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David B. Walker
University of Connecticut - Storrs

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Reagan federalism, unlike Reaganomics, has achieved far less than was anticipated in 1981. In this article, the extent of real change in the intergovernmental system is gauged by assessing recent intergovernmental developments in light of the time perspective (1980, 1981, and 1987); the relative significance of federalism within the cluster of Reagan political precepts; the interplay of key actors in the national policy process; and the views of state and local officials. Also highlighted are the reasons that national policy activism has been reduced but not rolled back. Overall, contemporary U.S. federalism is still found to be a nation-centered one because of the strong centralizing currents in the judicial/regulatory and political/representational arenas. Yet it is also a somewhat less centripetal one now than it was in 1980, owing to developments in the intergovernmental functional, fiscal, and managerial spheres.

Have Reagan federalism and the recent massive federal budget deficits fundamentally changed the heavily centralized system of U.S. intergovernmental relations that emerged from 1964 to 1980? Before this pivotal question is answered, a brief explanation of the core tenets of Reagan federalism and the historical context that helped shape them is in order. Six separate objectives combine to constitute the Reagan federalism. Most of these have been and are explicit administration goals. A couple, however (items 4 and 5), are more implicit and have to be inferred from policy proposals and actions.

1. A drastic reduction in the national intergovernmental role clearly is at the center of Reagan's theory of federalism, and central to this is the need to reduce the number of and dollars for federal grants-in-aid.

2. Clearly related to the above is a belief in the need for a devolution of many federal program responsibilities to state and local governments (and the sometimes cited concomitant requirement to devolve the needed financial resources); in 1982, this basic goal was modified by the president's State of

David B. Walker, a professor of political science at the University of Connecticut, previously served as assistant director of the U.S. Advisory Commission on Intergovernmental Relations (1966-84) and as staff director of the U.S. Senate Subcommittee on Intergovernmental Relations (1963-66).

the Union "sorting out" proposal and its call for a federalization of Medicaid, which tacitly conceded the need for a simultaneous process involving centralization and devolution.[1]

3. Deregulation was and is a third component theme in Reagan federalism; this involves curbing federal regulation of both the private sector and state and local governments.

4. A return to the traditional dualistic partnership involving the states and the national government was and is a clear, though less trumpeted, feature of the president's federalism.

5. A determined effort to abandon federal participation in multistate and substate regional institutions and programs (deinstitutionalization) is a less heralded but persistent objective of the administration.

6. Finally, Reagan federalism in its broadest strokes calls for a reduction in the expansionist activities of all governments, not just the national.

These goals, in effect, amount to a rejection of the rapidly centralizing course of U.S. federalism that began in 1964 and lasted to 1978–80. During this period, the net growth (after mergers and block grant consolidations) in the number of funded grant programs amounted to at least 300, with a total of 537 as of the end of 1980[2]; in dollar terms, aid outlays experienced a greater than ninefold increase (and a doubling in constant dollars during the seventies). The traditional federal-state partnership approach was significantly altered to include federal-local, federal-nonprofit, and federal-state-local as well. The percentage relationship of federal aid to state and local receipts from own sources rose from 17.9 percent in 1964 to 30.7 percent by 1980.

Programmatically, significant expansions occurred in such broad functional areas as health, social services, education, manpower, and community and regional development, while the programs for natural resources, agriculture, and especially transportation aid experienced proportionate declines. In terms of the scope of national policy concerns, a wide range of governmental functions were included that previously were considered to be of state, local, or even private concern (libraries, fire protection, policemen's pensions, bikeways, rat control, potholes, and the like). In addition, a new era of "social regulation" was ushered in during these years, with historic enactments in the areas of equal rights and access, the environment, conservation, health and safety, and energy, producing a novel situation in which state and local governments served as both the objects of and, frequently, the implementors of federal regulations.[3] Administratively, intergovernmental management in many of the new program areas assumed a cooptive, intrusive, and sometimes arbitrary tone on the part of federal grant and regulatory administrators and a confrontational, if not conniving, behavior on the part of many of the involved subnational recipient governmental personnel.

By the late seventies, the system had become highly centralized in terms of policymaking, yet was still largely noncentralized in terms of actual implementation. The latter gave rise to the impression in the minds of many that no basic change had occurred in the system. Yet, crucial interlevel changes had occurred, probably the most drastic in this century. Critics of these developments focused on the national policy process, its heavy interest-group basis in the seventies, its prolific and ultimately costly policy outputs, and its panoramic pattern of implementation involving at least 60,000 of the 82,000 units of subnational governments and countless thousands of nonprofits.[4] Questions of systemic overload, administrative effectiveness, economic efficiency, basic equity, and accountability—both politically and administratively—were raised by most conservatives and many liberals.

At the same time, between 1960 and 1980, the poverty percentage was cut in half, and the gap between the economically stronger and weaker did not widen (as it might well have, given the massive influx of new job applicants from the baby-boom generation). Thirty million members were added to the national work force, in part because of the federally stimulated expansion of the state/local governmental sector, Social Security amendments that encouraged early retirement, and some, but not all, of the federal jobs programs and expanded educational opportunities.[5] Longer life expectancy and lower child mortality rates were achieved, and a necessary revolution was achieved in civil rights and civil liberties.

The Reagan election in 1980, to a certain degree, was a reaction to these earlier expansionist policy developments at the national level. The advent of a national policy process dominated by interest groups; of an ever centralizing national judiciary; and of a near collapse of the national political parties, especially the ostensibly majority Democratic Party, as effective brokers, mediators, and conciliators of factions in national conventions and in Congress (thanks to populist reforms in both, in the early seventies) had given rise to a collapse of various traditional policy constraints and to a national domestic agenda that was overarching in its reach and centralizing in its basic policy thrusts. From a pragmatic perspective, the overall system was seen as overloaded, ineffective administratively, inefficient economically, not sufficiently targeted on equity goals, and basically unaccountable politically.[6] To put it more simply, the federal system had become dysfunctional—out of balance operationally.[7] Reagan federalism then constituted a rejection of all of these trends. But how did it fare in practice?

To arrive at well-founded judgments regarding the impact(s) of Reagan federalism requires some awareness of the varying vantage points from which intergovernmental developments since 1981 might be observed and assessed. At least four such perspectives come to mind: time; the president's overall agenda; nonpresidential key players; and state/local governments.

The Time Factor

Time constitutes a basic conditioner of how one assesses Reagan federalism. Back in 1980, for example, few Washington observers felt that significant shifts in the system were possible. Efforts to devolve, decentralize, and curb the national government's domestic agenda were generally viewed skeptically, given the heavily centralizing and expansionist tendencies then of the national policy process, dominated by interest groups, as noted above. Yet, in the fall of 1981, just one year later, the chances for some real surgery on the system seemed not only possible, but inevitable. The two historic legislative wins for the president and his economic policies were the crucial intervening factors here. With the Omnibus Budget Reconciliation Act of 1981 (OBRA), outlays for domestic programs were reduced by $35 billion for FY 1982 and by up to $131 billion for FY 1984, and grants for state and local governments were slashed even more severely. To complement this cut in federal expenditures, the Economic Recovery Tax Act of 1981 (ERTA) reduced individual income tax rates by 25 percent over a three-year period. These cuts, along with incentives for personal savings and corporate investment, lowered federal revenues $282 billion below what they would have been for 1982–84.[8] These Reaganomics victories combined to suggest a future scenario of severe further cuts in federal grants, draconian reductions in the federal government's overall domestic role, rapid rises in defense and foreign policy outlays, and real rollbacks in federal revenues. A range of domestic programs and the groups supporting them, along with the intergovernmental lobby, faced the prospect of far more punishing actions in the years ahead than they had encountered in 1981.

From the vantage point of 1987, of course, this hairshirt horror show did not materialize. Beginning in FY 1983, grant outlays gradually increased both in constant and current dollar terms, though the annual rate of increase for FY 1983–FY 1987 nowhere matched its counterpart of the mid-1970s, and, as a percentage of state-local receipts from own sources, federal aid totals declined from 31.7 percent in 1980 to 21.4 percent by 1986.[9] In addition, while the number of programs by 1984 was reduced to around 400 (from 537 in 1980), there was no wholesale withdrawal from any of the major newly entered into and later expanded program areas of the Johnson-Nixon-Ford years—save for some in the areas of housing and multistate and substate regional development.

The mounting budget deficits and the doubling of the national debt since 1980 appeared to set the scene by the mid-eighties for a rerun of OBRA. Put differently, by 1985, the huge revenue losses caused by ERTA, the extraordinary jumps in defense outlays during Reagan's first term, the failure of Congress to cut domestic outlays as drastically as OBRA or the president called for, and the Reagan opposition to meaningful "revenue enhancements" (though he did sign three revenue-raising measures between 1982 and 1984) had created a political climate in which drastic action on the deficit seemed necessary.

With the enactment of Gramm-Rudman (P.L. 99-177) in 1985, some saw another draconian drama about to unfold for domestic programs and for state and local governments. Yet, with its thirteen "protected or semi-protected" safety net programs,[10] the even sharing—if sequestrations are required—of the fiscal pain between defense and the remaining domestic programs, the near consensus in Congress that domestic programs should experience only modest further cuts and that some tax hike was needed to avoid such cuts, suggested at the outset that this would not be acted out. For FY 1986 and FY 1987, Congress ostensibly adhered to the deficit-reduction target goals set forth in the act. Yet, the ultimate actual shortfalls were greater than Congress had stipulated. For FY 1988, no serious effort was made by either Congress or the president to reach the $108 billion deficit target.

The crumbling of Gramm-Rudman's original goals is the ultimate result of the president's failure to approve a tax hike and Congress's refusal to accept the severe domestic program cuts called for by the White House. From the perspective of 1987, then, Reagan federalism achieved more than could have been expected in 1980 but nowhere near what was anticipated in late 1981, thanks to the resurgence of effective lobbying by programmatic and other domestic-interest groups, the reemergence of congressional assertiveness, and the concomitant not-so-obvious decline in presidential domestic leadership.

Presidential Precepts

Another way to evaluate Reagan federalism is to assess its position and power in the president's overall constellation of concepts and commitments. The political creed of this president, after all, has influenced the actions of this administration to a greater degree than that of most other recent presidents; hence, it deserves some scrutiny. Moreover, and again in contrast to most of his immediate predecessors, this president's philosophy appears clear, coherent, and internally consistent. On closer examination, however, the separate precepts that constitute his personal political creed are not all that compatible or mutually complementary.[11] Witness the disjuncture and discord present in the interplay of his defense and foreign policy stands; his pro-business concerns; his Moral Majority commitments; his domestic retrenchment goals; his basic economic objectives; his personal pragmatism; and his faith in the need for a more balanced, less centralized federal system. The following brief analyses of each of these, save the last, will show that actions and trends generated by efforts to carry them out have achieved far more centripetal results than his federalist creed has produced centrifugal consequences.

Defense Buildup

A strong defense and an assertive foreign policy have been prominent features of the president's basic belief system for some time. Once he had been elected, a major acceleration of the defense buildup that had begun during Carter's last two years was launched. This form of national governmental activism, combined with the extraordinary tax cuts sanctioned by ERTA, put the squeeze on many domestic programs and helped trigger the doubling of the national debt over the past six years. None of the defense-related actions impacted federalism directly, but the fallout from mounting defense dollars in constant dollar terms through FY 1986, far fewer tax dollars, and far greater debt payments, along with a severe recession in 1982–83, certainly affected state and local governments and congressional behavior to a far greater degree than Reagan federalism initiatives as such.

The president's defense policies, then, combined with his no-new-taxes stance and the reluctance of Congress to cut deeply further into domestic programs, have produced the largest budgets in our national fiscal history; a series of annual budgetary stalemates resulting in extraordinary deficits; a static evolution in constant dollar terms for most federal grants-in-aid, but not for Social Security, Medicare, and Medicaid; and increased state and local lobbying involvement in the national budget process. These four outcomes together have undercut the president's federalist goals of reduced governmental activism and a major shrinking in the size of the federal role in the federal system, as well as his 1980 economic goal of a balanced budget by 1984. A new centralizing dynamic is a byproduct of these interrelated developments.

Business Concerns

The state regulatory and international competitive worries of U.S. business have resulted in other centripetal actions. Witness the many recent centralizing and preemptive actions by Congress, the federal courts, and the federal executive branch, taken largely at the behest of business interests, that is, efforts to enact a national product liability law; to preempt varying state restrictions on truck length, width, and weight and to establish uniform requirements; to raise the speed limit; to accelerate offshore oil and gas exploration; and to speed up the production of nuclear power. Many of these have ended (or would have ended if successful—product liability legislation, accelerated offshore oil exploration, speeded up nuclear power production) what arguably are legitimate exercises of states' police powers. Business rights, or at least those of the titans of interstate and international trade, then rarely dovetail today with states' rights; the administration has not been unmindful of this distinction, and in the various areas cited above, it has favored the centralizing positions of business. In terms of the president's federalism precepts, a reduced federal role, deregulation, less activism, and devolution of program responsibilities were all undermined when these pro-business initiatives were successful. Moreover, even when they failed (for example, the offshore exploration and nuclear-power expansion), the administration's efforts and rhetoric made a mockery, in state and local eyes, of its concern for federalism.

Moral Majority Goals

The administration's support for certain goals of the Moral Majority also has conflicted with the president's federalism precepts. The high-priority items on the Moral Majority's agenda ("pro-life," prayer, anti-pornography, "family values," and so on) all involve utilizing national governmental actions (a court decision, a statute, or an administrative regulation or rule) to help achieve them. The religious right, unlike the fundamentalists of a generation ago, ignores the separation of church and state and eagerly seeks out the political and governmental arena(s), especially those in Washington, to promote its programs.

While the president has skillfully managed to stave off making the Moral Majority's full agenda his own, the administration has responded to this constituency with powerful rhetoric and even with a few positive programs (the regulations that produced the Baby Doe case, the "teenage chastity" categorical grant, anti-abortion regulations, some judicial appointments, and efforts to give tax-exempt status to segregated denominational schools).[12] The noncentralizing, pluralistic values of federalism, especially Reagan federalism, have not blended well with the moral certainties and the centralizing political thrusts of the religious right.

Retrenchment Versus Deregulation

The administration's domestic retrenchment goals constitute yet another area wherein its federalist values have been undercut. Efforts to rein in the mounting cost of Medicaid, food stamps, and AFDC generated congressional (with OBRA) and administration actions, beginning in 1981, that produced an increase in constraining rules and regulations for recipient state governments.[13] Later administration endeavors, though unsuccessful, to mandate Workfare requirements for three-quarters of all AFDC and food stamp recipients would have produced a similar result. These were and are in marked contrast to the administration's goals of curbing other intergovernmental regulations and of administering the new block grants in a highly permissive fashion.

Budgetary, Deficit, and Tax Objectives

In various ways, the administration's goals in these related areas also have overridden directly or indirectly state and local concerns, as the earlier discussion of its defense policies suggested. The high federal taxes, soaring federal domestic expenditures, rising levels of federal borrowing, and increasing regulation of the seventies were viewed by candidate Reagan in 1980 as developments that impeded business initiatives, greater productivity and competitiveness, and private investment—in short, dynamic economic growth. The Reagan election formula for an economic resurgence was comprised of much lower taxes, significantly reduced domestic outlays, deregulation, and a balanced budget (by 1984).

The dramatic budgetary and revenue responses to this problem of economic growth were OBRA and ERTA. With the president's initial 1981 budget proposals for FY 1982, intergovernmental programs bore two-thirds of the $48.6 billion in domestic cuts that were called for. Though OBRA provided for only a $35 billion reduction in domestic spending (but $131 billion by FY 1984), grants-in-aid experienced far deeper slashes than did other domestic programs, thanks in part to Social Security and a range of private sector subsidies being left largely intact. In addition, the much advertised nine block grants incorporated in OBRA, while helpful administratively to their state recipients, amounted to a 25 percent reduction from what the seventy-seven programs that were merged had received in FY 1981. As will be explained later, real spending for federal grants to state and local governments fell by only 8 percent for the period FY 1981–FY 1985, and this reflected primarily both OBRA's severe impact and the modest growth in total grant outlays after FY 1982 (which the administration opposed).

As was noted earlier, ERTA was just as important to achieving the administration's supply side economic policy goals. With its 25 percent reduction in individual income-tax rates over three years and numerous corporate tax breaks, about $282 billion in revenues was lost to the Treasury between 1982 and 1984. In combination, these two enactments set the scene for a much constrained national-policy development process (in terms of domestic program growth and new domestic initiatives).

Some of the lost revenues were recaptured with the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Deficit Reduction Act of 1984 (DEFRA), along with the Social Security bailout and the Surface Transportation Act of 1982. The revenue-neutral nature of the Tax Reform Act of 1986 did nothing to help solve this problem, though it did eliminate the deductibility of state and local sales taxes and personal property levies. These later enactments could in no way compensate for the heavy growth in outlays for defense and Social Security and the moderate hike in domestic expenditures; hence, the soaring deficit challenge and the rapid rise in debt payments in the mid-eighties.

The combined effects of these national budgetary, taxing, and deficit-increase actions have been to reduce somewhat the federal role in domestic affairs—to a far greater degree than the administration's federalism initiatives as such; to curb the expansionist policy development process that prevailed from 1964 to 1978; to force state and local governments to rely far less on national solutions to some of their problems (which they have done); and to defeat the administration's (and others') goals of a balanced budget, less overall governmental activism, and a healthy balance of foreign trade. Moreover, despite its constraining character, this overriding fiscal development has exerted a centralizing effect in the sense that no state or local government can ignore its many direct and indirect economic and intergovernmental consequences.

Personal Pragmatism

Finally, the president's political pragmatism and personal reluctance to adhere rigidly to disruptive ideological goals also must be considered here. For example, while the president has conveyed convincingly the continuing impression that he opposes tax hikes, the record indicates that he has signed at least four revenue-raising measures since 1982: TEFRA; the Social Security Act Amendments of 1983 (P.L. 98-21: the "bailout"); the Surface Transportation Act of 1982; and DEFRA. Additionally, while Congress enacted appropriations bills from 1982 to 1986 that exceeded his budget requests for federal aid to states and localities, the president signed these measures apparently without major discomfort in most instances, though some had been reduced under the threat of veto. These and other case studies suggest that the president's pragmatism and dislike of sustained confrontational politics sometimes have served to blunt his strong ideological commitments.[14] At times, this has meant a slowing of his drive to devolve powers and responsibilities to the states. At other times, it has meant a willingness to favor more powerful pressure groups (business, populist, or Moral Majority), and sometimes this has undercut state and local prerogatives.

A More Balanced Federalism: A Wavering Goal

To sum up, federalism is one—but only one—of the tenets in the president's political creed, and it frequently conflicts with and is undercut by other tenets. In operational terms, it is much more important than so-called Moral Majority issues, but it nowhere matches the business, economic, defense, and political pragmatic concerns of the president and his administration. Reagan federalism's chief legislative wins occurred in 1981, notably with OBRA, though its pro-state and local administrative actions have continued to the present. His second State of the Union and its near total preoccupation with the grand restructuring of the federal system produced a tough and troubling debate between governors and administration spokesmen throughout most of 1982, but no agreement or constructive legacy.

Every Budget Message since then has called for grant consolidations and cutbacks in domestic programs in order to help promote the administration's ostensible prime domestic goals of federal retrenchment and devolution. Yet Congress has ignored practically all of the various post-1981 block-grant recommendations and has rejected many of the proposed program cuts and eliminations, partially because White House lobbyists did not push vigorously for them and partially because most of the members felt that the limit had been reached with OBRA.

In short, the president's early crusade for a more constrained federal role in the federal system frequently was shunted aside, even when the president seemed in political ascendancy, by other more commanding issues and challenges. This by no means is intended to suggest that his desire to rebalance the federal system has disappeared or that it was never deep. Too many other executive branch actions after 1981 that favored states and their localities (that is, in the grants management, block grant, and some regulatory areas) can be cited to demonstrate a continuing federalism focus. But the overall record does signify his stronger concern with defense, foreign affairs, domestic retrenchment, and business worries, and it demonstrates that the unfolding of actual events over the past seven years, along with his pragmatism, have only accentuated his preoccupations with these kinds of issues. Federalism no longer is the bright star it was in 1981–82 within the constellation of Reagan concepts, but it is still one of the stars.

Key Players, Power Positions, and Models

Another angle from which to view the recent intergovernmental record and to arrive at judgments on it is quite opposite to this presidential one. Pluralist interpretations of the American system usually contend that the personal philosophy (if such it can be called) of a president—even a popular and persuasive one, like Reagan—is but one factor conditioning policy developments in a system as richly variegated, as frequently constraining, and as accessible as ours. Hence, it behooves the careful analyst to gauge the changing comparative power positions of the numerous actors in the recent national decision process and to probe the related phenomenon of which of the historic models of policy-making predominated during the period 1981–87.[15]

Presidential Government (1981)
From January 20, 1981, through the rest of that year, the president and the presidency were in ascendancy. Thanks to Reagan's appeal, his electoral triumph, the unexpected Republican capture of the Senate (for the first time since 1952), the carving out of an ideological conservative majority in the nominally Democratic House, the general Democratic disarray—politically and ideologically—and popular expectations of change, the specter from the 1970s of a near impotent presidency faded, and fairly rapidly at that.

The historic model of policy-making for this relatively brief period was the Hamiltonian-crafted, hierarchic, presidentially centered and ascendant one—the first time the nation had observed such a phenomenon since the tumultuous years of Lyndon Baines Johnson, the Great Society, and the extraordinary 89th Congress. This is not to say that the president or his allies totally dominated policy-making. Even in this prolonged presidential honeymoon period, the White House did not get exactly what it wanted in all instances. Witness how little the nine block grants that emerged within the Omnibus Budget Reconciliation Act resembled what the president's initial seven called for.

All in all, however, few would deny that 1981 was a year of strong presidential leadership—both in foreign and domestic affairs. From the intergovernmental angle, the only major legislative victories the administration has scored in this area occurred in that year: the one-time rollback of federal-aid expenditures (by more than $8 billion); the elimination of some sixty-odd programs—including most of the federal-multistate economic development and river basin commissions programs, the Intergovernmental Personnel Act, and a number of substate regional programs and incentives; the enactment of nine block grants that involved the merger of some seventy-seven aid programs; and the tightening of eligibility and other requirements for AFDC and Medicaid. These all were achieved in 1981, primarily through skillful manipulation on the part of the executive branch (David Stockman in particular) of the congressional budget process for presidential policy purposes and for circumventing the hostile House Hierarchs and dozens of liberal and other program lobbyists (but few private-sector subsidy advocates). This feat was not to be repeated in subsequent years.

A Pluralistic Policy Process (1982–87)
The second and third Reagan years witnessed the reemergence of a nonsupine Congress and the passage of legislation such as TEFRA, the Surface Transportation Act of 1982, and the Social Security bailout, all crafted primarily by congressional leaders. The continuation of an absolute decline in federal aid, as OBRA mandated, did not occur. Instead, aid totals in FY 1983 increased by more than $4 billion over the FY 1982 low-level mark, and continued to grow to the point in FY 1986 where they exceeded $112 billion. Moreover, in these years the president's budget requests for state and local aid ranged from $4 billion to $13 billion below what he ultimately signed into law. Presidential defense requests increasingly encountered the opposite treatment, to the point where Congress, for both FY 1986 and FY 1987, actually held the defense budget to a steady level in constant dollars. Yet the bigger intergovernmental issue here is the relative position of federal aid, and this position has been and is a reduced one in terms of overall budget expenditures and domestic outlays. Moreover, federal aid declined steadily from FY 1980 (30.4 percent) to FY 1986 (20.6 percent) as a proportion of state-local general revenues, reflecting both increased state-local outlays from own sources and the very slow growth in federal grant dollars.[16]

What this post-1981, mixed pattern of presidential and congressional initiatives and rebuffs suggests is a more significant role for Congress and domestic-interest groups in national domestic policy-making and a curbing of the president's first-year, nearly unfettered influence. This can be partially explained by the Democratic pickup of seats in 1982 (putting the Speaker back into clear control of the House) and by the failure of the Republicans to capture the necessary 25 to 30 seats in 1984 that would have permitted a return to the earlier conservative coalition control. Yet, more is involved here than party and electoral political shifts. The slackening off of congressional compliance with presidential wishes began, after all, in 1982 (if not with the Supplemental Appropriation late in 1981), and this means that attitudes and votes on various domestic programs and on cuts changed midstream for many members of the 97th Congress, though all within the constrained fiscal climate generated by OBRA, TEFRA, and the hikes in defense.

The severe recession of 1982–83, the growing bipartisan congressional consensus on domestic program renewals (but not on appropriate funding levels), and the marked increase in successful lobbying activity (much of it by members of the intergovernmental group, as with the Surface Transportation Act,[17] the renewal of GRS in 1983, and the maintenance intact of both the Community Development Block Grant and the Urban Direct Action Grant) combined, beginning in 1982, to help scrap the OBRA scenario of further drastic cuts in federal aid. This development, when combined with the skyrocketing defense, Social Security, and Medicare outlays, explains the massive budget deficits of the Reagan years. All these program expansions also underscore the emergence of a heavily pluralistic, partially pressure-group conditioned, mildly expansionist decision-making process in the domestic program area.

While somewhat differently constituted and much more deficit conscious than its sister of the seventies, this system was and is, in terms of overall expenditure, as "out of hand" as its predecessor ever was, producing far larger budgets and far bigger deficits in 1982–87. It involved as many key actors, internal and external, as did the short-lived 1981 process—if not more—but fewer than that of the prior decade. This relative reduction in the number of players was not from a lack of eager potential players but stemmed from the emergence of a few pieces—sometimes only one piece—of massive omnibus legislation in any one session as the focal point of congressional, presidential, and pressure group attention and action. The prime legislative players in this procedurally circumscribed setting were and are the six money committees of the Congress. For the first time in living memory, the authorizing (substantive) committees and their members were relegated largely to a secondary role.

Programmatic By-products

This latest version of the Madisonian pluralistic, pressure-group conditioned, concessional model of policy-making helped produce the most critical peacetime deficit crisis ever. Yet it also produced a very different version of federalism than the one reflected in the president's 1981 goals of reducing federal aid, delegating federal grant programs, ending or curbing federal intergovernmental regulation, and eliminating federal multistate and substate regional initiatives. Implicit in the combined actions of the president and the Congress from 1982 to 1987 was an approximation of a theory of federalism that did not forsake all the concerns of congressional federalism of the seventies.[18]

The *earlier incrementalism* was replaced in part by a combined *decremental/incremental approach* wherein some programs, usually small and not too important, were eliminated; the larger and more popular ones were continued, sometimes with funding hikes;

and the rest were renewed but at static funding levels. Dramatic program initiatives in any direction were generally resisted after 1981, though 1987 witnessed proposals for welfare reform, catastrophic illness coverage, worker retraining, and aid for the homeless, either from the president or Congress, or both.

The confrontational character of Congress's earlier approach to federalism reemerged wholly intact in 1982 and grew stronger as time elapsed. The administration's calls for ever deeper domestic and, especially, intergovernmental program cuts were simply rejected. The procurement practices of defense came under heavy bipartisan fire, and the growing number of those in poverty became known and a cause of some alarm.[19] Congress for six years now has in almost wholesale fashion rejected the president's budgets, even as a point of departure for debate on most items, though his target figure for overall spending always has been honored until now, or even cut a bit. This growing congressional independence and leadership have worked generally to sustain federal aid programs in some form, to maintain a fairly expansive federal-program agenda ("deficit politics" permitting), to assume a more empathetic stance than that of the president regarding state and local worries, and to treat most federal political executives with considerable skepticism, if not scorn.

Congress's habitual preference for narrowly defined and heavily conditional categoricals also continues to manifest itself.[20] The decline in the number of categoricals by 1982 to less than 400 from an all-time high of 534 in 1980, along with the advent of 13 block grants (12 of them new), would seem to conflict with Congress's predilection for categorical grants and the conditions attached to them; on the face of it, this would appear to be the case. However, note that nearly all the major categoricals of the Johnson-Nixon period are still operational (save for the regional and some of the housing programs), that the categorical proportion of federal aid was larger in FY 1986 (81.4 percent) than it was in Carter's last year (79.3 percent),[21] and that general revenue sharing was terminated in 1986. Not to be overlooked are various signs of congressional skepticism regarding efforts by the administration to loosen categorical conditions, or signs of congressional willingness to slap on additional regulations and directives.[22]

This current congressional approach to intergovernmental relations—and it began well before the Democratic recapturing of the Congress in 1986—clearly contrasts with the approach of the administration. Since both approaches are being partially applied, some confusion about the future course of the system inevitably arises—a dilemma that frequently occurs when the predominant operational model is a Madisonian pluralistic one.

The Outlook from Below

Yet another position from which to view and assess current intergovernmental developments is that of state and local governments. Reagan federalism's greatest impact on these partners in the system has been an attitudinal one. In fact, if there has been any truly revolutionary dimension to its impact, it has been the shift in state and local attitudes. No longer do their officials rely on the national government to assist in, if not actually solve, many of their toughest challenges. Instead, they now rely more on self-help and other forms of intergovernmental collaboration, while not ignoring the continuing financial, regulatory, programmatic, and legal roles that Washington continues to assume.

In more specific terms, state and local officials have found the following to be true:

1. Thus far, the cuts in federal aid for most of their jurisdictions have not been

all that severe, but cities and counties that relied heavily on such aid (as of 1980) have experienced disproportionately heavy rollbacks, and the overall 10 percent drop in federal aid's proportion of state-local receipts from 1980 to 1986 has confronted many jurisdictions with some fiscal headaches.

2. While federal deregulation efforts have been helpful in the developmental and block grant areas, they have been less apparent to state officials in welfare and other social categorical programs,[23] and Congress and the Court seem still to march to the drum of "continue the conditions."

3. Where devolution of program administration has occurred, most states have picked up the responsibility one way or another; witness their generally good-to-excellent handling of the new block grants; their assumption (save for two) of the substate regional supervisory role under Executive Order 12372; their extra funding of certain aid programs that experienced federal cuts; and their continuation of some of the multistate regional undertakings without Washington's participation.[24]

4. Despite the strong preference for an exclusive federal-state partnership in Reagan federalism, and despite the singular reliance on the states as implementors of all the new block grants, the "bypassing" of state governments continues at only a slightly reduced rate, having dropped from 23.1 percent in 1980 to 21.6 percent in 1984. The elimination of general revenue sharing, however, will cut the bypassing figures for 1987. The 1981–85 direct federal aid to localities provided some psychic comfort to cities and counties, though it undercut the president's own recipient preferences and was a source of some irritation to some state officials.

5. Those hit hardest by the cuts of 1981 and some later ones were the "working poor," nonprofit organizations in the social services and related areas, and those urban and rural general units of government which have servicing overburdens and revenue shortfalls.[25]

6. The recession of 1982–83, those national actions which helped deepen it, and the later deficit crisis, most state and local officials would agree, affected states and many localities far more heavily than did Reagan federalism; furthermore, various federal court decisions have had as much of an impact (usually negative and especially on the nation's localities) as the president's intergovernmental initiatives.

7. Finally, Gramm-Rudman's scenario (P.L. 99-177) of exempting thirteen "safety net" programs from any automatic cuts[26] and of equally sharing any required rollbacks between defense and the remaining domestic programs is one that most state-local officials prefer to the "dig deep into the domestics" alternative contained in all of the president's recent budgets.

Most of these state and local impacts, responses, actions, and anxieties relate directly to the fallout from Reagan's intergovernmental policies, but others stem from his (and others') budgetary and revenue stands. Equally significant in any assessment of these jurisdictions' perspectives on recent federal intergovernmental and other actions are their indirect effects on subnational governments. In general, these effects have tended to strengthen and even accelerate continuing state-local trends.

A major indirect consequence of Washington's downplaying of its intergovernmental role, for example, has been further enhancement of the states' pivotal functional role in the overall system. Thanks to diverse federal actions that began in the sixties, the states during the seventies took on the vital roles of chief planner, actual administrator, and major implementor of nearly all the major federal domestic programs and intergovernmental regulatory policies enacted in the pre-Reagan period. The net effect of federal cutbacks, deregulation, program eliminations, the drag of the deficit on policy growth, and certain court cases (notably those related to municipal antitrust and tort liability), and of local and popular reactions to these and other threatening challenges, has been to expand the states' operational role in the system during the eighties. In the areas of the environment, education reform and finance, economic development (including foreign trade), physical infrastructure, and aid to local government, most states assumed significantly greater responsibilities.

By 1980, the states also had again become significant sources of new policy initiatives in their own right (for example, consumer protection, educational finance and reform, health-cost controls, economic development, and so on). The remarkable renaissance of this historic state role was prompted by a combination of local pressures; various of the earlier federal actions cited above; the transformation of state political systems, which has rendered them far more accessible and responsive; and the advent generally, but not uniformly, of much stronger state finances. All these dynamics of change served to revive the states' traditional function of serving as a prime arena in which their respective citizenries could express some of their policy preferences in a range of key areas.

The range of these areas clearly has narrowed during the past half century. Yet state political processes have never been more open, and state electorates have never been more inclusive. These political changes (triggered largely by federal actions, chiefly the Voting Rights Act of 1966 and the reapportionment decisions of 1962 and 1965) and the still significant scope of the states' police, fiscal, and other powers help explain the revitalization of the states' policy-making role. They also suggest that this is no transitory phenomenon, and the states' policy actions, both in response to and wholly independent of Reagan federalism policies and the national government's deficit difficulties, only confirm this suggestion.

By 1980, then, the states were performing two fundamental functions—they were serving as the system's prime middleman manager and as an arena (not *the* arena) in which their differentiated citizenries could register their policy preferences and prompt novel initiatives. During the subsequent seven years, the states' individual and collective vigor in performing both these roles were to stand the system in good stead. Capacity in and concern with both roles were needed, after all, to cope with OBRA and ERTA; the recession of 1982–83; static federal aid growth; some formal and some informal devolutions; the specter of Gramm-Rudman; and the constrained national policy climate generated by "deficit politics." Some would say it was providential that the states were prepared by 1981 to take on the challenges of this decade.

Another side effect of Reagan federalism has been the acceleration of certain earlier local governmental trends and the occasional triggering of some new ones. Among the former is the increasing willingness on the part of cities and counties to rely on various interlocal collaborative approaches to providing services—joint powers agreements, interlocal contracts, and transfers of functions. The seventies witnessed a steady increase in the use of these devices, and the early eighties have seen an even greater reliance on them as a means of overcoming interlocal jurisdictional fragmentation and of providing a service more cheaply.[27] A long-term local governmental trend—the increasing use of special districts and authorities for rendering public services—also has been enhanced by these districts' proven capacity to provide services that transcend local boundaries and by their appeal in the eighties to those (including the administration) who want more services funded on a "user charge" basis.[28]

A new development in local government is the different role of and changing attitudes toward areawide Councils of Governments (COGs), comprised chiefly of elected local office-holders.[29] As a result of partial federal withdrawal from the substate regional scene, COGs were forced to rethink their functions, and their local constituents were forced to reassess their earlier, frequently skeptical attitudes. Out of this came more local fiscal support and a new mix of COG activities. Clearinghouse efforts continued, but more COGs participated in interlocal servicing contracts and even in acting as recipients of functional transfers, all in a general spirit of greater entrepreneurialism and of state-local reliance.[30] Another new, but by no means major, trend in local government is the willingness—especially in the eighties—of more localities to rely on private-sector provision of a public function. Of the many approaches, contracts have been the most favored device, followed by franchises.[31] And while these private-sector alternatives nowhere match the popularity of the interlocal governmental options, what evidence there is indicates an increase in their usage in the eighties. This growing willingness to experiment with a variety of indirect approaches to the provision of services suggests a degree of flexibility among local government officials that few would have deemed possible even ten years ago.

The whole realm of state-local relations is, of course, a third and final subnational governmental area wherein the indirect effects of recent Washington intergovernmental and other policy actions have manifested themselves. Even in the above primarily local spheres of action, permissive state legislation is required, and, when it is not granted, such local initiatives generally are barred. In this primary arena of intergovernmental relations, many earlier trends also were strengthened and a few new ones began to emerge in the eighties.[32]

The themes of this revitalized state-local partnership were and are greater interdependence, more assertive state leadership, and a greater centralization of policy-making. Beginning in the late sixties and continuing through the seventies to now, states have moved to accomplish the following:

1. Facilitate interlocal and other servicing shifts (especially transfers of functions, local-private servicing contracts, and state pickup of nonfederal responsibilities in welfare programs).

2. Broaden somewhat the revenue bases of local governments, with twenty-nine states now authorizing local sales taxes and thirteen, income levies for certain localities, along with thirty-one sanctioning local tax increment financing (compared to twenty in 1980).

3. Establish enterprise zone programs in nearly twenty-five states, chiefly for the benefit of distressed communities.

4. Increase and better target the funding of primary and secondary education.[33]

5. Provide for reimbursement of state mandates (now required in nineteen states, with nearly half of these acting in the eighties).

6. Improve, through a variety of ways, access of localities to credit markets, with some twenty-six states enacting such measures between 1980 and 1983.[34]

These and other state initiatives have helped to make state-local relations "more intensive, more interdependent, and more involved" than they have ever been.[35] They also have rendered these relations more constructive and more genuinely collaborative, though with some greater centralization in many instances. Despite these generally positive developments, current state-local relations are not without conflict and contention. Were these absent, nirvana indeed would have arrived at the subnational governmental levels! The recent decline in noneducational state aid, the still predominant position of property taxes in most local revenue packages, the continuing presence of local tax and expenditure lids (in thirty-nine states), and the failure of most states to assist their localities on either the municipal antitrust or tort liability front are but a few of the foremost items of unfinished state business on the agendas of many municipal leagues and county associations.

At the same time, from the state viewpoint some of these actions reflect or are conditioned by various statewide policy concerns stemming from their more activist stance as revenue raisers, policy innovators, financiers, regulators, and implementors of their own as well as federal programs. A more genuine state-local partnership, then, has emerged in the eighties—thanks in part to some of the side effects of Washington's recent intergovernmental initiatives, and deficit difficulties. This development is not a new one, but rather a strengthening of a firm trend that dates back at least to the sixties. In this revitalized collaboration, there are still elements of some conflict and, quite clearly, some tendencies to centralize certain policy decisions at the state level.

Current Conclusions

Having probed Reagan federalism and its impacts from the perspectives of varying recent periods of time, its place in the president's personal philosophy and the administration's action agenda, its treatment by other key actors in the national policy process, and its effect on state and local officials, we can now ask what conclusions can be drawn. Three basic ones emerge from this analysis, as follows.

1. It can safely be stated that the Reagan years have produced some changes in the system—notably, in more pessimistic attitudes and more modest expectations regarding the capacity of the national government to maintain an expansive domestic role, and in the increasing reliance of both the national and local governments on the states to shore up the system. This does not mean there are no continuities with the past; too many signs exist

nationally of linkages with the seventies, if not the sixties, to reach this conclusion—for example, an assertive Congress, a still powerful array of generally centralizing interest groups, and a no clearer idea now as to what the federal role is or should be in the federal system than in 1980. The essential reasons for the basic changes, however, have more to do with the fallout from Reaganomics (direct and indirect), the doubling of the national debt since 1981, and the results of these developments, than with the president's or anybody else's purely intergovernmental initiatives.

2. For some, the implications of the above inevitably lead to a more decentralized, devolved system, in that a de facto shedding of national responsibilities is necessitated by the stringent shape of the federal fisc. But does this follow? A focusing on federal aid figures since 1981 might warrant this assertion, though even these indicate no rapid retreat from program area after program area. Moreover, when the heavily conditional nature of aid, the still resilient strength of regulatory federalism, and the continuing preemptive propensities of Congress (and centralizing thrust of the federal courts) are recalled, any sweeping announcement of the advent of a new, decentralized federalism would be greeted by state and local officials and by close observers of the Washington scene with a hoot of derisive laughter. Nonetheless, the system today is somewhat less centripetal than it was in 1980, thanks again (but only partially) to the more confined policy process resulting from the national government's deficit dilemma and partially to the expansion of the states' functional role in the system.

3. Following from the above, the system is a bit more balanced and somewhat more functional today than it was in the seventies, when various authorities were trumpeting its alleged interlevel imbalances and dysfunctionalities. This generalization requires some explanation, since it involves the relative positions of power which the subnational governments now occupy in the system, compared to those of seven years or more ago. Balance in a federal regime signifies roughly equal weight or power—in political, operational, policy-making, and constitutional judicial terms—for the central and constituent governments. At the very least, it should signify a capacity on the part of the latter units to assert by political, formal representational, operational and/or judicial means an authoritative role in national governmental actions that affect their jurisdictional and operational integrity, as in the West German federal system. There are three primary arenas then, where balancing acts may or may not occur.

In the area of *operational federalism* (that is, the funding, managing, and actual implementation of intergovernmental programs), the national government's role is still strong, but not as overarching as it was in 1980. Some of the signs of this are the slight reduction in the length of its intergovernmental program agenda; the proportionate decline in its fiscal contribution to the overall funding of aided programs; the slash in the number of grant recipients—especially local ones; the loosening up of some conditions in some intergovernmental program areas—notably the nonsocial; and for the block grant and some environmental programs, a devolution of greater grant management responsibilities. Another sign is the assumption by the subnational governments, especially the states, of a somewhat greater operational role, in part as a result of the above and in part because of their own greater fiscal efforts in many instances and independent new or expanded policy initiatives (especially in the fields of education, the environment, the physical infrastructure, and consumer protection). These developments suggest a slight tilt in power to the states, but not to the extent of seriously undercutting the national government's policy ascendancy in a range of key programs and regulatory areas.

In terms of operational effectiveness of the intergovernmental system, these federal devolutionary and independent state initiatives have combined to produce some slackening off in the level of its pre-1981 dysfunctionality. After all, somewhat fewer conditions and regulations, fewer partners, and even fewer aid dollars, in some cases, as well as more independent subnational governmental actions and funding decisions, constitute a measure, albeit small, of interlevel decentralization and of some reduction in the system's earlier programmatic, administrative, and fiscal overload.

In the *judicial/regulatory area,* however, the federal government's authority seems only to expand. Witness the generally centripetal thrust of most of the recent decisions relating to the interstate commerce power (notably *Garcia v. San Antonio Metropolitan Transit: 105 S. Ct. 1005)*, the conditional spending power, and the reach of the Fourteenth Amendment. Note also that there has been no real rollback in the aggressive intergovernmental regulatory role of the national government. All three branches of the central government have contributed to this development, and their regulatory as well as preemptive actions have significantly compromised the subnational governments' discretion in the operational realm and even in areas that do not involve aid dollars.

In the third broad field wherein contemporary federalism is shaped—the *political/representational*—no fundamental shifts have occurred over the past half dozen years to warrant the assertion that the intergovernmental lobby is stronger in Washington, D.C., than it was in the seventies or that, in national party deliberations, the role of elected state and local officials has returned to the ascendant status that it possessed from the 1830s to the mid-1960s. National party units for the first time in our history are as authoritative as state and local ones, if not more so.[36] "Procedural reform and judicial intervention have resulted . . . in federalization, not hierarchical nationalization," explains one authority on the Democrats.[37] The Republicans, according to Leon Epstein, "have nationalized their party effort by a method analogous to the federal government's grant-in-aid system."[38] Thus, the balance of power between the national and state parties has shifted dramatically away from the earlier, heavily decentralized party system.[39]

At the same time, both the national and state/local parties have had to redefine their roles in light of extraordinary changes in the political environment: technological, notably in the communications and media fields; legal, with continued state and increasing federal regulation of party activities; attitudinal, that is, the severe decline in citizen commitment to the parties and the marked increase in fractionalization of the body politic; electoral, for example, fundamental shifts in campaign techniques, strategies, and funding; and representational, with the explosion in the number, types, and activities of pressure groups.[40] Moreover, the parties have lost many of their earlier functions to the media, pressure groups, PACs, private consultants, and pollsters.[41] In representational terms, before Congress, national administrative bodies, and the Supreme Court, the states, localities, and their spokespersons have—since the 1970s—been treated more like one more category of interest group than as vital, functional governmental components of a constitutional federal system.[42]

From this three-factor approach to assessing interlevel power relations comes, then, the final judgment that the system still is a nation-centered one, given its still strongly centripetal thrusts in the judicial/regulatory and political/representational test areas. Yet, it is somewhat less nation-centered than it was in 1980, because of the more ambivalent nature of recent developments in the realm of actual operations. These latter developments also provide the basis for the claim that the system overall is somewhat less dysfunctional than it was in the seventies.

The Future

What do these current conclusions suggest for the future of U.S. federalism? The present system has been aptly dubbed by Michael D. Reagan as a "permissive federalism," whereby the "states' share" of power and authority "rests upon the permission and permissiveness of the national government."[43] This dominant permissive trait of contemporary federalism, however, is an affront to most state and local officials and to defenders of constitutional federalism. Hence, the tendency of such groups to ponder those current developments which might lead to a more balanced intergovernmental system and to chart possible future trends that would lead to a federalism that is more firmly rooted in genuine interlevel cooperation, rather than unilateral national cooptations; in a more federally (territorially) structured political system rather than a national interest-group dominated one; and in Supreme Court decisions that provide parameters to the commerce and conditional spending powers of Congress and that recognize the transformed characters of today's states and localities—a transformation that the Court itself helped bring about.

Some observers, including the president, the attorney general, and various legal scholars, see an evolving legal scenario that could help shore up the fragile foundations of judicial federalism. By 1988, the president will have appointed over half the members of the federal judiciary and, for the first time, will have a conservative majority on the Supreme Court. From this, according to the script, a series of decisions could over time result which would provide greater constitutional protection to the constituent governments and their localities. However, the capacity of Supreme Court justices to evolve and to change their earlier basic positions and the cluster of sometimes conflicting values (federalism being one of them) which may comprise a juridically conservative creed stand as two major notes of caution about future actions of such a Supreme Court.

Another future scenario is a continuation of the current national deficit drama, which already is producing a "de facto federalism" involving a very gradual peeling off of some federal domestic responsibilities to subnational governments and the private sector.[44] Cutting spending and programs, raising taxes, or doing both are still the basic national policy options for those who seek to deal with this dilemma. Yet, if the economic consequences here and abroad of the deficit are not understood any better in the future than they are now, then the present charade of puny parings back and of major executive branch–congressional confrontations over a pigmy revenue-raising package of $20 billion will continue, and the currently constrained but not closed national policy process will linger on. If future domestic and international economic conditions reflect more dramatically and disastrously the dire consequences of our seemingly insatiable propensity nationally to borrow big and blatantly, then a different, probably much more draconian version of the deficit drama will be staged. Under either of these options, a reduced federal fiscal and programmatic role would result; with the second option, such a role probably would have severe, subnational governmental consequences in terms of added operational responsibilities. But neither of these fiscal scenarios, it should be stressed, would do anything to rein in the national government's interventionist regulatory and judicial roles.

Both the judicial and fiscal scenarios hold promise of some measure of realization, but the nationalization of the political process which occurred over the past twenty years and the centralizing propensities of dominant interests in both the national parties are not likely to be overturned in the years immediately ahead.

These conflicting forecasts, then, suggest that in overall systemic terms U.S. federalism for the rest of the century will probably be a little less nation-centered than it is now. They do not indicate, however, that it will be a more cooperative federalism. Such a shift would involve an authoritative state-local role in national policy-making and in operational matters, as well as a preferential jurisdictional standing in cases involving these jurisdictions which are heard by the Supreme Court.

Notes

1. The most sweeping of all the Reagan intergovernmental initiatives was his 1982 State of the Union broad restructuring proposal, which called for a nationalization of health-care financing for the poor (Medicaid), termination of the federal role in all other welfare programs, and a turnback of forty-three major federal grants to the states, along with $28 billion in federal excise sources to help pay for them; see George Peterson, "The State and Local Sector," in John Palmer and Isabel Sawhill, eds., *The Reagan Experiment* (Washington, D.C.: Urban Institute, 1982), 168.
2. Advisory Commission on Intergovernmental Relations (ACIR), *A Catalog of Federal Grants-in-Aid Programs to State and Local Governments: Grants Funded FY 1984,* M-139 (Washington, D.C., December 1984), 2.
3. See ACIR, *Regulatory Federalism: Policy Process, Impact and Reform,* A-95 (Washington, D.C., February 1984).
4. See ACIR, *The Federal Role in the Federal System: An Agenda for American Federalism: Restoring Confidence and Competence,* A-86 (Washington, D.C., June 1981). National Academy of Public Administration, *A Presidency for the 1980's* (Washington, D.C., 1980); James A. Sundquist, "The Crisis of Competence in Government," in Joseph Pechman, ed., *Setting National Priorities: An Agenda for 1980's* (Washington, D.C.: Brookings Institution, 1980), 531–63; and Anthony King, "The American Polity in the Late 1970's: Building Coalitions in Sand," in Anthony King, ed., *The New American Political System* (Washington, D.C., American Enterprise Institute, 1978).
5. See John E. Schwarz, *America's Hidden Success* (New York: W. W. Norton & Co.), 1983.
6. See ACIR, *The Future of Federalism in the 1980's,* M-126 (Washington, D.C., 1981).
7. See David B. Walker, *Toward a Functioning Federalism* (Boston: Little, Brown and Co., 1981).
8. See John L. Palmer and Gregory B. Mills, "Budget Policy," in *The Reagan Experiment,* 81; and Charles Hulton and June O'Neill, "Tax Policy," in *The Reagan Tax Experiment,* 113.
9. See ACIR, *Significant Features of Fiscal Federalism 1987 Edition,* M-151 (Washington, D.C., June 1987), 58.
10. The eight fully exempt domestic programs and the five partially protected ones constitute the first real national effort to define statutorily the "safety net" concept; nine of these thirteen clearly benefit poor and near-poor people almost exclusively.
11. See Tim Conlan, "Federalism and Competing Values in the Reagan Administration," in Lawrence J. O'Toole, ed., *American Intergovernmental Relations* (Washington, D.C.: Congressional Quarterly Press, 1985), 265–80.
12. See Nathan Glazer, "The Social Agenda," in John L. Palmer, ed., *Perspectives on the Reagan Years* (Washington, D.C.: Urban Institute, 1986), 5–30; and Hugh Heclo, "Reaganism and the Search for a Public Philosophy," in *Perspectives on the Reagan Years,* 31–64.
13. See Catherine H. Lovell, "Deregulation of Intergovernmental Programs: Early Results of the Reagan Policies," *Public Affairs Report* 25, Institute of Governmental Studies, University of California, Berkeley (April 1984).
14. See David Stockman, *The Triumph of Politics* (New York: Harper & Row, 1986).
15. See Richard J. Stillman III, "The Changing Patterns of Public Administration Theory in America," in R. J. Stillman III, ed., *Public Administration: Concepts and Cases,* 3rd ed. (Boston: Houghton Mifflin Co., 1983), 3–24.

16. *Budget of the United States Government: Fiscal Year 1987, Special Analysis H* (Washington, D.C.: Government Printing Office), 20–21.

17. Surface Transportation Assistance Act of 1982 (P.L. 97-424; 6 Jan. 1983).

18. Walker, *Toward a Functioning Federalism,* 107–13.

19. Official poverty figures indicate a rise from 13.0 percent in 1980 to 15.2 percent by 1983, down to 14.4 percent a year later, and to 14.0 percent by 1985. See *Statistical Abstract of the United States,* 107th ed. (Washington, D.C., December 1986), 442.

20. Categorical grants, unlike block grants or general revenue sharing, are narrowly defined in functional terms and permit minimum programmatic discretion for recipients; see Walker, *Toward a Functioning Federalism,* 177–79.

21. *Special Analysis H,* 23.

22. The 1984 reauthorization of the vocational education program is an excellent example of this tendency.

23. See Catherine H. Lovell, "Deregulation of Intergovernmental Programs."

24. Bruce D. McDowell, "The Regions Under Reagan," paper presented at the National Planning Conference of the American Planning Association, Minneapolis-St. Paul, Minn., 8 May 1984.

25. See Richard D. Nathan and Fred C. Doolittle, *The Consequences of the Cuts: The Effects of the Reagan Domestic Program on State and Local Governments* (Princeton, N.J.: Princeton University Press, 1983).

26. The eight domestic programs that were fully exempted from automatic reductions under Gramm-Rudman were Social Security; Supplemental Security Income; Medicaid; Aid to Families with Dependent Children; Supplemental Food Program for Women, Infants, and Children; Food Stamps; Child Nutrition; and Veterans' Compensation and Pensions; and the five partially exempt (that is, maximum reduction limited to 1 percent in 1986 and 2 percent annually thereafter) included Medicare, Veterans' Health, Community Health Centers, Migrant Health Centers, and Indian Health.

27. See Advisory Commission on Intergovernmental Relations, *Intergovernmental Service Arrangements for Delivering Local Public Services: Update 1983,* A-103 (Washington, D.C.: Government Printing Office, Oct. 1985).

28. See Nelson Wikstrom, "Epitaph for a Monument to Another Successful Protest: Regionalism in Metropolitan Areas," *Virginia Social Science Journal* 19 (Winter 1984): 5–6.

29. Councils of Government, or regional councils, are areawide, mostly voluntary bodies whose membership is composed of elected local officials who are predominantly from general units of local government.

30. National Association of Regional Councils, *Special Report No. 91* (Washington, D.C., Jan. 1984.)

31. Harry P. Hatry and Carol F. Valente, "Alternate Service Delivery Approaches Involving Use of the Private Sector," *The Municipal Yearbook—1983* (Washington, D.C.: International City Management Association), 200–204.

32. David B. Walker, "Intergovernmental Relations and the Well-Governed City: Cooperation, Confrontation and Clarification," *National Civic Review* 75, no. 2 (March–April 1986): 71–79.

33. Advisory Commission on Intergovernmental Relations, *The States and Distressed Communities: State Programs to Aid Distressed Communities,* M-140 (Washington, D.C.: U.S. Government Printing Office, 1985), 231–32.

34. Ibid., 238–66.

35. Walker, "Intergovernmental Relations and the Well-Governed City," 78–79.

36. Xandra Kayden, "The Nationalizing of the Party System," in Michael J. Malbin, ed., *Parties, Inter-*

est Groups, and Campaign Finance Laws (Washington, D.C.: American Enterprise Institute, 1981), 276ff.

37. Gary Wekkin, *Democrat Versus Democrat* (Columbia, Mo.: University of Missouri Press, 1984), 178.

38. Leon Epstein, "Party Confederations and Political Nationalization," *Publius* 12 (Fall 1982): 86.

39. See Advisory Commission on Intergovernmental Relations, *The Transformation in American Politics* (Washington, D.C., August 1986), 91.

40. See Ibid., 1–8 and 47–162.

41. Ibid., 163–330.

42. Ibid., 242–43.

43. Michael D. Reagan and John G. Sanzone, *The New Federalism* (New York: Oxford University Press, 1981), 175.

44. See S. Kenneth Howard, "De Facto New Federalism," *Intergovernmental Perspectives* 10, no. 1 (Winter 1984): 5 (Washington, D.C.: Advisory Commission on Intergovernmental Relations).