that American federalism early passed the test.[36]

He also says that "federal control has increased, and financial participation by States and municipalities has been encouraged through the development of matching formulae."[37]

The grants-in-aid that that gained prominence in the 1930s are of three basic types. *Flat* grants give to recipient governments an equal sum regardless of local conditions. They do not usually require formal matching of

---

[35]Ibid.

[36]W. Brooke Graves, *American Intergovernmental Relations,* (New York: Charles Scribner's Sons, 1964), 481.

[37]Ibid., 478.

funds by the recipient but may require them to shoulder administrative costs. *Proportionate* grants are made to governments in proportion to their own contributions to the project in question. These are often alloted on the basis of formulas that take the needs and capabilities of the recipient into account. *Percentage* grants are allocated in much the same way as proportionate grants; however, the grantor's contribution is fixed as a set percentage of the cost to the grantee for maintaining a particular program.[38]

All scholars agree that since the Civil War, the American federal system has become increasingly centralized. One need only look at the amendments ratified just subsequent to that war to see the implications for the nation-state relationship. The thirteenth amendment, ratified in December of 1865, abolished slavery and made abolition uniform national policy. The fourteenth amendment, ratified in July of 1868, extended all Constitutional provisions to the states to ensure equal protection of the laws. The fifteenth amendment, ratified in February of 1870, denied the states the ability to legally deny the rights of U.S., and thus State, citizens on the basis of race, color, or previous condition of servitude. An interesting point is the inclusion in each of

[38]Daniel J. Elazar, *American Federalism: A View from the States,* (New York: Thomas Y. Crowell Company, 1972), 67-68.

these amendments a clause giving Congress the power to enforce them by "appropriate legislation".

However, Scheiber refers to the Civil War era as merely a period of transition in American federalism.[39] There is generally wide agreement on the New Deal era as a marking point of "intensive" centralization. The federal courts (particularly the Supreme Court), after initially hanging on to the old doctrine of states rights by striking down some of the New Deal initiatives, eventually reversed course and allowed the President, and the national government generally, to move into numerous policy areas formerly left to state and local governments.[40] The Court further sanctioned alteration in the federal relationship by ruling that federal cash grants were not coercive of the states.[41] The Court in 1937, ruled as constitutional the power of Congress to regulate labor-management relations.[42] Numerous other decisions, similar in nature and effect, were also handed down. This era also marked the emergence of

---

[39]Ibid., 636.

[40]Ibid., 644.

[41]Helvering v. Davis,301 U.S. 619 (1937). The same ruling that made the Social Security Act constitutional under the general welfare clause. See also Scheiber, "American Federalism and the Diffusion of Power," 653.

[42]NLRB v. Jones and Laughlin Steel Corp., 301 U.S. 1 (1937).

"giantism" in government characterized by increased governmental taxing, spending and employment.[43]

Cooperative arrangements, according to most scholars, rose to prominence during the 1930's. The national government during this period did not take the opportunity to dictate to the lower levels of government but, rather, relied on cooperative arrangements to "lure" states and municipalities to do the national government's bidding. Thus the national level got involved in responsibilities that, under dual federalism, were previously off-limits.

Lowi, in arguing that the founders must have selected the term "state" as the name for our lower units of government in order to indicate where most sovereignty was expected to reside, points out that the states were (previously) held responsible for the entire use of the "police power", referring to the authority and obligation of governments to provide for the health, safety, and morals of the community. Such powers provided the states with jurisdiction over all of the property laws, estate and family laws, the commerce laws, family laws, public health laws, occupation and profession laws, construction codes, water and mineral resources laws, electoral laws, banking and credit laws, insurance laws, and most of the criminal laws. This encompasses, to use Lowi's phrase, "virtually

---

[43]Scheiber, "American Federalism and the Diffusion of Power," 644.

all of the legal and governmental framework for civil society".[44] Lowi goes on to state:

> Although it is true that federal domestic expenditures increased from .8 percent of GNP in 1929 to 4.9 percent in 1939, the factor of far greater significance is the change during the New Deal in the *functions* of the federal government. Subsidy policies continued to be enacted by Congress; in fact, growth in subsidy programs accounts for a large portion of the general budgetary growth. However, the federal government was adopting two new kinds of functions, new at least for the federal government. These two new functions are *regulation* and *redistribution*. With the adoption of a very large number of important regulatory policies the federal government discovered the "police power" (italics in original).[45]

Lowi considers the New Deal merely a period of transition in which most of the new regulation was justified on the basis of the "emergency conditions" of the period that might have been repealed after the emergency had passed. These regulations, on the contrary, had become a permanent feature by the 1960's.[46]

NATIONAL STANDARDS AND CONJOINT FEDERALISM

After the "cooperative" era still further centralization occurred. There was a movement from cooperative federalism

---

[44]Theodore J. Lowi, "Europeanization of America? From United States to United State," in eds. Theodore J. Lowi and Alan Stone, *Nationalizing Government: Public Policies in America,* (Beverly Hills: Sage Publications, 1978), 15-16.

[45]Ibid., 17.

[46]Ibid., 17-18.

to one in which the national level of government took precedence in areas where there were conflicts between the national and lower levels. This new era re-ignited the debate over whether centralized government was the best form of governmental arrangement. Some saw the nationalization of power and policy in the United States as dysfunctional and somewhat oppressive. Donald Kettl is concerned with the massive increase in national regulation of state and local governments and the taking over of policy generally. Along with Dubnick and Gitelson, Kettl also argues that even further centralization, beyond the New Deal initiatives, occurred in the 1960's and 1970's.[47] Dubnick and Gitelson maintain that a complete federal preemption has occurred (and now more often applied as a regulatory tool) in many policy areas while defining preemption as the national government's assertion and assumption of exclusive jurisdiction over policy formation and implementation functions in an issue area.[48]

Much of this increasing regulation, however, came in the form of grants-in-aid. As Kettl states:

> Public sector regulations come as a *quid pro quo* for federal support. The federal government

---

[47]Donald Kettl, *The Regulation of American Federalism,*3. Also Mel Dubnick and Alan Gitelson, "Nationalizing State Policies," *The Nationalization of State Government,* ed. Jerome J. Hanus (Lexington, Mass.: Lexington Books, 1981), 39.

[48]Mel Dubnick and Alan Gitelson, "Nationalizing State Policies," 43.

> cannot constitutionally order state and local governments to examine the environmental impact of projects they propose or to keep their financial records in specified ways. The federal government can, however, set those standards as conditions for federal grants.[49]

Interestingly enough, other scholars call this relationship one of partnership or cooperation.

If Graves is correct in asserting that through grants the national government has enticed states to support national programs by serving as administrative arms of the national government, then it would seem to suggest that policymaking in America has been raised to the national level. Arguments that it was with the voluntary consent of the states appear to be irrelevent. The final analysis has the national government in control of policy. The concern here is with the locus of decision-making power.

The interesting theoretical question becomes, "does control follow the dollar?"[50] As one of the scholars who argues that a centralized system is far from oppressive, Helen Ingram challenges the notion that states can be "lured by money to pursue whatever objectives the federal government has set." She maintains that

---

[49]Donald Kettl, *The Regulation of American Federalism*, 3-4.

[50]For an interesting discussion on whether this is true for the state-local level, see Frederick Wirt's "Does Control Follow the Dollar?:School Policy, State-Local Linkages, and Political Culture," *Publius*,10, (Spring 1980): 69-88. He finds that control does not necessarily follow the dollar.

rather than buying compliance by offering a grant, the federal government achieves only the opportunity to bargain with states. While a federal agency has money, expertise, and other resources with which to bargain, states have countervailing powers of numbers, important information, and access to Congress. Congress often undercuts the initial bargaining position of a federal agency in the legislative process by which it authorizes a grant. The result is that some of the federal organizational and management objectives may be realized but it is difficult for the federal government to induce states to change substantive policy unless federal goals are shared.[51]

If one is interested in administrative efficiency and responsibility, then one is likely to be speaking the language of Intergovernmental Management (IGM). Questions over the oppressive or non-oppressive nature of centralized government are ignored by the advocates of IGM. Problem solving appears to be the main thrust of IGM, and if national control of policy is the most efficient way of solving a particular problem, then the national level should exercise control. In describing the basic premise of IGM, Deil S. Wright states:

> The problem-solving thrust underlying IGM encourages, perhaps demands, movement toward agreements that involve continued or continuous subsequent interactions among parties to the conflict. This contrasts with court cases under FED [federalism] which tend toward authoritative termination of interparty contacts. It also differs from...IGR [intergovernmental relations] where contacts may be distant or nonexistent and interparty relations may focus chiefly on assuring

---

[51]Helen Ingram, "Policy Implementation Through Bargaining: The Case of Federal Grants-in-Aid," *Public Policy,*25 (Fall 1977): 499.

that all players abide by some set of prespecified rules.[52]

The goal is to get the job done without being constrained by an overarching model of federal relations.

The nature of the authority relations in IGM is basically nonhierarchical, in that there is no single or central source of guidance across the complete spectrum of political entities.[53] The political units, at whatever level, "cooperate" to get the job done in the most efficient manner.

This brings us to another of federalism's important theoretical constructs. Specifically, it is "conjoint federalism" as developed by David M. Welborn. Welborn asserts that this type of arrangement applies to environmental regulation from the 1960's forward. In his words:

> Many of the environmental laws enacted by Congress employ a distinctive blend of national and state authority. In these conjoint arrangements, state authority is not totally preempted, but it is subordinated to national authority if states wish to participate in environmental regulation. Under normal circumstances, national and state authority are deployed concurrently in pursuit of environmental policy objectives. Conjoint arrangements are much more controlling of state action than the stimulative and facilitative approach to intergovernmental program implementation commonly associated with

---

[52]Deil S. Wright, "Federalism, Intergovernmental Relations, and Intergovernmental Management: Historical Reflections and Conceptual Comparisons," *Public Administration Review,* 50 (March/April 1990): 173.

[53]Ibid., 172.

> cooperative federalism. Despite national primacy, in the bargaining that marks implementation processes, state officials may enjoy considerable influence...When the various options are considered, there are reasons to conclude that conjoint arrangements are the most realistic means for attacking environmental problems.[54]

In a conjoint arrangement both the nation and the states work together regarding the objects to be regulated. The national level is responsible for establishing "criteria, standards, and conditions to apply in program implementation". Responsibility for implementation is to be delegated to states if their programs meet national requirements. In states not electing to participate or failing to gain national approval of their programs, implementation "proceeds within their borders on the basis of national authority exercised by national officials".[55] If states participate, then implementation employs national and state authority concurrently.

If Welborn is correct in stating that conjoint arrangements are the most realistic means for attacking environmental problems, then we might expect conjoint arrangements to spread to other issue areas aside from the environment. This is because action is still required (by national legislation). If states are the responsible enforcement agents, the national government saves money.

---

[54]David M. Welborn, "Conjoint Federalism and Environmental Regulation in the United States," *Publius,* 18 (Winter 1988): 27.

[55]Ibid., 30.

Welborn's table showing the distinctions among cooperative federalism, conjoint federalism, and national programs is reproduced in Appendix A.

CONCLUSION

Issues of centralization can become entangled in the web of Federal models. Cooperative arrangements seem to make the issue of centralization meaningless. Trying to find the locus of true decisionmaking power, and thus determine the structure of the federal system is difficult under cooperative arrangements. Cooperative federalism assumes that both the nation's interests and those of the other levels of government are identical. Each level "cooperates" and has a legitimate role to play in the making of policy. Many would argue that this is a naive assumption. If one is talking Intergovernmental Management the goal is the final, most efficient outcome. The rise of conjoint arrangements do not bode well for those concerned about the national level making the policies or otherwise forcing the states to have "nationally acceptable" policies. If the state or local level is where policy should be made and is more effective when originating from there, the "last word" should not be given to the national level when often the national interest diverges from that of the state or local governments.

Advocates of each model are presumably interested in making good policy. The differences between them are to be found in whether they believe Thomas Jefferson's contention that:

> Our country is too large to have all its affairs directed by a single government. Public servants at such a distance...must...be unable to administer and overlook all the details necessary for the good government of the citizenry, and the same circumstance, by rendering detection impossible to their constituents, will invite the public agents to corruption, plunder, and waste.[56]

For those who argue that *good* policy is, and ought to be, made at the national level attribute its failures to primarily:

> the federal system-with its dispersion of power and control-[that] not only permits but encourages the evasion and dilution of federal reform, making it nearly impossible for the federal administrator to impose program priorities; those not diluted by Congressional intervention, can be ignored during state and local implementation.[57]

Which model is more efficient in producing good policy? Can states be trusted without national supervision? These are the kinds of questions in which many scholars are interested, although the trend is away from thinking that there is "one best way" of solving problems. The struggle over where ultimate authority should rest in the U.S.

---

[56]Thomas Jefferson, "Letter to Gideon Granger, 1800," Quoted in ed. Saul K. Padover, *Thomas Jefferson on Democracy,* (New York: New American Library, 1939).

[57]Jerome T. Murphy, "Title I of ESEA: The Politics of Implementing Federal Education Reform," *Harvard Educational Review,*41, (1971): 60.

federal system continues unabated. However, by the time Reagan took office he faced a highly centralized system that had been the product of two hundred years of development and which had seemingly become solidly entrenched. The national level had gone from its own governmental sphere into "cooperating" with states and finally to setting minimum national standards to which states must comply. Reagan's self-appointed mission was to transform the federal system and bring it into line with his personal view of how the system should be constructed.

CHAPTER THREE

The Reagan Agenda

A major focus of Ronald Reagan's campaign for the presidency in 1980 was on perceived defects in the American federal system. Throughout the campaign Reagan stressed the need for getting the federal government "off our backs." There was one particular model of federalism that Reagan wished to see implemented in order to accomplish this goal. The primary objective of this chapter is to characterize Ronald Reagan's preferred model of federalism and to specify the basic purposes behind this "new federalism," while giving special attention to the major initiatives, strategies, and tactics for bringing about what is sometimes referred to as the "Reagan revolution."

REAGAN'S RHETORIC

If one did not know what the candidate Reagan had in mind for the federal system by the time the Republican National Convention met, the nomination acceptance speech that he delivered there served notice that significant changes were on the horizon. In that speech he made very clear his intentions by stating:

> Everything that can be run more effectively by state and local government we shall turn over to

> state and local government, along with the funding sources to pay for it. We are going to put an end to the money-merry-go-round where our money becomes Washington's money, to be spent by states and cities only if they spend it the way the federal bureaucrats tell them to.[1]

This was not a new idea for the future president. During his tenure as governor of California he made similar statements. For example, in his first year as governor he publicly stated:

> I believe that precisely because the problems are bigger and the world has grown more complex, it has become necessary to do what big business itself is doing, decentralize and return authority to the lowest echelons of government as much as possible.[2]

It is clear that Reagan wanted to decentralize the American federal system but he hinted more precisely at his preferred model of federal relations in his first Inaugural Address as President when he said:

> It is my intention to curb the size and influence of the Federal establishment *and to demand recognition of the distinction between the powers granted to the Federal Government and those reserved to the States or to the People*. All of us need to be reminded that the Federal Government did not create the States; the States created the Federal Government (italics mine).[3]

---

[1]Richard S. Williamson, "1980: The Reagan Campaign-Harbinger of a Revitalized Federalism," *Publius,* 11 (Summer 1981): 148.

[2]Ronald Reagan, appearance on NBC's "Meet The Press," on September 11, 1966; quoted from Williamson, "1980: The Reagan Campaign-Harbinger of a Revitalized Federalism," 148.

[3]Ronald Reagan's First Inaugural Address. *Inaugural Addresses of the Presidents of the United States: From George Washington, 1789, to George Bush, 1989* (Washington D.C.: U.S. Government Printing Office, 1989), 333.

Clearly the new president wanted a system of dual federalism where most of the responsibility for making policy and program administration was to exist at the lowest level possible. George Peterson puts it thus:

> At the heart of New Federalism is the radical principle that there should be a strict separation of federal from state and local program responsibilities and financing. This policy has been dubbed 'dual federalism.'[4]

Midway in his presidency, Reagan stated that his administration

> has always believed that the real source of America's economic and social progress is not national edicts and mandates that are issued from Washington, but the toil and creativity of her people working at the local level through their own private institutions and associations.[5]

A number of steps were taken by Reagan to influence the structure of federal relations and thereby create the conditions for progress. For example, Executive Order 12372 of July 14, 1982 directed federal agencies to consult with state and local government officials on programs dealing with federal funds that would directly affect the lower levels of government and to do so as "early in the program

---

[4]George E. Peterson, "The State and Local Sector," in *The Reagan Experiment* eds. John L. Palmer and Isabel V. Sawhill, (Washington D.C.: The Urban Institute Press, 1982), 167.

[5]Remarks to the National Newspaper Association of March 7, 1985,in *Weekly Compilation of Presidential Documents,*21 (Jan-June, 1985): 267.

planning cycle as is reasonably feasible."[6] One of the more sweeping directives came in late 1987 in the form of Executive Order 12612 which prohibited executive departments and agencies from submitting to Congress legislation that would

> directly regulate the states in ways that would interfere with functions essential to the States' separate and independent existence or operate to directly displace the States' freedom to structure integral operations in areas of traditional governmental functions.[7]

It revealed exactly how Reagan wanted the federal agencies to deal with the "lower" levels of government.[8] The influence of the enumerated powers clause (necessary for dual federalism) is apparent in Section 2(b). It reads:

> The people of the States created the national government when they delegated to it those enumerated governmental powers relating to matters beyond the competence of the individual States. All other sovereign powers, save those expressly prohibited the States by the Constitution, are reserved to the States or to the people.[9]

Section 3(b) subsection 1 continues:

> It is important to recognize the distinction between problems of national scope (which may justify Federal action) and problems that are merely common to the States (which will not

---

[6]"Executive Order 12372, July 14, 1982," *Weekly Compilation of Presidential Documents,*18 (July 19, 1982): 905-6.

[7]Ronald Reagan, "Executive Order 12612 of Oct. 26, 1987," *Weekly Compilation of Presidential Documents,* 23 (Nov.2,1987): 1232.

[8]Ibid., 1230-33.

[9]Ibid., 1231.

> justify Federal action because individual States, acting individually or together, can effectively deal with them).[10]

And Section 2(e) further reveals Reagan's thinking on why policymaking and administration should rest with the states:

> In most areas of governmental concern, the States uniquely possess the constitutional authority, the resources, and the competence to discern the sentiments of the people and to govern accordingly.[11]

The fundamental principles of federalism, as Reagan saw them, were to guide the executive agencies in that, as Section 3 of the executive order states:

> Constitutional authority for Federal action is clear and certain only when authority for the action may be found in a specific provision of the Constitution, there is no provision in the Constitution prohibiting Federal action, and the action does not encroach upon authority reserved to the States...With respect to national policies administered by the States, the national government should grant the States the maximum administrative discretion possible.[12]

As far as operational requirements are concerned, this executive order prohibited federal agencies from attaching conditions to federal grants not directly related to the purpose of the grant, from preempting state law unless there is a clearly "legitimate" national purpose, and from directly regulating the states in

> ways that would interfere with functions essential to the states' separate and independent existence

---

[10]Ibid.

[11]Ibid.

[12]Ibid., 1231-32.

or operate to directly displace the States' freedom to structure integral operations in areas of traditional governmental functions.[13]

When Reagan stated that he wanted a transfer of programs to the lowest level possible, that did not always mean a transfer to state and local governments. He had plans for the private sector as well. At a meeting with representatives from the private sector who engaged in voluntary work, Reagan stated:

> I have a distinct feeling, and have for a long time, that we have drifted, as a people, too far away from the voluntarism that so characterized our country for so many years. And we have, in a sense, abdicated and turned over to government things that used to be functions of the community and the neighborhood. And now with what we're doing here in our economic plan, there is a great need to return to that...If you take the various ways of helping people, the one with the least overhead is the private effort; next is the community or local effort if it is a public effort, but the highest of all is the Federal Government.[14]

In this meeting Reagan announced his intention to form a commission for the purpose of determining ways that voluntarism in the community could take over and do many of the things "that are not being very well done by the government today."[15] Later in the meeting he said:

> I believe the spirit of voluntarism still lives in America. We see examples of it on every hand, the

---

[13]Ibid., 1232.

[14]Ronald Reagan, "Private Sector Initiatives," *Weekly Compilation of Presidential Documents,*17 (July-Sept, 1981): 1008.

[15]Ibid., 1010.

community charity drive, support of hospitals and all manner of non-profit institutions, the rallying around whenever disaster or tragedy strikes. The truth is we've let government take away many things we once considered were really ours to do voluntarily, out of the goodness of our hearts and a sense of community pride and neighborliness...We're launching a nationwide effort to encourage our citizens to join with us in finding where need exists, and then to organize volunteer programs to meet that need.[16]

In his first year as President Reagan began awarding President's Volunteer Action Awards to, in his words, "honor outstanding volunteer achievement by individual citizens and organizations."[17]

Reagan proclaimed progress on the volunteerism front in February of 1985 by stating before the National Governor's Association:

> Let me conclude with an aside about another subject that's very dear to my heart-that of private sector initiatives. We've seen a real surge in them during the last few years. Businessmen are adopting schools, corporations are supporting non-profit organizations, and record numbers of volunteers are providing for community needs. This growing public-private partnership strengthens our State-Federal partnership.[18]

A short time later, he told the National Association of Counties that one of the major keys to success for solving problems is "a revitalized public-private partnership,

---

[16]Ibid., 1031.

[17]Ronald Reagan, "President's Volunteer Action Awards," *Weekly Compilation of Presidential Documents,*21 (July-Dec, 1985): 1269.

[18]Ronald Reagan, "Remarks to the National Governor's Association, Feb.25, 1985," *Weekly Compilation of Presidential Documents,*21 (Jan-June, 1985): 226.

pooling our resources to harness the power and creativity of the marketplace for the benefit of all Americans."[19]

Many other examples of Reagan's rhetoric on how the federal system should be organized, garnered from the texts of Reagan's official speeches and from government documents, could be included, but the point should already be clear. Reagan wished for a system in which most of the responsibility, not only for the administration of programs, but also for the planning of programs and policymaking, rested with the lowest level of government possible and in some cases the private sector. Reagan also wanted the funding of programs to be transferred to the lowest possible level.[20]

BASIC PURPOSES

An important point of discussion about Reagan's conceptualization of federalism and his attempts to alter the federal system is concerned with basic purposes. What, specifically, did he wish to accomplish? Were the reasons purely ideological? Were budgetary considerations involved?

---

[19]Ronald Reagan, "Remarks to the National Association of Counties of March 4, 1985," *Weekly Compilation of Presidential Documents,* 21 (Jan-June, 1985): 250.

[20]A discussion of Reagan's plans for funding programs will appear later in this chapter.

Was Reagan's "new federalism" linked in some way to his plans for deregulation and, if so, how?

The evidence suggests clearly that ideology played a role. Judging from the rhetoric characterized previously, Reagan truly viewed state and local governments as more competent to determine the true needs of the people and to more effectively deal with those needs. The more interesting question, however, concerns how budgetary considerations influenced Reagan's views on decentralization. In which direction did the causal arrow point? Was the "new federalism" a means to achieve a budget reduction, or were the budget cuts used to achieve a return to "dual federalism"? The two goals are complementary to an extent, but when the two goals were in tension with one another the president seemed to give priority to the goal of slowing expenditure growth or reducing the budget from previous levels.

One of the most memorable aspects of Reagan's rhetoric was directed toward the budget and the deficit. Reagan proclaimed himself as the president who was going to bring about a balanced budget even if it required a balanced budget amendment to the U.S. Constitution. Reagan's concern over this issue was reflected in the statement from his first inauguration speech. He stated that as

> great as our tax burden is, it has not kept pace with public spending. For decades, we have piled

> deficit upon deficit, mortgaging our future and our children's future for the temporary convenience of the present. To continue this long trend is to guarantee tremendous social, cultural, political, and economic upheavals...We must act today in order to preserve tomorrow.[21]

Reagan's views on debt and spending did not wane over time. Four years later, in his second inaugural address, he proclaimed that "an almost unbroken 50 years of deficit spending has finally brought us to a time of reckoning. We have come to a turning point, a moment for hard decisions."[22]

So thrifty did Reagan intend to be that on January 22, 1981, two days after taking office, he sent a memorandum to the heads of the executive departments and agencies instructing them to cut travel by 15 percent; to reduce obligations for consulting; to stop further procurement of furniture, office machines and other equipment; and to avoid unnecessary expenditures in setting up their offices.[23]

Reagan hinted at what his true objectives were in 1981 when he stated:

> We are not cutting the budget simply for the sake of sounder financial management. This is only a first step toward returning power to states and communities, only a first step toward reordering

---

[21]Inaugural Addresses of the Presidents of the United States: From George Washington, 1789, to George Bush, 1989. (Washington D.C.: U.S. Government Printing Office, 1989), 332.

[22]Ibid., 338-344.

[23]Ronald Reagan, *Weekly Compilation of Presidential Documents,* 17: 33.

the relationship between citizens and government."[24]

Reagan apparently intended to use the budget to accomplish federalism objectives.

Timothy J. Conlan, however, takes issue with this proposition. He maintains, through an examination of the Reagan administration's record, that when the goal of strengthening federalism conflicted with other deeply held values, federalism was compromised in favor of the goals of reducing the federal budget, deregulating the private sector, and advancing a conservative social agenda.[25] Reagan lost an opportunity to present a united front with state and local officials to the Congress on his 1982 federalism initiative because he refused to provide the extra federal money that would have brought the states and localities on board in support of that initiative.[26] Reagan would not compromise on his "true" priority of reducing the federal deficit through budget cuts. The conclusion to be

---

[24]Ronald Reagan, in a speech before the Conservative Political Action Committee Conference, 20 March 1981, *Weekly Compilation of Presidential Documents,*17: 327-332; Quoted in Richard L. Cole and Delbert A. Taebel, "The New Federalism: Promises, Programs, and Performance," *Publius,*16 (Winter 1986): 7.

[25]Timothy J. Conlan, "Federalism and Competing Values In The Reagan Administration," *Publius,*16 (Winter 1986): 30.

[26]Ibid., 34. Further discussion of both Conlan's and Williamson's assertions will be deferred to chapter five which is concerned with why Reagan may have been successful or unsuccessful in bringing about his new federalism.

drawn here is that the president seemed to be more concerned about the federal expenditure levels than about the proper relationship of the national government to the lower levels. In fact, Reagan was often accused of using the new federalism as a tool to achieve budget reductions.

THE INITIATIVES

So far, we have discussed Ronald Reagan's view of what the federal system ought to be and what his goals were as they related to his federalism initiatives. We now turn to the specific composition of the Reagan initiatives with particular emphasis on his first term when the most revolutionary of them were proposed.

First of all, it should be noted that Reagan went to great lengths to involve the lower levels of government in determining what the new federalism initiatives were going to be by frequently meeting with the nation's governors, state legislators, mayors, county officials, and city officials.[27] The initiatives announced in Reagan's 1982 State of the Union message were purposely vague so as to

---

[27]Richard S. Williamson, "The 1982 New Federalism Negotiations," *Publius,*13 (Spring 1983): 11-32. See also Stephen B. Farber, "The 1982 New Federalism Negotiations: A View from the States," *Publius,*13 (Spring 1983): 33-38.

"permit the details to be worked out through extensive consultations with state and local officials."[28]

The first new federalism initiative came in 1982 and had a number of components. One called for a "swap" in which the federal government would assume full responsibility for Medicaid, then shared with the states. This would relieve the states of their share of the costs of this program. The state's share was projected to be $19.1 billion in fiscal year 1984.[29] The states would assume full responsibility for Aid to Families with Dependent Children (AFDC), also a shared program, and the Food Stamp program which was partially funded by the federal government. The added cost to states for these two programs was projected at $16.5 billion for fiscal year 1984, thus creating $2.6 billion in savings for the states.[30] This was the administration's selling point for enticing the states to go along.

Another part of the initiative was the "turnback" component. It called for elimination of about forty federal education, transportation, community development, and social service programs. At the same time, certain funds would be made available to the states. With these funds they would

---

[28]Richard S. Williamson, "The 1982 New Federalism Negotiations," 15.

[29]Ibid., 14.

[30]Ibid.

have the option of continuing the programs or doing other things of their own choosing.[31] The funding shift was to be accomplished in two distinct stages. In stage one (FY 1984 to FY 1987) there was to be established a $26 billion trust fund or "super revenue sharing" program administered by the U.S. Treasury Department. Each state would have an account balance based on the federal funds spent on the forty categorical programs in that state.[32] Funding for the trust fund was to come from $11 billion (of the $13 billion) collected by the federal government in excise taxes on alcohol, telephone, tobacco, and gasoline. These were to be supplemented by $15 billion from the windfall profits tax on oil.[33]

Stage two would begin in 1987. The federal trust fund was to be reduced by 25 percent per year over four years. At the same time, the federal government would reduce excise taxes by 25 percent per year which the states could pick up. The windfall profits tax would be phased out by 1991, allowing the states to pick up that tax as an additional source of funding.[34] This significantly reduced the federal

---

[31]Ibid.

[32]Ibid. See also Timothy J. Conlan and David B. Walker, "Reagan's New Federalism: Design, Debate and Discord," *Intergovernmental Perspective,*8 (Winter 1983): p.6.

[33]Richard S. Williamson, "The 1982 New Federalism Negotiations," 14.

[34]Ibid.

financial obligations to the states. Basically Reagan wanted to reduce the amount of money that went from the federal treasury to the state and local levels and to eliminate a munber of federal programs.

Reagan's first "new federalism" proposals concerning the swap and turnback initiatives were, however, amended through the negotiation process in order to address the concerns of state and local governments. The major amendments included eliminating from the package the state assumption of the food stamp program. The windfall profits tax was deleted from the trust fund and replaced with general revenues. The urban development action grant (UDAG) program was deleted from the package.

Concerning block grants, Reagan basically had three goals. The first was to consolidate a number of categorical grants into a few block grants.[35] The second goal was to bring about a reduction in federal spending for grants-in-aid (the same goal as in all domestic spending programs), and the third goal was to simplify grant administration and associated regulations.

The first goal of the Reagan administration was to consolidate a number of categorical grants into block grants. Reagan proposed in 1981 that 90 of the 300 categorical program grants be consolidated into seven block grants for health service, state educational services,

---

[35]George E. Peterson, "The State and Local Sector," 163.

community development, preventive health services, social services, energy and emergency assistance, and local education services.[36] In the process many of the "strings" attached to categorical grants would be removed consistent with the president's plans for decentralization of the American system.

In 1982, Reagan proposed seven more block grants or program consolidations. He also proposed the expansion of three existing block grants to include additional categorical programs. Together these steps would remove forty-six more of the existing categorical programs.[37] They concerned child welfare, combined welfare administration, rehabilitation services, vocational and adult education, education for the handicapped, rental rehabilitation, and job training.

The child welfare block grant would consolidate four categorical programs for foster care and child services. The combined welfare administration program would consolidate payments for state administration of the food stamps, medicaid, and AFDC programs. The rehabilitation

---

[36]Richard S. Williamson, "A New Federalism: Proposals and Achievements of President Reagan's First Three Years," *Publius,*16 (Winter 1986): 15. For a detailed discussion on Reagan's block grants see also George E. Peterson and others, *The Reagan Block Grants: What Have We Learned?,* (Washington D.C.: The Urban Institute Press), 1986.

[37]Richard S. Williamson, "A New Federalism: Proposals and Achievements of President Reagan's First Three Years," 19.

services block grant would consolidate five separate authorities designed to help disabled individuals become self-sufficient. The vocational and adult education block grant program would consolidate nine separate education authorities. The education for the handicapped block grant program would consolidate thirteen programs then authorized by the Education of the Handicapped Act and the education of the handicapped activities authorized by Chapter 12 of the Education Consolidation and Improvement Act of 1981. The rental rehabilitation block grant would replace two existing housing rehabilitation programs. This new program would provide grants to states and local governments for up to half the cost of rehabilitating multi-family rental properties for mostly low-income families.[38]

The second major goal of the Reagan administration was to reduce federal spending on grants-in-aid, including the block grants. In fact, Reagan's revised FY 1982 budget proposed cutting former president Carter's proposed FY 1982 budget totals by 13.4 percent. Reagan's FY 1983 budget proposal sought to reduce grant outlays by an additional 10 percent.[39] Similar attempts to cut grant expenditures (and expenditures generally) became a regular event in Reagan administration proposals.

---

[38]Ibid., footnotes 33-38, pp.19-20. See Also *Congress and the Nation,*VI, 588-94, 557-61, and 631-33.

[39]George E. Peterson, "The State and Local Sector," 163.

Reagan's 1983 initiatives contained four "mega-blocks" in his continued drive to reform the federal grants system.[40] The first proposed to give the states a grant that combined twenty-two health, social services, education, and community development programs. The second was a local block grant that combined the general revenue sharing program and the entitlement portion of the community development block grant. The third called for establishment of a ground transportation grant to states that consolidated six highway programs covering urban and secondary systems, bridges, and safety activities. Finally, a rural housing block grant to states consolidated four programs for low income rural housing construction and repair.[41]

The third major goal was to relieve the federal overload by terminating some grant programs and ordering a review of the restrictions and mandates built into the grants with the purpose of giving grant recipients more discretion over spending priorities. An example of this was the proposal to delegate to states the responsibility for setting the standards to be met in federally supported road repairs.[42]

---

[40]Richard L. Cole and Delbert A. Taebel, "The New Federalism: Promises, Programs, and Performance," 7. See also George E. Peterson, "Federalism and the States," in *The Reagan Record,* eds. John L. Palmer and Isabel V. Sawhill, (Cambridge, Mass.: Ballinger, 1984), 228.

[41]Richard S. Williamson, "A New Federalism: Proposals and Achievements of President Reagan's First Three Years," 23.

[42]Ibid., 164-65.

Some of the responsibilities from these terminated programs would be placed under the authority of one of the block grants.

Another Reagan proposal, aside from his block grant and his new federalism proposals, was made to Congress in March of 1982 in the form of legislation that modified federal tax and regulatory policy in defined areas of distressed communities placed in "urban enterprise zones." Congress was asked to enact a variety of payroll and investment tax credits, reductions in personal and corporate income taxes, and certain regulatory relief provisions in order to create "a climate in depressed areas conducive to private business investment and the employment of disadvantaged workers."[43] This initiative was directed toward enlarging the role of the private sector in combatting poverty in order to reduce the federal role.

There were also other specific program areas that Reagan wished to see reformed in ways that would have significant implications for federalism. These went beyond the mere goals of reducing expenditures. The proposed reforms in these areas would have the effect, if implemented, of redistributing some if not all control of the programs to lower levels. For example, in his 1987 State of the Union

---

[43]Timothy J. Conlan and David B. Walker, "Reagan's New Federalism: Design, Debate and Discord," 18-19.

Address Reagan declared his intentions to reform the welfare system. In complaining about this system Reagan stated:

> We've created a welfare monster that is a shocking indictment of our sense of priorities. Our national welfare system consists of some 59 major programs and over 6,000 pages of Federal laws and regulations on which more than $132 billion was spent in 1985. I will propose a new national welfare strategy, a program of welfare reform through State-sponsored, community-based demonstration projects.[44]

"State-sponsored" and "community-based" is interpreted to mean state-funded and community-administered.

Reagan's proposed cuts in all income security entitlements totalled an estimated $17 billion by 1984.[45] Pending accomplishment of these cuts and the transfer of control of the programs to lower levels, Reagan consistently proposed in his budgets to make aid to families with dependent children and other types of welfare conditional on work performed by those who receive benefits. This "workfare" would require states to make it mandatory for able-bodied welfare recipients to work in exchange for their benefits.[46] The purpose was to create incentives for recipients to get jobs that would get them off the rolls of

---

[44]"State of the Union Adress of January 27, 1987," *Weekly Compilation of Presidential Documents,*23: 62.

[45]James R. Storey, "Income Security," in *The Reagan Experiment,* eds. John L. Palmer and Isabel Sawhill, (Washington D.C.: The Urban Institute Press, 1982), 373.

[46]Congressional Quarterly, *Reagan: The Next Four Years,* (Washington D.C.: The Congressional Quarterly Press, 1985), 75.

welfare-type programs on the theory that since they would have to do the work anyway, they would seek to find more gainful employment. This, in theory, would reduce the number of persons dependent on federal aid and thus reduce the federal financial obligation. If the states would not take over the AFDC and food stamp programs under the swap arrangement, then the federal government could at least try to reduce its own financial obligations. If the states, communities, or private organizations enlarged their participation, then all the better for the federal government. The goal was to reduce federal expenditures, but a side-effect was perhaps to bring about a de facto shift in the federal relationship.

In a similar manner, Reagan proposed a cap on federal contributions to Medicaid. In 1981 the administration wanted to limit the rate of federal Medicaid spending growth to 5 percent in the following year. The fiscal 1986 budget sought to hold spending for that year at $22.2 billion which would have been an actual reduction from fiscal 1985.[47] Beginning in 1987, Reagan wanted federal Medicaid spending increases to be limited to the general rate of inflation for health care as measured by the Consumer Price Index. If total program costs grew faster than that rate, states would be required to make up the difference. In order to help

[47]Ibid.

states control these costs the budget proposed allowing them more latitude in collecting private insurance payments and in determining eligibility for program benefits.[48] This would limit federal financial involvement and provide for state determination of eligibility requirements.

Regarding education, Reagan again proposed a reduction in the federal presence in elementary, secondary, and vocational efforts. His strategy was similar to his strategies regarding other programs. It involved a general reduction in expenditures (in exchange for reducing conditions imposed upon lower levels of government through block grant consolidation of forty-four elementary and secondary education programs).[49] Reagan's 1982 revised budget called for a twenty-five percent funding reduction over 1981 levels for these programs, justified on the grounds that the accompanying reductions in regulations and increases in state and local flexibility would reduce state and local program costs.[50] The 1986 Reagan budget proposed keeping the funding of major elementary and secondary education programs at about the 1985 levels. The

---

[48]Ibid., 75.

[49]June A. O'Neill and Margaret C. Simms, "Education," in *The Reagan Experiment,* eds. John L. Palmer and Isabel V. Sawhill, (Washington D.C.: The Urban Institute Press, 1982), 335-36. See also *Congress and the Nation,*VI (1981-84): 557.

[50]June A. O'Neill and Margaret C. Simms, "Education," 336.

administration also sought to eliminate thirty-eight small categorical educational programs to include programs covering immigrant education, the Women's Educational Equity Act, and the aid to libraries section of the impact aid program for school districts that educate children of federal employees. This proposal also sought elimination of some college aid programs such as the Fund for the Improvement of post-secondary Education, international education and foreign language study grants, and campus construction grants.[51]

Reagan's proposals concerning employment, training, and economic development included (in his FY 1983 budget) a sixty-three percent reduction in federal expenditures between 1981 and 1986 which would amount to the largest percentage cut in any category of domestic programs.[52] Other policy changes included eliminating a public service employment program, cutting federal expenditures for training by several billion dollars annually, cutting in half the activities of the federal-state job service, ending regional development activities, and the proposal for a "market-oriented" approach for spurring growth in economically distressed areas called "urban enterprise

---

[51]Congressional Quarterly, *Reagan: The Next Four Years,* 81-82.

[52]Marc Bendick, Jr.; "Employment, Training, and Economic Development," in *The Reagan Experiment,* eds John L. Palmer and Isabel V. Sawhill, 1982, 247.

zones", as previously mentioned.[53] The enterprise zones proposal amounted to federal tax relief including an investment tax credit for capital investments, a fifty percent tax credit on wages paid to disadvantaged employees, elimination of capital gains taxation, and a five percent income tax credit to employees. Accompanying this was federal regulatory relief, and the state and local governments were to provide additional tax relief and regulatory relief from their own programs. State and local governments were also expected to enhance the attractiveness of the zones by improving public services and by focusing infrastructure investment, job training, and other development activities in those zones.[54]

CONCLUSION

Collectively, these are the most important of Reagan's proposals for transforming intergovernmental relationships in the federal system. In other words, this was Reagan's agenda. The "swap", "turnback", and block grant proposals were at the core of Reagan's attempts to institute a new relationship with state and local governments. Also of equal importance were basic budget reductions in nearly all domestic programs, particularly social programs. These

---

[53]Ibid.

[54]Ibid., 266.

spending reductions would prove significant for federalism, because if Reagan was successful in getting federal expenditure reductions in any or all programs and keeping the funding levels low or non-existent, then states and local governments would come under increasing pressure to take up those responsibilities. Even better for Reagan's purposes would be the private sector taking the lead in these matters. We now turn to President Reagan's success, or lack thereof, in securing acceptance of his initiatives.

CHAPTER FOUR

Mission Accomplished?

Ronald Reagan's agenda was ambitious. So much so that few people thought it had any chance of passage. This chapter is dedicated to outlining what Reagan got in regard to federalism and intergovernmental relations compared to what he requested. It is also concerned with Reagan's impact on the federal system in fiscal terms and changes in federal regulation of lower levels of government.

FIRST TERM

In 1981 Reagan proposed that 90 categorical grant programs be consolidated into a lesser number of block grants. The Omnibus Budget Reconciliation Act of 1981 consolidated fifty-seven categorical grants into nine new or modified block grants.[1] Several were in the health area. Reagan specifically asked Congress to consolidate 25 categorical health programs into two block grants and to reduce their funding by 25 percent. Congress responded by consolidating 19 existing categorical health programs into 4 block grants as part of the eventual reconciliation. They

---

[11]Richard S. Williamson, "A New Federalism: Proposals and Achievements of President Reagan's First Three Years," p.16. See also the Omnibus Reconciliation Act of 1981, P.L. 97-35, 95 Stat. 357 (1981).

were preventive health and health services; alcohol, drug abuse and mental health services; primary care; and maternal and child health block grants.[2] The preventive health and health services block grant combined eight existing categorical programs composing emergency health services, health incentive grants, hypertension control, rodent control, flouridation, health education and risk reduction, home health services, and rape crisis centers. Two categorical programs, mental health and the alcohol and drug abuse programs, were combined into the alcohol, drug abuse, and mental health block grant with the condition that states continue to fund each community health center that received federal funds in FY 1981 so long as the centers were eligible.[3] The primary care block grant was created for the sole purpose of funding community health centers. This program provided grants to government and private organizations which provided health care to "medically underserved populations."[4] Starting in FY 1983, a state could request to assume administration of its share of the funding. The secretary of health and human services would have to approve such requests or the federal government would continue to administer the program.[5] The maternal and

---

[2]*Congress and the Nation,* VI, 774.

[3]Ibid., 526.

[4]Ibid., 527.

[5]Ibid.

child health services grant consolidated 7 categorical programs. The new program was to provide for crippled children, disabled children receiving supplemental security income, prevention of lead-based paint poisoning, sudden infant death syndrome, hemophilia, genetic diseases, and adolescent pregnancy.[6] These consolidations could be considered a victory for Reagan since 19 out of 25 programs consolidated is not a bad outcome. However, Congress kept many restrictions on the use states use of these block grant funds by the states.[7]

In addition, nutritional assistance block grant programs for Puerto Rico were created to replace existing federal nutritional programs such as food stamps very much in line with Reagan's request.[8] Congress also included in the 1981 reconciliation legislation a Reagan proposal for a community services block grant to replace programs administered by the Community Services Administration along with a reduction in funding.[9]

Congress refused to enact two new block grant programs in the areas of social services and energy assistance requested by the administration. It did, however, extend and expand the existing social services block grant and

---

[6]Ibid.

[7]Ibid., 523, 524-527.

[8]Ibid., 583-85.

[9]Ibid., 590.

low-income energy assistance programs in the 1981 reconciliation legislation. The social services grant program that provided funds to states for a number of programs such as day care, family planning, counseling and aid to the mentally retarded was authorized by Title XX of the Social Security Act. The 1981 action consolidated it with programs for U.S. territories and for training social service workers. In a rebuff to the president, Congress refused to include legal services and child welfare programs in the block grant. Legal services and child welfare programs were left as categorical programs.

Education was prominent on Reagan's agenda in 1981. He proposed consolidation of forty-four elementary and secondary education programs into two block grants and reduced their funding by 25 percent. The Education Consolidation and Improvement Act (ECIA), passed as part of the Omnibus Budget Reconciliation Act of 1981, established one education block grant consolidating thirteen small categorical education programs. The block grant consolidations included the basic skills, special projects, educational improvement, state leadership, emergency school aid, community schools, alcohol and drug abuse education, teacher corps and teacher centers, the follow through program, pre-college science teacher training, and career education programs.[10] Congress did not consolidate the

---

[10]Ibid., 561,564,and 774.

program for compensatory education for economically disadvantaged children nor the program of aid for the education of the handicapped as Reagan had sought.[11]

Other 1981 block grant proposals sought to combine the urban development action grant program with the community development block grant; to consolidate ten programs administered by the Bureau of Indian Affairs (as an initial step toward creation of an Indian block grant program); and to consolidate a number of employment and training programs and airport programs. These proposals met with no success in Congress.[12] Reagan also wanted the states, rather than the federal government, to administer community development grants to small cities with populations under 50,000. Congress gave states the option to do so but did not make it mandatory.[13]

Reagan did not perceive the Omnibus Budget Reconciliation Act of 1981 as a sufficient enough victory, since the purpose of consolidating programs into block grants was to allow state and municipal governments discretion in administration. The day after passage he stated:

> In normal times what we've managed to get through the Congress concerning block grants would be a victory. Yet we did not provide the states with

---

[11]Ibid., 557, 559.

[12]Ibid., 773.

[13]Ibid., 631.

> the degree of freedom in dealing with the budget cuts we had ardently hoped for. We got some categorical grants incorporated into block grants but many of our block grants proposals are still on the Hill. That doesn't mean the end of the dream. Together you and I will be going back and back and back until we obtain the flexibility you need and deserve.[14]

The proposals still on the Hill at that time were seven new block grant proposals for program consolidations along with expansion of three existing block grants to include new categorical programs. Together these ten new proposals would absorb forty-six categorical programs.[15]

During 1982 several block grant proposals were pending in Congress. They included child welfare, combined welfare administration, rehabilitation services, vocational and adult education, education for the handicapped, rental rehabilitation, and job training.

On October 13, 1982 Congress passed one of the new proposals: The Job Training Partnership Act of 1982 which replaced the Comprehensive Employment Training Act (CETA).[16]

---

[14]Ronald Reagan, "Address to the National Conference of State Legislators, Atlanta, GA., 30 July 1981. *Weekly Compilation of Presidential Documents,* 17 (July-Sept, 1981): 832-837; quoted in Richard S. Williamson, "A New Federalism: Proposals and Achievements of President Reagan's First Three Years," 19.

[15]Richard S. Williamson, "A New Federalism: Proposals and Achievements of President Reagan's First Three Years," 19. Collected from Office and Management and Budget, "Information on Block Grants and Program Consolidations in the Fiscal Year 1983 Budget," (18 February 1982):156.

[16]Job Training Partnership Act, P.L. 97-300, 96 Stat. 1322 (1982).

Congress refused to enact Reagan proposals for new block grants for child welfare and emergency assistance.[17] Furthermore, Reagan did not make any new proposals for the creation of block grants or consolidation of programs in the welfare and social services area after 1983. In 1983, Reagan did propose a state block grant, a local block grant, a transportation block grant and a rural housing block grant which will be discussed shortly.

Aside from block grants, Reagan's 1982 proposal to swap federal assumption of the medicare program for state assumption of the AFDC and food stamp programs collapsed in negotiations with state and local government officials. Governors welcomed the complete transfer of Medicaid to the federal government, but they also wanted a shift of all welfare costs to the federal level. In exchange the states were willing to assume the costs of education and other programs. Governors additionally wanted a guarantee of federal financial support for states with limited ability to raise their own additional revenues through excise and other taxes. City and county officials were concerned that local entities could lose their share of the funding after 1991 when federal financial support would be ended under the proposal and states could allocate money as they saw fit.[18] As a result of failure to reach agreement, no concrete

[17]*Congress and the Nation,* Vol.VI, (1981-84), 594.

[18]Ibid., 777.

proposal was transmitted to Congress. Congress felt no desire to initiate its own legislation to accomplish a swap of programs.

Reagan's 1982 proposal to transfer to the states about 40 social, transportation, and community development programs along with revenue sources to aid in paying for them (at least in the early phase) also failed to be enacted by Congress. Reagan's former special assistant for intergovernmental affairs, Richard S. Williamson, lamented the outcome saying:

> In retrospect, the administration could have taken steps that might have enhanced the prospects of reaching final agreement on sorting out federal-state responsibilities...First, and most importantly, we allowed ourselves as an administration to be trapped into an obsession over short-term budget considerations. The budget was allowed to dominate internal administration machinery and crowd out the Federalism initiative.[19]

Thus, budgetary considerations seemed to again be Reagan's primary concern even at the expense of his federalism objectives.

Reagan's 1983 initiatives included his "mega-block" proposals. One would have consolidated twenty-two more health, social services, education, and community development programs. Another called for combining the General Revenue Sharing program and the entitlement portion of the Community Development Block Grant. Still another

---

[19]Richard S. Williamson, "The 1982 New Federalism Negotiations," 31.

consolidated six highway programs. The final proposal recommended consolidating four programs for low income rural housing construction and repair. Reagan's 1983 block grant proposals were completely rejected by the Congress.[20]

Reagan proposed a new block grant in 1984 to increase the number of high school math and science teachers. The bill that passed Congress did not include the block grant but did authorize $350 million for FY 1984 and $400 million for 1985 for grants to states for the training of math and science teachers.[21] Also in this year the administration sought to consolidate vocational and adult education programs into a block grant but retreated in favor of retaining a separate adult education program to combat illiteracy.[22] Reagan requested no further block grants after 1984.

THE SECOND TERM

Reagan devoted his second term to further eliminating the federal presence in a number of programs that the state and local governments would likely come under increasing pressure to assume. Reagan's second term also appears to

---

[20]Cole and Taebel, "The New Federalism: Promises, Programs, and Performance," 7. See also George E. Peterson, "Federalism and the States," 228.

[21]*Congress and the Nation,* VI, 571-72.

[22]Ibid., 574.

have been more reactive, as opposed to proactive, than his first. Veto stategies became more prominent in his second term.

There were a number of programs that Reagan proposed to eliminate in 1986. These included two that the president has opposed since 1981. They were the Economic Development Administration (EDA) which provides grants for public works improvements, and the Appalachian Regional Commission (ARC) which supports public works and highway development in the appalachian region.[23]

Reagan requested termination of the dependent care and the follow through programs in his FY 1987 budget. He also proposed eliminating the funding of the community services block grant. Congress responded by passing an omnibus human services bill reauthorizing for four years the head start, dependent care, community food and nutrition, low income energy assistance, and the community services block grant programs. President Reagan signed the bill on September 30, 1986.[24] Congress supported Reagan's enthusiasm for volunteerism on October 8, 1986 by reauthorizing major domestic volunteer programs such as the Volunteers in Service to America (VISTA) and the older american volunteer programs which the ACTION agency administered.[25] Reagan

---

[23]Ibid., 670.

[24]Ibid., 609.

[25]Ibid., 611.

was successful in ending the general revenue sharing program at the end of FY 1986, which he considered to be a drain on the national treasury, by arguing that a government with a deficit could not afford to support local governments.[26] Congress also took steps supporting Reagan's "workfare" proposal enacting a bill in 1986 that made permanent a program that encouraged disabled individuals who received supplemental security income (SSI) benefits to perform some type of work if they were able.[27] Congress did not make "work for benefits" mandatory as Reagan had requested.

Action in 1987 included a Reagan veto of the Surface Transportation and Uniform Relocation Assistance Act which authorized $88 billion for highway and mass transit programs. Reagan stated in his veto message that the bill "represents a failure to exercise the discipline that is required to constrain federal spending, especially pork-barrel spending." Congress overrode the veto on the 7th of April.[28]

Looking at the whole picture, Reagan's block grant initiatives can be considered to be only partially successful. He did not get everything he wanted, but presidents seldom do. The block grant proposals that became law certainly had major effects and broadened the

---

[26]Ibid., 671.

[27]Ibid., 614.

[28]Ibid., 378.

discretion afforded state and local officials. However, in terms of reducing regulations imposed on the lower levels of government the verdict is mixed. Reagan was unsuccessful in eliminating many of the "strings" that were attached to grants-in-aid. For example, the preventive health and health services block grant consolidation of 1981 contained provisions that required states to spend an amount in 1982 equal to 75 percent of fiscal 1981 spending on the hypertension program. A provision of the alcohol, drug abuse, and mental health block grant consolidation of the same year required states to continue funding each community mental health center that received funds from the federal government in 1981. The same act also required states to divide spending among alcohol, drug abuse, and mental health programs according to the same percentages used by the federal government in that particular state in fiscal 1980. It also provided a formula for the allocation of the state's share of funds to be directed toward alcohol and drug abuse with 35 percent required to be spent on alcohol abuse programs, 35 percent for drug abuse and the remaining 30 percent to be spent at the state's discretion. To be eligible for this block grant a state also had to provide matching funds or "in-kind services" in fiscal 1983 and 1984. None of the funds provided by the federal government could be used for administrative expenses.[29] Regarding the

---

[29] *Congress and the Nation,* VI, 526-27.

food stamp program changes of 1981, provisions were included that required states to use a system of "periodic retrospective income accounting" to calculate recipients' income. This means benefits would be based on a household's actual income in a preceding period of time instead of on an estimate of its expected income in the future. The program also required states to meet federal standards for denials and terminations or lose 55 percent of their federal funds for administrative expenses.[30]

Thus, Reagan was successful in consolidating many programs but somewhat unsuccessful in widening the amount of discretion that states could exercise. Some scholars report that Congress increased the conditions imposed on lower levels of government (through grants) as the Reagan era proceeded.[31] This fact may lead one to question the true impact of Reagan's initiatives. With all the talk of a "Reagan Revolution", Joseph P. Zimmerman argues, one should not forget the "Silent Reagan Revolution" which involved continued preemption os state powers by the Congress with Reagan's full, though quiet, support.[32] The period is more likely characterized by a lack of open opposition to

---

[30]Ibid., 585-86.

[31]Cheryl Arvidson, "As the Reagan Era Fades, It's Discretion vs. Earmarking in the Struggle Over Funds: Can Washington's Reborn Urge to Put Strings Back on Block Grants Be Blunted?," *Governing*, 3 (March 1990): 21-22.

[32]Joseph F. Zimmerman, "Federal Preemption Under Reagan's New Federalism," *Publius*, 21 (Winter 1991): 12.

preemption on the part of the president rather than actual support. In Zimmerman's words:

> The preemption statues enacted by Congress during the Reagan administration encompassed total preemption and partial preemption and, in these respects, did not differ from preemption statutes enacted in the period 1965-1980.[33]

As evidence for this proposition, Zimmerman says that during Reagan's eight years in office he vetoed only two preemption bills enacted by Congress (the Water Quality Act of 1986 and the National Appliance Energy Conservation Act of 1986). He did not object to the Water Quality Act of 1986 because of its preemption provisions, but rather because he considered the spending authorization for the sewage treatment construction grants program to be excessive.[34] The National Appliance Energy Conservation Act of 1986 was, however, vetoed on preemption grounds.[35] The president, however, was not always opposed to federal control and preemptive legislation. When signing into law in 1984 a bill that deprived states of federal highway funds

---

[33]Ibid., 15.

[34]Ibid., 16. See also "Water Quality Act of 1986: Memorandum Withholding Approval of S. 1128, November 6, 1986," *Weekly Compilation of Presidential Documents,* (10 November 1986): 1541.

[35]Joseph F. Zimmerman, "Federal Preemption Under Reagan's New Federalism," 16. See also Ronald Reagan, "National Appliance Energy Conservation Act of 1986: Memorandum Withholding Approval of H.R. 5465, November 1, 1986," *Weekly Compilation of Presidential Documents,* (10 November 1986): 1516.

for failing to raise their minimum drinking age to twenty-one, the president stated:

> This problem is bigger than the individual states. It's a grave national problem, and it touches all our lives. With the problem so clear-cut and the proven solution at hand, we have no misgiving about this judicious use of Federal power.[36]

A comprehensive list of 92 federal preemption statutes passed during the Reagan era covering civil rights, commerce, environment, finance, health, and immigration can be found in Appendix B.

Reagan also directly challenged bureaucracies by pursuing the goal of reducing regulation imposed on industries. For example, Reagan was determined to subdue EPA clean air enforcement efforts. Personnel rules were used to transfer to harmless positions individuals identified as most likely to resist Reagan's efforts to reduce regulation. As B. Dan Woods states, "Through careful personnel manipulations, the White House created an administrative structure that should have been more receptive to relaxation of environmental regulation."[37] Decisionmaking was centralized so that Reagan appointees

---

[36]Ronald Reagan, "National Minimum Drinking Age: Rematks on Signing H.R. 4616 into Law, July 17, 1984," *Weekly Compilation of Presidential Documents,* 20 (23 July 1984): 1036; quoted in Joseph F. Zimmerman, "Federal Preemption Under Reagan's New Federalism," 12. See also Sarah F. Liebschutz, "The National Minimum Drinking-Age Law," *Publius,* 15 (Summer 1985): 39-51.

[37]B. Dan Woods, "Principals, Bureaucrats, and Responsiveness in Clean Air Enforcements," *American Political Science Review,* 82: 217.

would have more control over enforcement activities and the FY 1982 EPA budget was drastically reduced to further weaken the agency so they would "no longer have the resources for conducting a vigorous environmental program."[38] Research shows, by comparing the trends in monitoring activity by the EPA from the previous Democratic administration, that Reagan was only partially effective in reducing EPA enforcement of clean air legislation. The success Reagan achieved was shown to be temporary and due basically to budget cuts rather than to Reagan's inauguration and the subsequent personnel shuffling, centralization of decisionmaking, and other tactics.[39] In fact, immediately following Reagan's inauguration the EPA substantially increased its surveillance of pollution sources. The 1982 budget reductions had the effect of reducing monitoring activity, but following EPA director Ann Burford's (a renowned anti-environmentalist) resignation there was an immediate increase in monitoring efforts.[40] The fact that budget reduction was the only significant positive factor may be a possible explanation for why Reagan came to rely on budget reduction as a tool for accomplishing his objectives. The conclusion that should be drawn here is, as Woods states:

---

[38]Ibid., 218.

[39]Ibid., 222-227.

[40]Ibid., 224.

> The Reagan administration, given the most Republican Congress since the 1950's and extraordinary political influence, should have been able to shift the preferences of the environmental bureaucracy. All of the available tools of administrative control were applied toward moving EPA away from vigorous implementation of the law. But the data analysis shows that in the end EPA's revealed preferences were completely opposite from what the [principal-agent] model predicted.[41]

Thus Reagan was only partially successful, in this instance, of reducing regulation when faced with an entrenched bureaucracy that has its own goals and its own resources.

THE BUDGET

Reagan's attempts to reduce or limit the growth of federal expenditures was probably his most successful venture in attempting to alter intergovernmental relations. States may not consider it a success from their perspective, however, since Reagan targeted many programs from which they benefitted. Reagan went after the domestic social programs more than any other budgetary items. Pressure on spending began to be felt before Reagan took office, but Reagan intensified it.[42] His largest successes came in the first

[41]Ibid., 227.

[42]For a more detailed discussion of trends in budget policy see Gregory B. Mills, "The Budget: A Failure of Discipline," in *The Reagan Record* eds. John L. Palmer and Isabel V. Sawhill. (Cambridge, Mass.: Balinger Publishing Company, 1984), 107-139.

year of his term. The Omnibus Budget Reconciliation Act of 1981, which contained Reagan's major successes in grant consolidation, also cut federal grant outlays in FY 1982 by $6.6 billion from the previous year. The largest of the reductions came in education, training, employment, and social services.[43]

In 1981 Reagan wanted total federal spending held at $695.3 billion for FY 1982. The basic goal was at first to reduce the level of growth and to eventually balance the budget. The plan was to reduce the growth of federal spending to 6.2 percent in 1982, amounting to a 5.4 percent reduction from the Carter budget.[44] Defense spending was sacred to the president and was off-limits regarding budget cuts. Most of the proposed cuts would occur in the domestic social programs.

The proposal to cut the food stamp program, for example, would have eliminated more than a million people from the program and reduce benefits to the rest. Changes in eligibility requirements would, for example, have rendered ineligible those families whose incomes were 130 percent of the poverty level and over. The reconciliation measure cut outright spending for food stamps by $1.7

---

[43]Richard P. Nathan and John R. Lago, "Intergovernmental Relations in the Reagan Era," *Public Budgeting and Finance,* 8 (Autumn 1988): 17. See also Office of Management and Budget, *Historical Tables, Budget of the United States Government,* Fiscal Year 1982.

[44]*Congress and the Nation,* VI (1981-84), 37.

billion for 1982 and a total of $6 billion over a three year period.[45] In the process, Reagan succeeded in removing families with total incomes of 130 percent of the poverty level from eligibility. Congress, however, rebuffed him on his proposal to reduce food stamp benefits to families whose children received federally subsidized free lunches at school.[46]

Reagan also sought a mandatory "workfare" requirement instituted in the AFDC program along with substantial benefit reductions. Reagan got his benefit reductions, but the workfare proposal was only partially accepted. The bill allowed states to decide if they would establish "community work experience" programs for AFDC recipients.[47]

As for education, in 1981 Congress gave Reagan some cuts in college student aid programs, although not as much as he asked. Reagan wanted a "needs-test" to limit eligibility for the guaranteed student loan program, and Congress passed a modified version that made the "needs-test" applicable only to students from families with incomes of more than $30,000 annually. Reagan wanted the needs-test to apply to all loan applicants.[48]

---

[45]Ibid., 583-584.

[46]Ibid., 585.

[47]Ibid., 587.

[48]Ibid., 557.

The Omnibus Reconciliation Act of 1982, along the lines recommended by Reagan, reduced projected spending for Medicare, Medicaid, and welfare for fiscal years 1983 through 1985 and tightened spending on the food stamp program as well.[49] However, a deepening recession, the impact of the 1981 budget cuts, and an upcoming election caused Congress to reject many of the additional reductions sought by Reagan.[50]

The 1984 budget resolution provided for lower military funding and higher tax and domestic spending than Reagan wanted. The resolution granted only half of the 10 percent increase in defense spending that the president sought and raised the administration's spending targets by $5.6 billion. Thus, because of an influx of new house Democrats the resolution constituted a "Democratic policy statement."[51] The budget later had to be revised, however, because of new spending estimates, revised economic forecasts, and what appeared to be impending deficits (which never materialized due to an upswing in the economy). After Reagan threatened a veto, many programs were trimmed in the FY 1984 appropriations measure to levels acceptable to him.[52]

---

[49]Ibid., 48.

[50]Ibid., 594.

[51]Ibid., 51.

[52]Ibid., 54-56.

Reagan's FY 1985 budget again went after Medicare and other social programs. A freeze on discretionary domestic spending and small tax increases were to achieve a $106 billion deficit reduction. The budget was rejected by Congress because it did not go far enough in reducing anticipated deficits. The largest cuts were made in Medicare, and the final budget resolution also increased out-of-pocket costs for recipients.[53] Among the provisions included in the FY 1986 reconciliation bill was one which required that AFDC benefits be paid to two-parent households in which the primary wage earner was unemployed. Existing law gave states the option of offering such benefits under the AFDC program. Reagan vehemently opposed the proposal and it was eventually dropped from the FY 1987 reconciliation bill signed by Reagan on April 7, 1986.[54] The legislation provided, however, that the federal government administer state supplementary payments to institutionalized persons eligible for the monthly federal SSI personal needs allowance provided that a state requested it. Dropped from this same legislation was a provision to give states a reprieve from sanctions for failure to comply with federally set administrative error rates in Medicaid thus making states still liable for the penalties.[55]

[53]Ibid., 56-57.

[54]*Congress and the Nation,* VII (1985-88), 608.

[55]Ibid., 609.

In the FY 1987 budget Reagan, consistent with earlier attempts to reduce domestic expenditures, proposed changes that would cut Medicaid, food stamps and AFDC. This time, however, Congress did not go along. Money began to creep back into these programs.[56] Reagan continued for the remainder of his presidency to propose cuts in the domestic programs. The FY 1988 budget, for example, targeted 46 federal programs for termination and sought to reduce federal financial support of education, mass transit, community development, public housing, and agriculture.[57] This budget was negatively received, and Congress tried to meet the Gramm-Rudman deficit reduction targets with savings taken from defense instead of social programs.[58]

Reagan's impact on the budget is one of the most interesting aspects of his new federalism. Summary tables (tables 3 and 4) showing Reagan's impact on the funding of intergovernmental programs can be found in Appendix C. Table 3 shows Reagan's impact on all non-defense outlays from 1982-87. In 1982 Reagan proposed a reduction from 558.7 billion dollars to 506.5 billion, a nine percent decrease. Congress, instead of decreasing spending, actually increased it by $1.7 billion. Similar outcomes resulted in subsequent years in which expenditures were

---

[56]Ibid., 47, 57.

[57]Ibid., 58.

[58]Ibid., 59.

actually increased or were not reduced to the level that Reagan wished. Looking at grant-in-aid programs, table 4 shows the percentage change from 1981-87. The most substantial cuts came in 1981-82 when expenditures were reduced by 12.3 percent. Over the next four years, however, the expenditures slowly began to creep back up with increases of 0.6 percent in 1982-83, 1.4 percent in 1983-84, 3.9 percent in 1984-85, and 2.9 percent in 1985-86. There was another reduction in 1986-87 of 6.3 percent and a total average reduction in grant-in-aid expenditures over the 1981-1987 period of 10.1 percent.

CONCLUSION

The overall trend for the Reagan era regarding his proposals was that his major successes in the budget, block grants, and his initiatives generally, came early in his administration and his biggest failures came later in his administration. By the end of his administration the president had yet to see passage of his major private sector initiative: the "urban enterprise zones" proposal. Reagan was only partially successful in reducing regulation imposed on the lower levels of government and in some cases the "victory" turned out to be only temporary. I place "victory" in quotation marks because of the preemptive legislation that Reagan supported and signed into law. The conclusion is that Reagan had only a minimal personal impact on the U.S. federal system, although he did succeed in putting federalism and intergovernmental relations at the top of the nation's agenda. The statement that Reagan only had a minimal impact on the federal system does not mean that many changes did not occur during his tenure. It simply means that many of the changes are not directly attributable to Reagan personally. We now turn to a discussion of the possible reasons for the successes and failures of Reagan's attempts to mold the federal system into his preferred shape and configuration.

CHAPTER FIVE

The Politics of Federalism

Altering a long-term trend toward centralization in the American federal system has proven to be very difficult if not impossible. A number of presidents have made attempts but none can claim a clear record of victory. Ronald Reagan achieved most of his successes in the first year of his administration. The block grant consolidations and the massive budget cuts came in the first part of Reagan's first term. Later block grant proposals were less successful than those of 1981. A possible explanation for Reagan's early successes and later failures will be presented in this chapter, along with a cultural explanation as to why we have the federal system that we have and why political culture may have played a role in Reagan's successes and his failures in regard to his new federalism initiatives. The conclusion of this chapter will focus on more political explanations of Reagan's successes and, particularly, his failures.

POLITICAL CULTURE AND FEDERALISM

Political culture may hold the keys to the success or failure of changing the federal system. This notion holds that we have the system we have because the dominant political culture at any given time in this country wants the system the way it is. In any country there are competing cultures, each trying to become the dominant culture so that they can set the course of policy. A cultural approach grounds explanation in the social relations between people. A culture can be identified by the shared values that legitimate social relations. In other words, support for and opposition to different ways of life are what constitute various political cultures.[1] Wildavsky employs a particular cultural theory that uses two basic questions to form its dimensions: Who am I? and What shall I do? In his words:

> The question of identity may be answered by saying that individuals belong to a strong group, a collective, that makes decisions binding on all members or that their ties to others are weak in that their choices bind only themselves. The question of action is answered by responding that the individual is subject to many or few prescriptions, a free spirit or a spirit tightly constrained. The strength or weakness of group boundaries and the numerous or few, varied or similar, prescriptions binding or freeing individuals are the components of their culture.[2]

Four basic cultures are identified by Wildavsky based on research by Mary Douglas.[3] The first is hierarchical

---

[1]Aaron Wildavsky, "Choosing Preferences By Constructing Institutions: A Cultural Theory of Preference Formation," *American Political Science Review,* 81 (March 1987): 3.

[2]Ibid., 6.

[3]Mary Douglas, *In the Active Voice,* (London: Routledge and Kegan Paul, 1982).

collectivism and is identified by the presence of strong group boundaries with numerous prescriptions that vary with social roles. In the second, the members form strong group identifications, follow few prescriptions and constitute an egalitarian culture. It is a culture of shared life of voluntary consent without coercion or inequality.[4] The third is a culture that is characterized by few prescriptions, weak group boundaries and is labeled as competitive individualism. Finally, a fatalistic culture is one in which group boundaries are weak and prescriptions are strong. Members of this culture believe fate controls nearly everything and that nothing can be done to alter outcomes. Decisions are made for them by other people.[5] The four cultures compete, although alliances between different cultures occasionally form temporarily, for control over policy and for the power to determine the governmental arrangement that best support the preferred way of life.

Carolyn Webber and Aaron Wildavsky make the following argument about the budget.[6] There are three major and active cultures. Fatalistic cultures do not feel that they

---

[4]Aaron Wildavsky, "Choosing Preferences by Constructing Institutions," 6.

[5]Ibid.

[6]Carolyn Webber and Aaron Wildavsky, *A History of Taxation and Expenditure in the Western World,* (New York: Simon and Schester, 1986), 29.

can control outcomes so they do not bother to involve themselves in politics. The active types are hierarchical, market, and sectarian cultures. The market culture that Elazar calls individualist places a premium on private concerns and seeks limits on government intervention in order to keep the marketplace in proper working order.[7] In Elazar's words, "Government action is to be restricted to those areas, primarily in the economic realm, which encourage private initiative and widespread access to the marketplace."[8] The sectarian culture (also called egalitarian or moralistic) is not so opposed to government intervention into the "sphere of 'private' activities when it is considered necessary to do so for the public good or the well-being of the community."[9] Hierarchies (sometimes called traditionalistic cultures) are characterized by an attitude that "accepts a substantially hierarchical society as part of the ordered nature of things, authorizing and expecting those at the top of the social structure to take a special and dominant role in government."[10]

Regarding the budget and without getting too deeply into cultural theory, a dominant hierarchical culture is

---

[7]Daniel J. Elazar, *American Federalism: A View From the States,* second edition, (New York: Thomas Y. Crowell Company, 1972), 94.

[8]Ibid.

[9]Ibid., 97.

[10]Ibid., 99.

characterized by increasing taxes and expenditures. A market culture is characterized by a desire for lower taxing and spending. A sectarian culture is associated with lower taxation and higher spending.[11] It is this egalitarian or sectarian culture that has dominated the U.S. since the 1930's and has led to the budget deficits that we now experience. Hierarchies imply that a centralization of government should exist as well as in the social order. Regarding the budget, Webber and Wildavsky state:

> Hierarchy is the home of the budgetary base. Interaction in society establishes a base that is as well defined as its social structure. There ought to be and there is a list of priorities for taxing and spending. Hence the entire base, each and every item, is supported.[12]

Line-item budgeting and earmarking funds that leave little discretion to the lower levels of the governmental order are the preferred methods of budgeting for a hierarchy.

Carolyn Webber and Aaron Wildavsky argue that for a change to take place in the budgeting schema, a change has to take place in the general public where a new culture ascends and becomes dominant. Reagan's electoral victory in 1980 could have been trumpeted as a victory for the market

---

[11]Carolyn Webber and Aaron Wildavsky, *A History of Taxation and Expenditure in the Western World,* 29. For a similar kind of argument in other areas see Anthony King, "Ideas, Institutions and the Policies of Governments: A Comparative Analysis," *British Journal of Political Science* 3 (July 1973): 291-313 and 3 (October 1973): 409-23.

[12]Carolyn Webber and Aaron Wildavsky, *A History of Taxation and Expenditure in the Western World,* 32.

culture that would usher in a new period of balanced budgets with low taxes and low spending. The importance of this type of transformation is pointed out by Webber and Wildavsky when they state:

> On the budgetary base, therefore, rest the pillars of society. An across-the-board attack on the budgetary base is equivalent to a revolution. Breaching the budget is equivalent to opening the boundaries of the social contract to renegotiation. The fundamental priorities of the regime-who will be taxed how much for which purposes-are turned upside down.[13]

This is basically what Ronald Reagan had in mind. The "Reagan Revolution" was about transforming the priorities of the national government so a new era of low taxes and low spending would be brought about. This type of revolution, so the theory goes, could not be possible without the revolution beginning from the ground up rather than from the top down.

David Stockman, Reagan's first director of the Office of Management and Budget, tells us that this Reagan revolution did not take place and could not take place because of the still dominant sectarian culture that was biased toward deficits. That is, Reagan's electoral victory did not signal that the American public had abandoned a culture that was sectarian in character for one that was more market or individualist in character. This is the bitter lesson that

[13]Ibid., 31.

Stockman said he had to learn the hard way.[14] Yet we know Reagan was successful in instituting some major changes. How can this be explained, given Stockman's analysis? Did the organization of society change only a little so that some changes could be made in the federal system, but not enough for more extensive changes? Reagan's limited success may be explained in part in terms of the difficulty in mobilizing sufficient force behind alternative cultural conceptions, primarily market, to overcome the (sectarian) culture that dominated at the time.

POLITICAL CAPITAL AND PRESIDENTIAL SUCCESS

A possible explanation for the fact that Reagan's greatest successes came in his first term and especially in the first year is provided by Paul Charles Light. It concerns the political positions in which presidents find themselves. Light asserts that a president must move quickly in Congress because his political support tends to decline over time. A president comes into office with a certain amount of political capital as measured by his electoral victory margin, the number of seats in the House and Senate held by his party, and his public approval

[14]David Stockman, *The Triumph of Politics: How the Reagan Revolution Failed,* (New York: Harper and Row, 1986). See also William Greider, "The Education of David Stockman," *The Atlantic Monthly,* December 1981, 27-51.

rating. This is in addition to the president's own "internal" resources of information, expertise, and personal energy.[15] Since historically the president's party tends to lose seats in the mid-term elections and since the second year of his term is dominated by those elections and the interest of members of Congress in them rather than with what the president may want, a president has a one-year window of opportunity in which to move his agenda through Congress. Activity in the third year of a presidential term is dependent on the seriousness of the president's party losses in the mid-term elections. In the fourth year the president is concerned about reelection to a second term. The second term, if there is one, is qualitatively shorter because the president is a "lame duck." In seventh and eighth years of a president's administration, both parties are thinking about a successor, and the majority party in Congress usually wishes to wait to see if they can do better with a new president, hopefully of the same party.[16] Light refers to all of this as the "cycle of decreasing influence." President Johnson realized the phenomenon and stated to his staff, according to one of his aides, Harry McPherson, that:

---

[15]Paul Charles Light, *The President's Agenda,* (Baltimore: The Johns Hopkins University Press, 1982), 25-34.

[16]Ibid., 35-61.

> You've got to give it all you can that first year. Doesn't matter what kind of majority you come in with. You've got just one year when they treat you right and before they start worrying about themselves. The third year, you lose votes...The fourth year's all politics. You can't put anything through when half of the Congress is thinking about how to beat you. So you've got one year.[17]

Ronald Reagan came into office with an electoral margin of victory that he often liked to refer to as a mandate from the people. His party picked up 32 seats in the House of Representatives and took control of the Senate. His popularity began high and, for the most part, remained high throughout his presidency. Using Light's analysis, in 1981 we could have predicted that Reagan would be quite successful in Congress in the first part of his administration compared to later years. Chapter Three confirms that most of his successes did come in his first year through the Omnibus Budget and Reconciliation Act of 1981. The grant consolidations, budget cuts, and program changes that reduced the number of beneficiaries and save federal money, were the most important characteristics of Reagan's agenda and accomplishments. Reagan was not so successful in getting further block grant consolidations in later years (one in his second year, none in his third, then the proposals stopped) and he ran into obstacles in restraining the budget in later years when Congress began to

---

[17]Harry McPherson, *A Political Education,* (Boston: Little, Brown; 1972), 268; quoted in Light, *The President's Agenda,* 13.

reauthorize spending increases. The Iran/Contra affair weakened the president further, and the Republican loss of the Senate in 1986 did not help matters. Congress grew more comfortable denying the president his wishes. Reagan's record fits comfortably within the theory of the "cycle of decreasing influence" provided by Light.

GROUP ALIGNMENT AND INTERGOVERNMENTAL RELATIONS

Interest groups are affected by federalism but also shape the politics of intergovernmental relations. Federalism provides many opportunities and arenas for interest groups to exert influence.[18] Williamson attributes Reagan's New Federalism failures to not only the economic and political situation at the time (the nation was in a recession in 1982 and elections were approaching) but also to the dynamics of the negotiating process.[19] Reagan wanted the income maintenance programs such as the AFDC, food stamps, and Medicaid to be state responsibilities. The states, on the other hand, felt all income maintenance programs to be the rightful responsibility of the federal government. Reagan, however, was willing to compromise and

[18] David C. Nice, *Federalism: The Politics of Intergovernmental Relations,* (New York: St. Martin's Press, 1987), 29.

[19] Richard S. Williamson, "The 1982 New Federalism Negotiations," 11.

let the federal government completely takeover the Medicaid program provided the states take over the food stamp and the AFDC programs. The state assumption of the food stamp program was taken off the table by administration negotiators because of concerns on the part of members of Congress and state and local officials. The swap then became state assumption of the AFDC program in exchange for federalization of Medicaid. This did not alleviate the financial concerns of governors, state legislators, local officials, and affected interest groups. The groups worried that if the federal government took responsibility for food stamps and the states assumed the AFDC program, the states would have a disincentive to increase AFDC benefits, because for every $1 increase in AFDC benefits there would be a $0.30 reduction in food stamp benefits. This may be the case because AFDC benefits are a factor in determining food stamp benefits.[20] The governors counter-proposed a modification in the food stamp program so that its benefits would no longer be reduced as state AFDC benefits increased. The administration's major concern was that the governors' proposal would impose additional costs to the federal government through its share of income maintenance programs in that the federal government would be getting $3.8 billion in rising entitlement expenditures and giving up $3.8 billion of relatively stable discretionary expenditures that

[20]Ibid., 25.

the states proposed to take. This would conflict with Reagan's major priority of budget restraint. He did not want to incur added federal expenditures but to reduce them.[21] State and local governments were similarly worried about additional costs that might be imposed on them. Williamson summed up the whole affair by stating that the administration allowed itself "to be trapped into an obsession over short-term budget considerations."[22] Hence, the negotiations broke down and the swap was never sent to the Congress for official consideration.

Explanation for the failure of the swap and turnback proposals can be linked to the fact that virtually no constituency existed for a devolution of program funding, although there was strong support for devolution of policymaking responsibilities. As Peterson states:

> The New Federalism debate therefore tested for the first time how large a constituency there was for devolution-among directly affected interest groups, among the states and localities that would inherit new responsibilities, and among taxpayers. The results of this test were decisive.[23]

Regarding the proposal to swap federal assumption for Medicaid for state assumption of AFDC and food stamps, for example, public opinion polls at the time repeatedly showed

---

[21]Ibid., 26, 29.

[22]Ibid., 31.

[23]George E. Peterson, "Federalism and the States: An Experiment in Decentralization," in *The Reagan Record,* Eds. John L. Palmer and Isabel V. Sawhill, (Cambridge, Massachusetts: Ballinger Publishing Company, 1984), 224.

that voters believed AFDC to be too expensive for states to assume control of the programs. Many predictions were made that devolution would produce lower benefit levels and tighter eligibility standards and that "it could be expected to create a competitive situation wherein each state would have to restrict AFDC benefits for fear of attracting welfare recipients from neighboring states or losing taxpayers to them."[24] This could at least partially explain the opposition of affected interest groups to the swap proposal.

The swap plan was also thought to appeal to taxpayers on the grounds that the prospect of lower spending might strengthen the case for devolution, but no taxpayer lobby for turning the funding of welfare over to the states materialized. In fact opinion polls show that voters "despite their expressed preference for lower welfare spending believe it is a federal responsibility to set welfare standards and to assist states in meeting welfare needs."[25] Thus, the governors and state officials had the public (affected interest groups and voting taxpayers) firmly in support of their insistence that the national

---

[24] Ibid., 224-5.

[25] George E. Peterson, "Federalism and the States," p.225. See also Advisory Commission on Intergovernmental Relations, *Changing Public Attitudes on Governments and Taxes,* (Washington D.C.: Government Printing Office, 1981). See also Everett Carll Ladd Jr. and Seymour Martin Lipset, "Anatomy of a Decade," *Public Opinion,* 3 (Dec-Jan, 1980): 2-9.

level maintain (or take over) all welfare and income-maintenance programs and responsibilities. Reagan would not bend and permit federal takeover of all income-maintenance programs nor would he even accept the deal offered by the states because of the costs that he thought would be imposed on the federal government from such a bargain.

The turnback proposals were similarly bad deals for the states. This would explain the bitter opposition to the plan by state and local officials. The federal government was not the only government trying to cope with economic hardship. State and local governments were having to make the same kinds of decisions that the national government was having to make: which programs to preserve in a period of fiscal austerity. As Benton states:

> Acceptance of fiscal responsibility for the transfer programs by state and local governments would have created a severe economic strain on these governments, given their then present and immediate tax policies. Therefore, it is reasonable to assume that these governments-already operating in an environment characterized by fiscal strain and retrenchment-would not have been eager to take on additional responsibilities as proposed by the Reagan administration.[26]

Raising taxes at the state level was no more popular than at the national level, so this was not a politically

---

[26]J. Edwin Benton, "Economic Considerations and Reagan's New Federalism Swap Proposals," *Publius,* 16 (Spring 1986): 19. For a more detailed discussion of the effects of the proposals see Bernard L. Weinstein, "New Federalism or Feudalism?," *Challenge,* 25 (May-June,1982): 38-45.

viable alternative for the states. State and local governments were forced by self-interest (or self-preservation) to oppose the administration on the swap and turnback proposals if Reagan was not willing to make fiscal concessions to the lower levels to help them cope with a worsening economic situation. Agreement on the turnback proposal was eventually reached, however, in which the federal government would turn back forty programs to the states. This package was sent to the Congress in 1983 as the "mega-block" proposal but was not enacted. Going back to Light's analysis, the rejection of the proposal might have been due to Reagan's diminishing clout in Congress due to his party's losses in the midterm elections.

The proposition that the failure of many aspects of the new federalism to be enacted was due to budgetary considerations fits nicely with the analysis put forth by Timothy J. Conlan. He also argues that the ultimate failure of the swap proposal to advance beyond discussions with state and local officials was due to "the president's unwillingness to make fiscal concessions sufficient to gain gubernatorial backing for the plan."[27] In other words, Conlan asserts that agreement with the governors could have been achieved if Reagan had been willing to devote additional federal resources to ease their concerns. Thus,

[27]Timothy J. Conlan, "Federalism and Competing Values In The Reagan Administration," 34.

Reagan may have undermined his own attempts to transform the U.S. federal system through a swap and a turnback of federal programs.

Local governments and various other interest groups also became obstacles to some of the new federalism proposals. Many local governments were afraid about how they would be treated by the states. Phoenix mayor Margaret Hance stated, "We are sick to death of being an administrative province of the federal government, and we want to avoid becoming administrative provinces of state governments."[28] The National Association of Social Workers expressed fiscal concerns by warning that under Reagan's new federalism plan, "some states would stop some or all of their assistance to the poor when faced with their own budget crises."[29] Former administrator of the Agriculture Department's Food and Nutrition Service Robert Greenstein, referring to the AFDC and food stamp programs, said "no one should be under any illusion that these programs will be maintained by the states for any length of time."[30] This was a common sentiment from a number of interest groups during the new federalism negotiations. For example, Andrew Mott of the Coalition on Block Grants and Human Needs, formed by social

[28]Neal R. Peirce, :The States Can Do It, But Is There the Will?," *National Journal,* 14 (Jan-Mar 1982): 374.

[29]Ibid., 375.

[30]Ibid.

service and civil rights groups opposed to Reagan's plans, argued that many items on Reagan's turnback list such as maternal and child care, black lung and migrant health clinics, family planning, emergency fuel aid for the poor, mass transit aid and job training for the disadvantaged, would fare very poorly after a turnback.[31] Mott advocated a conjoint federal arrangement arguing that "decentralization can work only if there are federal standards, federal oversight and compliance procedures and enforceable requirements that 'citizens in fact have the information and resources they need to be involved in monitoring.'"[32] There is a concern as well that interest groups of affected beneficiaries can not as adequately protect their interests at the state level as they can at the federal level. Many worry that groups "already suffering tremendously from federal cutbacks and lack of private-sector grants...will find it virtually impossible to devote sufficient attention at the state level."[33] Peirce argues that:

> Rebuffed in the past by the states, the black, Hispanic [sic] and other poor or independent groups have for years concentrated their lobbying efforts at the federal level-in the meantime often neglecting to build power at city, county and state levels.[34]

---

[31]Ibid., 377.

[32]Ibid.

[33]Ibid.

[34]Ibid., 378.

Thus, many groups had reasons to oppose devolution in the federal system. State and local governments, fearing the effects of budget cuts and the additional fiscal burdens of a swap or turnback, joined with interest groups in opposition to decentralization. It is likely that it was the absence of agreement between the state and local governments (perhaps reflecting interest group pressure) and the federal government on the swap and turnback proposals that doomed it to failure.

Many interest groups also lobbied Congress against the block grant consolidations. The Ad Hoc Coalition on Block Grants, an umbrella group representing 100 separate groups and professional organizations, sent a letter to all members of the House of Representatives arguing that Reagan's block grant proposals would

> repeal landmark legislation, eliminate essential programs, undermine principles of fiscal accountability and lay the groundwork for confusion, neglect, and new bureaucracy at the state level....These proposals will certainly mean...less assistance to those in genuine need...and a brutal political struggle at the state level where the most vulnerable...are almost certain losers.[35]

However, interest groups were not as successful at thwarting the president's block grant proposals in 1981. Although the groups' concerns were primarily fiscal in

---

[35]Timothy Conlan, *New Federalism: Intergovernmental Reform from Nixon to Reagan,* (Washington, D.C.: The Brookings Institution, 1988), 165; quoting from "Letter to Rep. Henry Waxman," in *Congressional Record,* June 24, 1981, p.13785.

nature, Reagan was successful in getting substantial budget reductions (25 percent in some cases) to go along with the block grant consolidations of 1981. Group pressures against program consolidations and devolution did not wane over the succeeding years.

THE POLITICS OF MONEY

If it can be said that there was one overall factor determining group (including state and local officials) opposition to or promotion of devolution in intergovernmental programs it might be money. Groups were not as opposed to the decentralization of administration as they were to the decentralization of funding. In fact, many groups, states, and municipal governments were receptive to the principles of the new federalism. The groups saw how a number of states were going beyond the federal minimum standards and began to lobby to protect the power of states to set standards. They were, however, somewhat skittish about the funding changes, particularly the clientele groups. States, on the one hand, were concerned that they would not be able to assume the added costs of the programs and their administration. Groups, on the other hand, consistently expressed concerns that states, when they experienced budget difficulties, would scale back or totally eliminate many of the programs. Many members of Congress who opposed the administration's proposals picked up on the fears of various groups and turned them to their own (ideological) advantage. One tactic involved taking the specific details of Reagan's proposals, those enacted and those pending, and showing the consequences to beneficiaries.[36] Groups allowed (or did not oppose) the devolution of policymaking and administration so long as there were gurantees regarding some minimum levels of funding.

The relatively few successes that Reagan did enjoy regarding federalism can be explained by three factors, according to research conducted by Demetrios Caraley and Yvette Schlussel. They found that the successes resulted from, first, a decrease in the number of pro-federal aid Democrats and an increase in the number of anti-federal aid, pro-new federalism Republicans brought about by the 1980 election. This expanded Reagan's "political capital" (recall Light's analysis) and translated into legislative success for some aspects of the new federalism. Second, success was due also in part to a decrease in support for federal aid by the Republicans from the already low levels of support of the 95th and 96th Congresses, including "virtual disappearance in the House and sharp reduction in the Senate of the tendency of eastern Republicans to deviate

[36]Richard E. Cohen, "Meanwhile in Congress, The Long Knives Are Out," *National Journal,* 14 (Jan-Mar 1982): 382.

from the non-eastern Republicans and vote against cuts in federal aid."[37] Third, the successes are due to the use of the budget reconciliation process to make any new federalism changes take place simultaneously in a single series of votes rather than following the usual practice that required floor majorities in a separate set of votes for each program.[38] The vote had to be either for or against the entire package.

CONCLUSION

Little deviation from the course of increasing centralization in the American governmental system took place in the Reagan era. The only exception is possibly the block grant consolidations of Reagan's first term. The fact that Reagan had limited success in instituting a new federalism should not have been too surprising. President Eisenhower's attempts to return federal programs and tax sources to the states failed passage in Congress. President Nixon's efforts didn't get too far in Congress. President Carter even made modest proposals in that direction but they were unsuccessful in Congress as well.[39] The fact that

[37]Demetrios Caraley and Yvette R. Schlussel, "Congress and Reagan's New Federalism," *Publius,* 16 (Winter 1986): 67.

[38]Ibid.

[39]Timothy J. Conlan and David B. Walker; "Reagan's New Federalism: Design, Debate and Discord," 20-21.

Reagan made any progress at all is the surprising part of the whole affair. However, his attempts to try to institute changes in the American governmental system serves to reconfirm the principle that politics limits the amount of success that can be achieved. Reagan was certainly limited in the changes he could have made by the politics that seemed to crowd out all other considerations. Thus, Reagan came into office facing a then-dominant political culture that was negatively oriented to what he hoped to accomplish. The president appeared to have been unable to mobilize enough force behind alternative cultural precepts, such as the market, to gain passage of many components of the new federalism. The president was also constrained by time to accomplish what he could as quickly as possible before his political clout ran out. The president also faced political opposition from the clientele groups who had a stake in maintaining the highest benefit levels possible and who saw a centralized system as the best guarantor of those benefits. Under these kinds of conditions it should not be surprising that the president could achieve only limited success in transforming the federal system. Any success achieved by Reagan may turn out to be just temporary. Most scholars agree, however, that one of the largest and perhaps most important successes of Ronald Reagan was to place the issue of federalism at the top of the nation's agenda.[40] This may very well be the prerequisite condition for stimulating change in the attitudes of the nation's citizenry (bringing to the fore a new dominant political culture) and to ultimately institute radical reform in the U.S. federal system.

[40]Richard S. Williamson, "The 1982 New Federalism Negotiations," 22. See also Stephen B. Farber, "The 1982 New Federalism Negotiations: A View from the States," 35-36.

BIBLIOGRAPHY

BIBLIOGRAPHY

Abelman v. Booth. 21 Howard 506 (1859).

Advisory Commission on Intergovernmental Relations. *Changing Public Attitudes on Governments and Taxes.* Washington D.C.: Government Printing Office, 1981.

Anderson, William. *The Nation and the States, Rivals or Partners?*. Minneapolis: University of Minnesota Press, 1955.

Arvidson, Cheryl. "As the Reagan Era Fades, it's Discretion vs. Earmarking in the Struggle Over Funds: Can Washington's Reborn Urge to Put Strings Back on Block Grants Be Blunted." *Governing,* 3 (March 1990): 21-22.

Barron v. Baltimore. 32 U.S. 243 (1833).

Beam, David R., Timothy J. Conlan, and David B. Walker. "Federalism: The Challenge of Conflicting Theories and Contemporary Practice." In *Political Science: The State of the Discipline,* Edited by Ada W. Finifter, 47-279. Washington D.C.: American Political Science Association, 1983.

Bendick, Marc Jr. "Employment, Training and Economic Development." In *The Reagan Experiment*. Edited by John L. Palmer and Isabel V. Sawhill, 247-269. Washington D.C.: The Urban Institute Press, 1982.

Benton, J. Edwin. "Economic Considerations and Reagan's New Federalism Swap Proposals." *Publius,* 16 (Spring 1986): 17-32.

Caraley, Demetrios, and Yvette R. Schlussel. "Congress and Reagan's New Federalism." *Publius,*16 (Winter 1986): 49-80.

Charles River Bridge v. Warren Bridge, 36 U.S. 420 (1837).

Clark, Jane Perry. *The Rise of a New Federalism: Federal State Cooperation in the United States*. New York: Columbia University Press, 1938.

Cohen, Richard E. "Meanwhile in Congress, The Long Knives Are Out." *National Journal,* 14 (Jan-Mar 1982): 381-383.

Cole, Richard L., and Delbert A. Taebel. "The New Federalism: Promises, Programs, and Performance." *Publius,* 16 (Winter 1986): 3-10.

Congress and the Nation, VI (1981-84).

________. VII (1985-88).

Congressional Quarterly. *Reagan: The Next Four Years.* Washington D.C.: Congressional Quarterly Press, 1985.

Conlan, Timothy J. "Federalism and Competing Values in the Reagan Administration." *Publius,* 16 (Winter 1986): 29-48.

________. *New Federalism: Intergovernmental Reform from Nixon to Reagan.* Washington D.C.: The Brookings Institution, 1988.

Conlan, Timothy J., and David B. Walker. "Reagan's New Federalism: Design, Debate and Discord." *Intergovernmental Perspective,* 8 (Winter 1983):6-22.

Corwin, Edward S. "The Passing of Dual Federalism." *Virginia Law Review,* 36 (1950): 1-24.

Davis, Albert J., and Nonna A. Noto. "Changing Federal-Local Relations in a Period of Fiscal Austerity." *Research in Urban Economics,* 4 (1984): 147-65.

Douglas, Mary. *In The Active Voice.* London: Routledge and Kegan Paul, 1982.

Dubnick, Mel, and Alan Gitelson. "Nationalizing State Policies." In *The Nationalization of State Government.* Edited by Jerome J. Hanus, 39-74. Lexington, Mass.: D.C. Heath, 1981.

Elazar, Daniel J. *The American Partnership: Intergovernmental Co-operation in the Nineteenth-Century United States.* Chicago: University of Chicago Press, 1962.

________. *American Federalism: A View From the States,* 2d ed. New York: Thomas Y. Crowell Company, 1972.

Farber, Stephen B. "The 1982 New Federalism Negotiations: A View From the States." *Publius,* 13 (Spring 1983): 33-38.

Feder, Judith, John Holahan, Randall R. Bovbjerg, and Jack Hadley. "Health." In *The Reagan Experiment,* Edited by John L. Palmer and Isabel V. Sawhill, 271-305. Washington D.C.: The Urban Institute Press, 1982.

Fix, Michael. "Regulatory Relief: The Real New Federalism?." *State Government News,* 28 (Jan. 1985): 7-14.

Graves, W. Brooke. *American Intergovernmental Relations: Their Origins, Historical Development, and Current Status*. New York: Charles Scribner's Sons, 1964.

Greider, William. "The Education of David Stockman." *The Atlantic Monthly,* (Dec. 1981): 27-51.

Grodzins, Morton. *The American System: A New View of Government in the United States*. Edited by Daniel J. Elazar. Chicago: Rand McNally and Co, 1966.

Gutowski, Michael F., and Jeffrey J. Koshel. "Social Services." In *The Reagan Experiment,* Edited by John L. Palmer and Isabel V. Sawhill, 307-328. Washington D.C.: The Urban Institute Press, 1982.

Haas, Lawrence J. "Mixing Missions." *National Journal,* 21 (May 6, 1989): 1114-18.

Hamilton, Alexander, James Madison and John Jay. *The Federalist*. New York: The Knickerbocker Press, 1888.

Hanus, Jerome J., ed. *The Nationalization of State Government*. Lexington, Mass.: D.C. Heath, 1981.

Helvering v. Davis, 301 U.S. 619 (1937).

Ingram, Helen. "Policy Implementation Through Bargaining: The Case of Federal Grants-in-Aid." *Public Policy,* 25 (1977): 499-525.

Jefferson, Thomas. Letter to Gideon Granger, 1800. In *Thomas Jefferson on Democracy,* Edited by Saul K. Padover. New York: New American Library, 1939.

Job Training Partnership Act, P.L. 97-300, 96 Stat. 1322 (1982).

Kettl, Donald F. *The Regulation of American Federalism*. Baltimore: The Johns Hopkins University Press, 1983.

________. *Government by Proxy*. Washington D.C.: Congressional Quarterly Press, 1988.

King, Anthony. "Ideas, Institutions, and the Policies of Governments: A Comparative Analysis." *British Journal of Political Science,* 3 (July 1973): 291-313 and 3 (October 1973): 409-23 (article in two parts).

Kriz, Margaret E. "Ahead of the Feds." *National Journal,* 21 (Dec. 9, 1989): 2989-93.

Ladd, Everett Carll Jr., and Seymour Martin Lipset. "Anatomy of a Decade." *Public Opinion,* 3 (Dec-Jan, 1980): 2-9.

Liebschutz, Sarah F. "The National Minimum Drinking-Age Law." *Publius,* 15 (Summer 1985): 39-51.

Light, Paul Charles. *The President's Agenda.* Baltimore: The Johns Hopkins University Press, 1982.

Lowi, Theodore J. "Europeanization of America?: From United States to United State." In *Nationalizing Government: Public Policies in America,* Edited by Theodore J. Lowi and Alan Stone, 15-29. Beverly Hills, California: Sage Publications, 1978.

McCulloch v. Maryland, 4 Wheat 316 4 L.Ed. 579 (U.S. 1819).

McPherson, Harry. *A Political Education.* Boston: Little, Brown, 1972.

Mills, Gregory B. "The Budget: A Failure of Discipline." In *The Reagan Record,* Edited by John L. Palmer and Isabel V. Sawhill, 107-139. Cambridge, Mass.: Ballinger Publishing Co., 1984.

Moore, W. John. "Mandates Without Money." *National Journal,* 18 (Oct. 4, 1986): 2366-70.

________. "Stopping the States." *National Journal,* 22 (July 21, 1990): 1758-62.

Murphy, Jerome T. "Title I of ESEA: The Politics of Implementing Federal Education Reform." *Harvard Educational Review,* 41 (1971): 35-63.

Musselwhite, James C. Jr. "The Impact of New Federalism on Public/Private Partnerships." *Publius,* 16 (Winter 1986): 113-132.

Nathan, Richard P., and Fred C. Doolittle. *The Consequences of Cuts: The Effects of the Reagan Domestic Program on State and Local Governments.*

Princeton, NJ: Princeton Urban and Regional Research Center, 1983.

Nathan, Richard P., and John R. Lago. "Intergovernmental Relations in the Reagan Era." *Public Budgeting and Finance,* 8 (Autumn 1988):15-29.

Nice, David C. *Federalism: The Politics of Intergovernmental Relations*. New York: St. Martin's Press, 1987.

NLRB v. Jones and Laughlin Steel Corporation. 301 U.S. 1 (1937).

Office of Management and Budget. *Budget of the United States Government,* Historical Tables, Fiscal Year 1982.

________. *Information on Block Grants and Program Consolidations in the Fiscal 1983 Budget*. 156 (Feb. 18), 1982.

Omnibus Budget Reconciliation Act of 1981. P.L. 97-35, 95 Stat. 357 (1981).

O'Neill, June A., and Margaret C. Simms. "Education." In *The Reagan Experiment,* Edited by John L. Palmer and Isabel V. Sawhill, 329-359. Washington D.C.: The Urban Institute Press, 1982.

Ostrom, Vincent. "The Contemporary Debate Over Centralization and Decentralization." *Publius,* 6 (Fall 1976): 21-32.

Peirce, Neal R. "The States Can Do It, But Is There the Will?" *National Journal,* 14 (Jan-Mar 1982): 374-379.

Peterson, George E. "The State and Local Sector." In *The Reagan Experiment,* Edited by John L. Palmer and Isabel V. Sawhill, 157-217. Washington D.C.: The Urban Institute Press, 1982.

________. "Federalism and the States: An Experiment in Decentralization." In *The Reagan Record,* Edited by John L. Palmer and Isabel V. Sawhill, 217-260. Cambridge, Mass.: Ballinger, 1984.

Peterson, George E., Randall Bovbjerg, Barbara A. Davis, Walter G. Davis, Eugene C. Durman, and Theresa A. Gullo. *The Reagan Block Grants: What Have We Learned*. Washington D.C.: The Urban Institute Press, 1986.

Prigg v. Pennsylvania, 41 U.S. (16 Pet.) 539 (1842).

Reagan, Ronald. "Reduction in Federal Spending." *Weekly Compilation of Presidential Documents,* 17 (Jan 22, 1981): 33.

________. "Conservative Political Action Conference." *Weekly Compilation of Presidential Documents,* 17 (March 20, 1981): 327-332.

________. "Private Sector Initiatives." *Weekly Compilation of Presidential Documents,* 17 (July-Sept, 1981): 1008-1010.

________. "National Conference of State Legislators, Atlanta, GA. July 30, 1981." *Weekly Compilation of Presidential Documents,* 17 (July-Sept, 1981):832-837.

________. "Executive Order No. 12372: Intergovernmental Review of Federal Programs, July 14, 1982." *Weekly Compilation of Presidential Documents,* 18 (July 19, 1982): 905-6.

________. "National League of Cities: Remarks Nov. 29, 1982 at Annual Convention in Los Angeles, California." *Weekly Compilation of Presidential Documents,* 18 (Dec. 6, 1982): 1531-6.

________. "National Minimum Drinking Age: Remarks on Signing H.R. 4616." *Weekly Compilation of Presidential Documents,* 20 (July 23, 1984): 1036.

________. "National Association of Counties." *Weekly Compilation of Presidential Documents,* 21 (Jan-June, 1985): 250-254.

________. "National Governor's Association." *Weekly Compilation of Presidential Documents,* 21 (Jan-June, 1985): 225-227.

________. "National Newspaper Association." *Weekly Compilation of Presidential Documents,* 21 (Jan-June, 1985): 266-269.

________. "President's Volunteer Action Awards." *Weekly Compilation of Presidential Documents,* 21 (July-Dec, 1985): 1269.

________. "National Appliance Energy Conservation Act of 1986." *Weekly Compilation of Presidential Documents,* 22 (Nov. 10, 1986): 1516.

________. "Water Quality Act of 1986." *Weekly Compilation of Presidential Documents,* 22 (Nov. 10, 1986): 1541.

________. "The State of the Union Address, Jan. 27, 1987." *Weekly Compilation of Presidential Documents,* 23 (Jan-June, 1987): 59-65.

________. "Federalism: Executive Order 12612." *Weekly Compilation of Presidential Documents,* 23 (Nov. 2, 1987): 1230-33.

________. "First and Second Inaugural Addresses." In *Inaugural Addresses of the Presidents of the U.S.: From George Washington, 1789, to George Bush, 1989,* 331-344. Washington D.C.: U.S. Government Printing Office, 1989.

Riker, William H. *The Development of American Federalism.* Boston: Kluwer Academic Publishers, 1987.

Rothman, Robert. "Tax Hikes, Service Reductions Likely: Cities, States Say Cuts in Aid Will Create an Unfair Burden." *Congressional Quarterly Weekly Report,* 43 (Feb. 16, 1985): 291-94.

Rutland, Robert. *Papers of James Madison.* Chicago: University of Chicago Press, 1975.

Salamon, Lester M. "Rethinking Public Management: Third Party-Government and the Changing Forms of Government Action." *Public Policy,* 29 (Summer 1981): 255-276.

Salamon, Lester M. and Michael S. Lund. *Beyond Privatization: The Tools of Government Action.* Washington D.C.: The Urban Institute Press, 1989.

Scheiber, Harry N. *The Condition of American Federalism: A Historian's View.* Washington D.C.: Government Printing Office, 1966.

________. "American Federalism and the Diffusion of Power: Historical and Contemporary Perspectives." *University of Toledo Law Review,* 9 (1978): 619-680.

Seidman, Harold. *Politics, Position, and Power: From the Positive to the Regulatory State* (Fourth Edition). New York: Oxford University Press, 1986.

Stanfield, Rochelle L. "Governors, Mayors Turn From Seeking More Power to Fending Off Aid Cuts." *National Journal,* 15 (Jan. 22, 1983): 166-69.

Stockman, David A. *The Triumph of Politics: How the Reagan Revolution Failed*. New York: Harper and Row, 1986.

Storey, James R. "Income Security." In *The Reagan Experiment*. Edited by John L. Palmer and Isabel V. Sawhill, 361-392. Washington D.C.: The Urban Institute Press, 1982.

Walker, David B. "American Federalism From Johnson to Bush." *Publius,* 21 (Winter 1991): 105-119.

Webber, Carolyn, and Aaron Wildavsky. *A History of Taxation and Expenditure in the Western World*. New York: Simon and Schuster, 1986.

Weinstein, Bernard L. "New Federalism--or New Feudalism?." *Challenge,* 25 (May-June, 1982): 38-45.

Welborn, David M. "Conjoint Federalism and Environmental Regulation." *Publius,* 18 (Winter 1988): 27-43.

Welborn, David M., and Jesse Burkhead. *Intergovernmental Relations in the American Administrative State*. Austin: University of Texas Press, 1989.

Wildavsky, Aaron. "Choosing Preferences By Constructing Institutions: A Cultural Theory of Preference Formation." *American Political Science Review,* 81, (March 1987): 3-21.

Williamson, Richard S. "1980: The Reagan Campaign-Harbinger of a Revitalized Federalism." *Publius,* 11 (Summer 1981): 147-153.

_________. "The 1982 New Federalism Negotiations." *Publius,* 13 (Spring 1983): 11-32.

_________. "A New Federalism: Proposals and Achievements of President Reagan's First Three Years." *Publius,* 16 (Winter 1986): 11-28.

Wirt, Frederick. "Does Control Follow the Dollar?." *Publius,* 10 (Spring 1980): 69-88.

Woods, B. Dan. "Principals, Bureaucrats, and Responsiveness in Clean Air Enforcements." *American Political Science Review,* 82 (March 1988): 213-234.

Wright, Deil S. "A Century of the Intergovernmental Administrative State: Wilson's Federalism, New Deal Intergovernmental Relations, and Contemporary Intergovernmental Management." In *A Centennial History* *of the American Administrative State,* Edited by Ralph Clark Chandler, 219-260. New York: The Free Press, 1987.

_________. "Federalism, Intergovernmental Relations, and Intergovernmental Management: Historical Reflections and Conceptual Comparisons." *Public Administration Review,* 50 (March-April, 1990): 168-78.

Zimmerman, Joseph F. "Federal Preemption Under Reagan's New Federalism." *Publius,* 21 (Winter 1991): 7-28.

APPENDIXES

APPENDIX A

Distinctions Among Cooperative and Conjoint Federalism and National Programs in Environmental Regulation

Cooperative	Conjoint	National
Reflects general sense of national purpose	Reflects precisely defined sense of national purpose	Reflects precisely defined sense of national purpose
Problem focus incorporates both national and state perspectives	Problem focus emphasizes a national perspective	Problem focus derives from an exclusively national perspective
Intended to stimulate state action	Intended to force state action	Intended to preclude state action
Reliance on financial incentives for state participation	Reliance on regulatory incentives for state participation	No incentives for state participation
No regulation if states choose not to participate	National regulation if states choose not to participate	National regulation
State implementation usually based upon an approved plan or program	State implementation based upon an approved plan or program meeting national standards	National implementation
Primary enforcement authority in states	Conjoined enforcement authority	National enforcement
States have significant discretion in implementation	States have limited *de jure* discretion in implementation	States have no discretionary role
Reliance on national advice, assistance and cajoling to improve state efforts	Inadequate state regulation supplemented by direct national regulatory action	Character of state regulation irrelevant

Source: David M. Welborn, "Conjoint Federalism and Environmental Regulation," 32.

APPENDIX B

Federal Preemption Statutes, 1981-1988

Voting Rights Act Amendments of 1982

Migrant and Seasonal Agricultural Worker Protection Act of 1983

Older American Act Amendments of 1984

Age Discrimination in Employment Amendments of 1986

Electronic Communications Privacy Act of 1986

Uniformed and Overseas Citizens Absentee Voting Act of 1986

Alaska Native Claims Settlement Act Amendments of 1987

Employee Polygraph Protection Act of 1988

Fair Housing Amendments Act of 1988

Family Support Act of 1988

Product Liability Risk Retention Act of 1981

Bus Regulatory Reform Act of 1982

Debt Collection Act of 1982

Federal Seed Act Amendments of 1982

Surface Transportation Assistance Act of 1982

Motor Vehicle Width Regulations of 1983

Cable Communications Policy Act of 1984

Counterfeit Access Device and Computer Fraud and Abuse Act of 1984

Local Government Antitrust Act of 1984

Longshoremen's and Harbor Workers' Compensation Act Amendments of 1984

Motor Vehicle Theft Law Enforcement Act of 1984

Patent Law Amendments Act of 1984

Shipping Act of 1984

Fair Labor Standards Amendments of 1985

Food Security Act of 1985

Computer Fraud and Abuse Act of 1986

Department of Transportation and Related Agencies Appropriation Act of 1986

False Claims Amendments Act of 1986

Federal Fire Prevention Appropriation/Daylight Savings Time Extension Act of 1986

Futures Trading Act of 1986

Liability Risk Retention Act of 1981

Abondoned Shipwreck Act of 1987

Competitive Equality Banking Act of 1987

National Appliance Energy Conservation Act of 1987

Poultry Producers Financial Protection Act of 1987

Prescription Drug Marketing Act of 1987

Alcoholic Beverage Labeling Act of 1988

Fair Credit and Charge Card Disclosure Act of 1988

Federal Energy Management Improvement Act of 1988

Trademark Law Revision Act of 1988

Worker Adjustment and Retraining Notification Act of 1988

Marine Mammal Protection Act Amendments of 1981

Endangered Species Act Amendments of 1982

Atlantic Striped Bass Conservation Act of 1984

Marine Sanctuaries Amendments of 1984

Pacific Salmon Treaty Act of 1985

Atlantic Striped Bass Conservation Act Amendments of 1986

Surface Mining Control and Reclamation Act Amendments of 1986

Marine Plastic Pollution Research and Control Act of 1987

Water Quality Act of 1987

Degradable Plastic Ring Carriers Act of 1988

Federal Hazardous Substances Act Amendments of 1988

Federal Insecticide, Fungicide, and Rodenticide Act Amendments of 1988

Medical Waste Tracking Act of 1988

Ocean Dumping Ban Act of 1988

Rio Chama Wild and Scenic River, New Mexico, Act of 1988

Shore Protection Act of 1988

United States Public Vessel Medical Waste Anti-Dumping Act of 1988

Garn-St. Germain Depository Institutions Act of 1982

Tax Equity and Fiscal Responsibility Act of 1982

Tax Reform Act of 1984

Tax Reform Act of 1986

National Organ Transplant Act of 1984

Virus, Serum, and Toxin Act Amendments of 1985

Asbestos Hazard Emergency Response Act of 1986

Comprehensive Smokeless Tobacco Health Education Act of 1986

Protection and Advocacy for Mentally Ill Individuals Act of 1986

Safe Drinking Water Act Amendments of 1986

Anti-Drug Abuse Act of 1988

Child Protection and Obscenity Enforcement Act of 1988

Indoor Radon Abatement Act of 1988

Lead-Based Paint Poisoning Prevention Act Amendments of 1988

Organ Transplant Amendments of 1988

Immigration Reform and Control Act of 1986

Refugee Assistance Extension Act of 1986

Motor Vehicle Safety and Cost Savings Authorization Act of 1982

Nuclear Waste Policy Act of 1982

Vessel Safety Standards Act of 1983

Coast Guard Authorization Act of 1984

Hazardous and Solid Waste Amendments of 1984

Maritime Safety Act of 1984

Motor Carrier Safety Act of 1984

Tandem Truck Safety Act of 1984

Low-Level Radioactive Waste Policy Amendments Act of 1985

Commercial Motor Vehicle Safety Act of 1986

Emergency Planning and Community Right-to-know Act of 1986

Hazard Emergency Response Act of 1986

Federal Hazardous Substances Act Amendments of 1988

Rail Safety Improvement Act of 1988

Toxic Substances Control Act Amendments of 1988

Truck and Bus Safety and Regulatory Reform Act of 1988

Uranium Mill Tailings Remedial Action Amendments of 1988

Source: Zimmerman, "Federal Preemption Under Reagan's New Federalism," 13-14.

APPENDIX C

President's Budget Proposals and Actual Outcomes, Nondefense Outlays, Fiscal Years 1982-87

In Billions of dollars; percent change from current services

Year	Current services	Administration proposal	Actual
1982			
Amount	558.7	506.5	560.4
% change	***	-9	*
1983			
Amount	577.0	536.6	598.4
% change	***	-7	4
1984			
Amount	626.6	603.2	624.4
% change	***	-4	*
1985			
Amount	660.7	653.5	693.6
% change	***	-1	5
1986			
Amount	729.9	688.1	716.4
% change	***	-6	-2
1987			
Amount	734.6	711.7	722.6
% change	***	-3	-2

Sources: Timothy Conlan, *New Federalism,* p.126; from *Budget of the United States Government, Special Analyses,* section A, various years.

*Less than 0.5 percent

Percentage Change in Real Domestic Outlays
Fiscal Years 1981-87

Years	81-82	82-83	83-84	84-85	85-86	86-87	Total 81-87
Total Non-Defense	0.9	2.7	0.4	7.1	0.6	-2.1	9.8
Payments to Individuals *	3.6	6.2	-2.8	2.8	2.8	1.2	14.7
Grantin aid	-12.3	0.6	1.4	3.9	2.9	-6.3	-10.1
All Other	-10.8	0.5	-6.7	17.0	-9.3	-7.5	-20.1
Net Interest	15.3	1.3	18.6	12.7	2.2	-0.7	59.4

SOURCE: Timothy Conlan, *New Federalism,* p.127; from *Budget of the United States Government, Historical Tables, Fiscal Year 1989,* table 6-1.

*Including grants to state and local governments for individuals.

VITA

William Eric Davis was born in Columbia, Tennessee on August 3, 1965. He attended Mt. Pleasant Elementary and Intermediate schools. He graduated from Waverly Central High School in Waverly, Tennessee in June of 1983. In September of 1984 he enrolled at Columbia State Community College and received an Associate of Science degree in June of 1987. He entered Austin Peay State University in September of 1987 and received a Bachelor of Science degree in Political Science in May of 1989. He entered graduate school at The University of Tennessee at Knoxville in August of 1989 for the purpose of obtaining a Master of Arts degree in Political Science. He entered the Ph.D program at the University of Tennessee in the fall of 1991.

He presently holds a graduate assistantship in the Political Science department and is Director of the Political Science Computer Lab.