

Federal principles grow out of the idea that free people can liberally enter into lasting yet limited political associations to achieve common ends and protect certain rights while preserving their respective integrities. Daniel J. Elazar explains this point particularly well although in a rather non-political way when he states that federalism is rather like ‘wanting to have one's cake and eat it.’<sup>1</sup> But what kind of a cake was it? The dual system has been described as a layer cake, with distinct, and separated powers exercised by the different levels of government, but David Walker proposes that the plums that characterize shared programs under fiscal federalism suggest a fruitcake<sup>2</sup>, and Wildavsky adds the image of a birthday cake to the metaphorical menu<sup>3</sup>. A very different approach to defining federalism is James Bryce's slant; he likened federalism to “a great factory wherein two sets of machinery are at work...each doing its own work without touching or hampering the other”<sup>4</sup> were the two sets of machinery are state and local government.

In America the term "federal government" is usually understood to refer exclusively to the national government based in Washington. This, however, is not an accurate interpretation of the term as it excludes the role played by other aspects of government concerned with the federalist structure and would not comply with James Bryce's definition of what federalism is as this approach indicates that one machine does all the work. Federalism can be seen a compromise between the extreme concentration of power and a loose confederation of independent states for governing a variety of people usually in a large expanse of territory. The basic principle of American 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."<sup>5</sup>

Federalism has gone through many changes over the years and such changes have been classified by academics by means of a variety of patterns. An example of one such pattern is ‘devolution’.

Ever since the high tide of federal activism in the 1960s, there have been repeated efforts to reverse the centralizing effect of the massive flow of funds from the national government to the states. The US Federalism website comments that devolution came about

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<sup>1</sup> Elazar, 1991: 1

<sup>2</sup> Walker, David B. *The Rebirth of Federalism: Slouching toward Washington*. Chatham House Publishers, Inc. 1995.

<sup>3</sup> Wildavsky, Aaron. *Federalism and Political Culture*. D. Sleicher & B. Swedlow, Eds. New Brunswick, NJ: Transaction Publishers.1998. Cited in: McCurdy, Arthur H. "Political culture, local government and progressive personnel practices." *Review of Public Personnel Administration*, Columbia. Winter 1998Vol. 18, PP 23-38

<sup>4</sup> [www2.h-net.msu.edu/~shgape/bibs/federal.html](http://www2.h-net.msu.edu/~shgape/bibs/federal.html)

<sup>5</sup> [www.historylearningsite.co.uk/fed.htm](http://www.historylearningsite.co.uk/fed.htm)

due to the explosion of grants during post-war prosperity and new social and environmental programs during the Great Society tipped the scales still more drastically to the national government<sup>6</sup>. Timothy Conlon makes a different suggestion as to the cause of devolution; he suggests that globalisation caused devolutionary effects, he claims such effects can be seen in the negotiations over NAFTA and GATT when the two agreements required new federal regulation of state and local government departments e.g. taxation.<sup>7</sup>

The first step towards devolution was Nixon's New Federalism which emphasized revenue sharing, underlining the notion that the states were being returned authority over their own funds, not granted license to spend federal money. Federal administration was decentralized; with greater authority granted to field office administrators<sup>8</sup> Reagan's block grant approach was also aimed at the plethora of categorical grants, but gave more emphasis to shifting responsibility for programmatic choices, while still maintaining a federal claim of accountability for the funds. The limited success of each of these efforts was quickly lost as grants were re-categorized and entitlements grew. Courts also exercised a centralizing tendency in these decades, interpreting the Commerce Clause expansively. As soaring federal deficits and the politics of balanced budgets curtailed the growth of new national spending, Congress became increasingly willing to impose federal mandates on states either through the vehicle of existing grant programs or indirect requirements.

Devolution efforts went full steam ahead under President Clinton who came to power with a decentralizing agenda. The decade of the 1990s was an ambivalent period for American federalism. While the national government strengthened control over economic policies to assure uniformity and help businesses compete nationally and globally, Republican leaders in Congress worked to decentralize many public services, moving control from Washington down to governments "closest to the people,"<sup>9</sup> especially state governments, a clear majority of which were headed by Republican governors. In 1994, for the first time in forty years, a Republican majority was elected to both the U.S. House of Representatives and the U.S. Senate. A top priority for the new majority was scaling back the federal government which if you relate it back to James Bryce's theory of what federalism is then the two sets of machinery have become unbalanced in that one machine works s harder than the other. In the words of House Budget Committee Chairman John R. Kasich Congress wanted to

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<sup>6</sup> <http://www.min.net/~kala/fed/history.htm>

<sup>7</sup> Conlon, T. 1998. *From New Federalism to Devolution*. The Brookings Institution

<sup>8</sup> Walker, 1996:272.

<sup>9</sup> Walker, 1996:196

"Return money, power, and responsibility to the states"—a campaign some dubbed the "devolution revolution."<sup>10</sup>

President Bill Clinton responded to this shift in popular sentiment by declaring in his 1996 State of the Union address that "the era of big government is over."<sup>11</sup> Clinton supported much of the legislation that emerged from the 104th Congress. The 104th Congress enacted insurance reform, modelled in part on state insurance market reform laws. Implementation was carefully tailored so as not to pre-empt current state practices that exceeded the federal rules. While a pseudo-dual framework was retained, with states above all responsible for geographically defined elements such as defining pools of risk, this solicitude towards the states serves to underline the extent to which their authority ceded by Congress and revocable at will.

The Republican agenda of "devolution revolution"<sup>12</sup> was not as successful as they had envisioned. The Republicans, with their stringent budget and plans to devolve federal power exceeded their electorate mandate. Timothy Conlan notes that the agenda may have worked if the Republicans controlled the White House as well as Congress<sup>13</sup>. They did not have such control so their revolution was doomed once Clinton became convinced that most Americans were highly sceptical of the program.

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<sup>10</sup> <http://nw.com/jamesd/libertarian-quotes>,

<sup>11</sup> [www2.h-net.msu.edu/~shgape/bibs/federal.html](http://www2.h-net.msu.edu/~shgape/bibs/federal.html)

<sup>12</sup> Conlon, T. 1998. *From New Federalism to Devolution*. The Brookings Institution

<sup>13</sup> Conlon, T. 1998. *From New Federalism to Devolution*. The Brookings Institution