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**'Examine the reasons for change in the balance of power between the federal and the state governments since 1980'**

When evaluating the causes of reform in the balance of power since 1980 among the federal and state governments, one needs to concentrate on several key factors: the reasons why states increased their power, the reasons for growth in federal authority and an explanation for the change which took place.

Each federal system is unique in the sense that the relationship between federal [national] government and state [regional] government is determined not just by constitutional rules, but also by a complex of political, historical, geographical, cultural and social circumstances. Both central government [the federal level] and regional government [the state level] possess a range of powers that the other cannot encroach upon. These include at least a measure of legislative and executive authority and the capacity to raise revenue and thus enjoy a degree of fiscal independence. However, the specific fields of jurisdiction of each level of government and the capacity of each to influence the other vary considerably.

The basic principle of federalism is fixed in the Tenth Amendment [ratified in 1791] to the Constitution which states: *'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'*. The Constitution set up a division of power between the federal and state governments, which initially limited the federal unit to the fields of defence, foreign affairs, the control of the currency, and the control of commerce between states. However, over the years this division of power has been eroded, so that today the federal government has functions that have been extended and touch on nearly all aspects of life for American citizens.

Both Presidents Richard Nixon and Ronald Reagan have tried to cut back the power of the federal government and give back to the states power that was deemed to have been taken from them. This period was regarded as 'New Federalism'

Introduced in the 1960s as a reaction against the continuing expansion of the federal government's activity and expenditure, President Nixon was committed to a system of 'new federalism' to resolve the proper balance of power, regaining some of the states former authority. In order to do this, Nixon proposed two important innovations: general revenue sharing and block grants. General revenue sharing gave states and cities money to spend as they saw fit. Block grants gave states and localities some leeway on spending federal funds for designated purposes. This overall gave greater freedom for states and local governments in deciding how to spend funds. However, Nixon

soon found that Congress were reluctant to give up their power, this degree of control are an important part of the federal governments' power base. Thus, he failed to achieve his basic objectives.

In the 1980s, Ronald Reagan deliberately used federalism as a weapon against 'big' government, and specifically against the growing welfare budget. Under the slogan 'new federalism', Reagan attempted to staunch social spending by transferring responsibility for welfare from federal government to the less prosperous state governments. As State governments were forced to rely on their own sources of income, so they rediscovered their autonomy. State policies became more creative. Innovations extended to important social issues such as welfare reform and education. Some referred to the 'renaissance of the states' as they again became 'laboratories of democracy'. This caused much irritation. Critics felt the state's action had compromised both America's internal market and Washington's control of foreign policy, two traditional functions of the national government. There were limitations to Reagan's programme. The swaps and devolution of programmes to the states were abandoned. The programme was met with hostility from Congress and overall '*The impression was created that federalism was nothing more than a code word for stringent expenditure cuts*'. Overall, Reagan was unable to win sufficient support.

In the 1990s, the Federal government continued to exercise more power over more aspects, 'Coercive federalism'. The Supreme Court made a number of significant rulings. Although the Garcia versus San Antonio Metropolitan Transit Authority ruling [1985] enhanced the powers of the federal government, recent court rulings, for example the availability of abortion, have reinforced the position of the individual states. In November 1994, the Republicans won control of both houses of Congress in the mid-term elections with a commitment to reshape federal relationships and devolve power back to the states. The States responded to the changing political environment by becoming '*more assertive, imaginative and innovative*' they began to promote their own interests more forcefully. They acted as pressure groups within the broader political system through organisations such as National Governors' Association, US Conference of Mayors and the National League of Cities. States also employed lobbyists to work on their behalf in Washington DC.

The most radical measure devolving power to the states was the welfare reform bill, which ended the federal government's guarantee to provide welfare cheques to all low-income mothers, and children, which had been in effect since the New Deal in 1930s under Franklin Roosevelt. The reform would give them much more discretion over eligibility and levels of benefit. Despite this, some observers have argued that the shift in power to the states has already gone too far and that America's national unity may be threatened as the country becomes the 'Disunited States' [Donahue 1997]

John Kincaid has argued that American federalism in the 1990s is a dynamic system of government, which can adapt to changing circumstances, however he comments that unprecedented centralising trends are likely to continue into the future. He believes that '*contemporary American federalism is marked by*

*the seeming paradox of federal dominance and state resurgence'* . His reasons for this are as follows. The federal government has established a significant regulatory role in most domestic policy, for example health and safety, however the states have retained their power. There has been increased federal activity, which has been accompanied by increased state activity. The Federal government has strengthened the state governments. For example through Grants-In-Aid Scheme whereby grants are made to states but with certain conditions attached. The federal government has used state and local government as agents to administer this aid and as such has the ability to keep the states concerned in check. In theory, this gives the federal government a great deal of power over the states receiving aid. The federal government often only sets minimum standards, for example environmental protection. The federal system retains some dualism, as originally envisaged in the USA. It meant that the national and state governments in a federation retained separate spheres of action. Each level independently performs the tasks allocated to it by the constitution, for example, the banking system and that of the tax system. In reality, the main feature of contemporary federations is interdependence rather than independence of levels. Overall, Kincaid argues that both federal and state government have become strong and modern governments.

It seems that overall, the developments which have occurred may provide a basis for the beginnings of what Thomas R. Dye calls 'competitive federalism', in which federal, state and local governments would compete with each other to provide the services that citizens demand. Federalism is still a potent force in America and it continues to draw its vigour from the desire at a political level to decentralise political power. President George W Bush has promised to continue with what might be deemed a republican principle -making Federal government smaller. Though some political scientists argue that in the future it is possible that power will begin to return to Washington DC. For example, the events of the 11<sup>th</sup> of September have almost certainly enhanced the powers of the President and the executive branch of the government.



