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"THE REAGAN ELECTION AND MANDATE: THEIR FISCAL POLICY IMPLICATIONS FOR THE WELFARE STATE"*

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ABSTRACT

This paper has three main thrusts. The first searches the Reagan campaign, the 1980 Republican Platform, the election and survey results to determine whether or not Reagan can creditably lay claim to a mandate for his social policies. The second thrust investigates the 1982 Reagan spending and taxing programs. Our purpose here is to ascertain if those policies denote major new directions in U.S. social policy. Our third purpose involves an assessment of the Reagan fiscal policies upon the U.S. economy.

This study concludes: (1) Reagan can claim a mandate for much of his social policies, (2) the Reagan fiscal policies are a significant departure from the national policy of the recent past, and (3) the consequences of the Reagan policies of the future are so negative that his policies will require reversal -- either by his administration or a new administration following his defeat or retreat.

From mid-February to mid-July of 1981, the interval between the Reagan speech articulating his budget cuts and the Reagan budget victory in the House, the cry went up the hill to the Capitol and across the land that the Reagan cuts were responsive to a clear demand from voters and mandated by the election of 1980. Phrases such as voter demands and election mandates are political symbols. Their definitions are not consistent, but are determined by the time and content of the political debates with which they are associated. Two early purposes of this paper are: (1) to apply a definition to these terms and phrases and (2) to search the evidence of the 1980 presidential campaign and election to assess whether they could be said to have expressed the voice of the nation on the question of federal social services spending.

Symbols are powerful tools in politics (Edleman, 1964). The use of uniforms, icons, martyrs, emblems, furnishings, architecture, music and countless other items to secure and maintain respect for authority has long been noted. Words and phrases are also powerful tools in the policy process. Key phrases from political speeches have often had an impact upon national policy directions. Notable examples of this phenomena were contained in the Gettysburg Address, the Cross of

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Gold convention mover from William Jennings Bryant, Franklin Roosevelt's first inaugural and war declaration, Kennedy's confident and comforting inaugaral address and the prideful -- if ambigious and disrrupting -- call for Black Power during the Civil Rights Movement. Mandates have often been claimed for previous national election victories. Among these were the New Deal, the Fair Deal, and the Great Society. The Reagan claim is in that category.

The claim, accepted as creditable, that one's policy positions are the will of the people and legitimated by electoral vicory is a compelling political strategy. In a functioning representative system, such a claim puts a would be recalcitrant legislator under considerable pressure to conform. Flaunting "the will of the people," in face of the continual need to seek reelection requires considerable political confidence, or an indifference to early retirement, or a sense of reckless abandon.

That Reagan won the psychological strength of this strategy, on the tax and budget cuts, is undeniable. He united his party's various congressional elements to single-minded support of his proposals and weaned sufficient strength from those Democrats in the House of Representatives; although many of the latter had long been allies of the Republicans on economic issues and may also have been motivated by the conservative congressional victories and media focus on the Moral Majority. Even prior to the key votes, he gained the opposition's acceptance to the great brunt of his proposals and then his forces went on to gain victory on almost all of the marginal issues as well. The argument can be made, and will be made later in this article, that the content of these victories was a major change in the thrust of social services. That argument, however, can not and does not diminish the political significance of those victories. In the contexts of time and power, the political success of these victories rates very close to that of FDR's 100 days (Newsweek, 1981a).

Perhaps in terms of "Realpolitik" a mandate is a mandate if, and only if, the claim to the phenomena succeeds in the policy process. Most analysts have desired a more probing measure of such concepts. One such measure was put forward by a committee of the American Political Science Association in 1950 (Committee on Political Parties, 1950). Directed by the membership of that association to formulate a statement of the elements necessary to the attainment of a responsible political system, the statement essentially contained three points. While the committee primarily addressed political party systems, the standards they produced, with minor modification in wording, can also be used to measure possession of a policy mandate. The following three points are offered as our measure of the presence or absence of a mandate.

1. Candidates must formulated clear policy positions.
2. Candidates and the political institutions they control must campaign on those policies.
3. Victorious candidates must dedicatedly seek the enactment and implementation of their enunciated policies.

The essence of these goals is the requirements to say what you're going to do, to stick by what you said, and to try to do what you said you would do. By examining the campaign positions of Reagan and the Republican platform, produced under his control, we will attempt to assess how well Reagan pursued these requirements to verify his claim of an electoral mandate. We will also attempt to carry this analysis one further step by looking at the election results and available public opinion reports in the effort to determine if the voters were hearing the Reagan messages and voting with reference to these messages. We are thus asking did Reagan's behavior permit the claim of a mandate and did the voters realize that they were legitimating such a claim.

IN SEARCH OF A MANDATE

President Reagan and his allies clearly asserted a mandate claim for the budget framework they carried to Congress in the Spring of 1981. Reagan, in historic western style, staked his claim early in the quest for a budgetary mother lode. In his televised budget message he referred to the 1980 election as a "mandate for change" in governmental spending patterns and later in that address he personalized his use of this symbol by using the phrase, "our mandate" (Newsweek, 1981b). In the following 150 days until the administration was to attain its sweeping House victory on the Gramm-Lotta vote the message of mandate was peppered at Congress in countless speeches and statements by the President, and his supporters from rostrum to rostrum across the U.S.

Not all analysts shared the meaning that the White House found in the election. Among those that demured from mandate interpretation were those associated with the Eagleton Institute of Politics. This group, under the leadership of Gerald Pomper, a leading scholar of electoral analysis, was the first to get into print with a protracted account of the 1980 presidential election (Pomper, 1981). The Eagleton group saw the 1980 election as a vote of no confidence in Carter and not a vote of confidence in Reagan. In their words, they wrote:

> "Overall, there is no reason to accept the election outcome in 1980 as indicating a conservative tide in this country, even though the elected candidate was clearly known and perceived by a majority of the electorate as a conservative." (Pomper, p. 115).

and again they said, "The new President does not have a mandate for conservative policies; instead, he has a mandate to be different from Jimmy Carter." (Pomper, p. 117) and finally they declared, "There is no ideological mandate for the Reagan administration." (Pomper, p. 116).

The Primary Campaign. The 1980 primary season gave us a reversal of the normal pattern of little or no competition and infighting from the incumbent's party (Pomper, p.1). By contrast the Republican nominating contest was marked by relative serenity. Reagan was the early leader and, except for several good efforts by Bush in the New England primaries, Reagan's dominanace was never challenged. As a result Reagan was under little pressure to lay out a clear position (U.S. News and World Report, 1980a). In the early going Reagan stayed very close to the same speech he had been giving since 1964, attacking the bureaucracy, the USSR, praising private enterprise and calling for deductions in taxes on inheritances and savings accounts (U.S. News and World Report, 1980b). Some specifics became clearer in the primary period. Reagan had embraced the Kemp-Roth tax outline and called for restraining federal spending by cutting "expenditures, employees, new programs, fraud and abuse." (U.S. News and World Report, 1980c). The move to block grants was also foreshadowed by repeated reference to giving state and local governments responsibility for many state and local programs then in federal hands (CQ Weekly Reports, 1980a). In general terms Reagan did announce his coming assault on social services spending during the primaries but details were too sparse to permit the foretelling the social impact.

The Republican Convention. Some aspects of the July gathering suggested some moderation of the conservative Reagan position. Among these were the mere fact of meeting in Detroit, the honoring of Republican moderates on the stage, the film biography of Reagan which stressed his labor credentials and the opening, later aborted, to Ford on the Vice-Presidential nomination. But the convention was firmly in the control of the Reagan forces and the platform confirmed and extended the hard conservative line. The following excerpts suggest little ambiguity. We were told, in the section on taxes and government, "federal spending ... is now over 21 percent [of GNP]. We pledge to reduce it ..." and "By increasing economic growth, tax rate reduction will reduce the need for government spending on unemployment, welfare and public jobs programs." (Congressional Record, 1980, p. 28). From the section on welfare we hear that the then current programs were "degrading, dehumanizing, wasteful, overlapping, and inefficient programs that invite waste and fraud but inadequately assist the needy poor." "Those features of the present law, particularly the food stamp program, that draw into assistance programs people who are capable of paying for their own needs should be corrected." "We support a block grant program that will return control of welfare programs to the states..." (Congressional Record, 1980, p.5). No assisted group--blacks, women, Hispanics, the handicapped--was given hope for support; rather the Kemp-Roth tax cuts would produce a healthy economy that would bring income to all. Political platforms are campaign documents and for such a document this one spoke with remarkable clarity. Even those who denied that Reagan secured a mandate in his election got the message when they wrote that the platform "was a clear repudiation of the welfare state." (Pomper, p. 51)

The Campaign for the Presidency. While the GOP platform, carefully crafted by the Reagan forces, did, with reasonable clarity, seem to provide the base for a Reagan mandate claim, the follow-up campaign provided few details through the ensuing months. Reagan was under increasing pressure to fill in the details from the Democrats and sectors of the media. The mandate issue during this period turned on one speech, delivered in Chicago before The International Business Council, on September 9. Douglas E. Kneeland of the New York Times (1980a) indicated the importance given this address by labelling it "a long-waited major speech on the economy." Later the prestigious National Journal (1981) said, the Reagan White House staff pointed to the Chicago speech, along with the November victory, as the basis of the mandate claim for their budget program. The major print media correctly reported the significant budget cut figures. These were Reagan's claim to cut the FY 81 budget, as requested by Carter, two percent and additional cuts up to seven percent by FY 84 with the belief that the cut by that year (1985) would actually be 10 percent. After the speech, unnamed Reagan aides were said to have indicated that these cuts would amount to $13 billion dollars in FY 81 and $64 billion by FY 84 at seven percent or $92 billion dollars at 10 percent.

Key portions of the nation's establishment national press choose to label this speech moderate. Lou Cannon, on the front page of the next day's Washington Post (1980), declared that the speech was "far more modest than his campaign rhetoric over the past several months implied." Cannon went on to say that undesignated Reagan advisors believed that the speech would protect Reagan from Carter charges "that a Reagan administration would drastically cut the federal budget." Steve Ratner for the New York Times (1980b) found it significant that Reagan had not claimed that the tax cuts would pay for themselves, that Social Security would not be cut and that Reagan would not support a national health program. The U.S. News and World Report (1980d) also pointed to the lack of a claim that tax cuts would pay for themselves, stressed cuts would come from cutting waste and inefficiency rather than changing entitlements and thus seemed to support the view that the speech moderated the previous Reagan positions. Even the usually nonjudgemental CQ Weekly Report (1980b) declared that Reagan backed away from earlier claims of a "massive overhaul of government programs" in terms of shifting authority to lower level governments.

These press interpretations are important. If the speech was moderate then the claim for a mandate is weakened. Additionally these are pace setting media outlets, the networks and other reporters take cues from these elite sources (Crouse, 1973 and Patterson, 1976). If they read Reagan's program as moderate their influence through the broader media could have served to mislead the voting public. We can get some feel for the substance of these claims by looking at some quotes from the speech as taken from the full transcript as published in the New York Times (1980c). The transcript provides us with the following quotes, "We must move boldly, decisively and quickly to control the runaway growth of Federal spending." and "We must keep the rate of growth of government spending at reasonable and prudent levels." On the point of restructuring the government the phrase was, "More, more administrative authority to the states." Perhaps the media pack had heard these words so often that they took consistency for moderation. More interestingly they ignored the hoped for 10 percent cut in spending by FY 84 even though they reported it. Nearly a $100 billion dollars hardly seems moderate. It must also be said that Reagan did not say entitlements would go uncut, he said necessary entitlements would not be taken back. Nor was it said that Social Security benefits would go uncut. It was said that the system would attain integrity and benefits would become meaningful. Uncut indeed!

The General Election. Five presidential elections in this century are usually rated as landslides; these were Hoover over Smith, Roosevelt over Landon and Wilkie (in 1940), Johnson over Goldwater, and Nixon over McGovern. In those elections the victor received over 60 percent of the total vote and lost no more than five states. Reagan's victory was not quite up to those standards but it was close. He carried every region of the nation and lost only four states. He attained 56.6 percent of the two-party vote and this, as we shall see later, would probably have been higher without Anderson in the race.

Carter became the first Democrat and the third incumbent of the century to fail to gain reelection. Save for Hoover's victory, the landslide candidates were all incumbents. Moreover, Reagan took strength away from every category of normal Democratic support, and from Carter's 1976 victory, except among black voters. Of the past 12 elections McGovern was the only Democrat to get a lower percentage of the two-party vote than Carter. Reagan even carried the South against a native born, born again, Democratic incumbent President. Reagan got 51 percent of the total vote to Carter's 41 percent and Anderson's seven percent. That is the only figure that keeps Reagan's victory from qualifying as a landslide.

Many have sought to deny the presence of policy significance in the Reagan election. Some pointed to turnout and maintained that a 53 percent voter turnout renders Reagan a minority President and invalidates any claim he may make to a policy mandate. We must note that the turnout for the 1932 and 1948 elections were lower than the 1980 rate. By this reasoning Roosevelt and Truman would have even less claim to policy change. Additionally, the 1980 turnout was only marginally lower than the preceeding two. Low turnout in 1980 would appear to relate to longer term factors than the Reagan, Carter, Anderson, Clark and Commoner alternatives.

Anderson provides another thrust against mandate. This position claims that either a Carter victory or a much closer election had Anderson not been on the ballot. Survey data throws dust in the eyes of this effort as it holds that more of the Anderson voters would have voted for Reagan than Carter had they been the only choices. Carter would have been a minority winner even if he had gotten all of the Anderson vote in some special electoral college confirmation producing a victory in that odd, if venerable, institution.

The CBS/NYT Exit survey did demonstrate that 25 percent of the voters said they made there minds up on which candidate to support in the last two weeks of the election, a figure reported as the highest measured over the six elections but very close to the 1976 figure. Still Reagan comes off well here as 22 percent of his voters fell into this category compared to 23 for Carter and 45 for Anderson (Public Opinion, 1981a).

Reagan also received the edge on personal appeal. The survey reported that 24 percent of the respondents replied they were mainly voting against other candidates, but of the Reagan voters only 18 percent took this position while the comparable figures for Carter and Anderson were 25 and 49.

The preponderance of the evidence from these statistics cannot--of themselves --deny Reagan's claim to a mandate.

Budget Policy During the Transition. Between the election and Reagan's budget address on Febuary 9th there were clear indications that raids into the proposed Carter budget might go further than the campaign positions had indicated. While the nation's attention was heavily drawn to the hostage release negotiations in the early part of this period, the presidential transition groups were giving serious attention to the FY 81 and FY 82 budgets. Casper Weinberger, head of the budget policy transition group, was the first to signal this new dimension by indicating that their budget might be $26 billion dollars below the Carter proposals (Time, 1980a). David Stockman repeated this position upon the announcement of his designation as head of the Office of Budget and Management by saying that the cuts might go beyond the 2 percent earlier announced by Reagan (Time, 1980b). In an interview just before Christmas, Reagan suggested that some "unnecessary entitlements" may have been found when he said, "But there can be a tightening up of regulations that make it legitimately possible for people of rather fair income to continue getting certain welfare grants." (Time, 1981). However, by the time of Reagan's first Presidential press conference it became clear that the campaign position was going to be adherred to and this was firmed up in the budget message which put the FY 81 cuts at $15 billion and those for the following year in the $40 to $50 billion range.

Without knowing motives, this reinstatement of the campaign position did deny opponents of the cuts the ability to attack the claim of mandate on the grounds that the asked for cuts went beyond those announced during the campaign. It also became clear to many observers that the Reagan forces might have an easier time than earlier thought in getting their budget package through Congress. The Economist (1981) noted that Congress was not spoiling for a fight saying, "...the Democratic House of Representatives is in a chastened, conservative mood and even liberals such as Mr. David Obey, a representative from Wisconsin, thinks Mr. Reagan's programme should be given a chance." The administration was seeking almost exactly what Reagan had said it would in his Chicago campaign speech. Hence, the mandate affirmation can not be denied on the grounds of program shifts.

What the Public Heard. The provided criteria for the mandate claim do not require that significant numbers of citizens be aware of, or even desire, an elected official's program. What is required is that the official, when a candidate, make clear the program and adhere to it after assuming office. Even so it may be useful to review the available measures of public reaction. The attempts can not be precise as survey timing, question wording and question choice do not always neatly lend themselves to queries of secondary research; but some indications of the public mood regarding cuts in social services can be assessed. This problem is no where clearer than on the matter of what the citizens were hearing and perceiving about the campaigns and particularly where candidates stood upon issues. Only one survey incidence was discovered bearing upon the issues of this inquiry. A CBS/NYT Poll taken at the time of the Anderson-Reagan debate asked if either of those two candidates favored decreasing domestic spending. Forty-nine percent of the respondents named Reagan while only 17 percent designated Anderson. In the same survey 69 percent said Reagan favored tax cuts. These figures are subject to many interpretations. We can be alarmed that half of the sample was ignorant of Reagan's position or delighted that half knew that position. Comfort can be taken in the difference between the reported Reagan-Anderson positions on the grounds that those who knew were not guessing wildly. There is also the matter that there was a 40 percent more accurate appraisal of Reagan's tax cut position than his spending position (Pomper, p. 107).

It appears to us that, more than anything else, this matter raises the question of how the public learns about campaigns. For many years it has been consistently reported by citizens that about three-fourths of them secure most of their political information from television and that, by almost the same high margin, they have more faith in the integrity of television reporting than any other media (Feigert and Conway, p. 365 and Roper, 1976). At the same time studies and commentaries have drummed a steady beat of criticism at television news shows for ignoring the substantive issues raised in political campaigns (Patterson and McClure, p. 21). These criticisms point to, and document, the contention that the brunt of television campaign coverage is directed toward candidate personality, candidate blunders, and the campaign as a game--that is who is winning and who is losing. While the subject of public clarity is secondary to this analysis we can not fail to note, that under the circumstances of media coverage in this nation, it may be amazing that almost 50 percent of the public correctly got Reagan's message a few weeks before the election.

Public Opposition to the Cuts. It is reasonably clear that citizens do not sense that they have become remarkable more conservative. The CBS/NYT Poll found that the number of respondents, on a forced response question, designating themselves as conservatives increased from 18 percent to 20 percent from 1976 to 1980. This slight two point increase is within the margin of error and certainly carries no clear indication of a conservative direction in the nation (Pomper, p. 107). That same report provided data stating that only four points more of the 1980 respondents wanted domestic spending cut over the 1976 respondents. A July 1979 study by the Opinion Research Association adds support to the contention that the nation is not massively moving to a conservative position. Its findings demonstrated that a majority of Americans felt entitled to a wide range of social services: 90 percent felt entitled to adequate public transportation, 85 percent to guranteed work for the willing and able, 59 percent to free graduate and professional schooling, 55 percent for free doctor and hospital care for all and 53 percent for free dental care (Public Opinion, 1981b, p. 16).

The 1980 National Opinion Research Center's study adds more evidence on this point. NORC respondents did not think the government should cut spending on services such as health and education by a margin of 43 to 31 percent. Those same respondents took a liberal position on income redistribution by reporting that the government should reduce income differences at a 44 to 31 percent difference (Public Opinion, 1980a, pp. 22-23). Even as President Reagan was preparing his budget message to the nation in February 1981 there were discordant notes from the Gallup-Newsweek Poll findings. It found pluralities saying the Federal government was spending too little on highways, urban development, child nutrition, and farm price supports (Newsweek, 1981c). These indicators all suggest that Reagan and the Republicans will be in deep political trouble if their programs do not bring noticable prosperity to a broad range of American citizens.

Readings of Reagan's popularity also suggest that his grip upon the national emotions is ephermal. Even in the campaign a Time poll, completed two weeks before the election, placed Reagan 13 percentage points behind Carter and only one percent ahead of Anderson on confidence in the ability of the three candidates in the handling of the economy (Time, 1980c). Similarly, a study of the popularity of recent first year presidents informs us that Reagan's popularity, at similar points in time, was four percent below that of Nixon and Carter and 10 and 11 percent below that of Kennedy and Eisenhower respectively (Germond and Witcover, 1981). The Reagan honeymoon was either not as long or not as warm as that of his predecessors. Finally the media widely noted an increased public disapproval of Reagan. Gallup reported Reagan's approval rose nine points between January and March, while disapproval climbed 11 points (Gallup, 1981) and in August the AP/NBC News poll found a low 55-42 approval-disapproval split (Newsweek, 1981a).

We find, in sum, indications that the nation had not suddenly or permanently become conservative, that not all the Reagan spending cuts have strong support and that the Reagan charm is subject to deterioration. We shall see, on the other hand, that there are also notable areas of support for the Reagan domestic program.

Public Support for the Cuts. One survey development that had Republican leaders gleefully talking about was the increase in the percentage of voters identifying themselves as Republicans. For many years that figure had been in the low 20's. It has been on the increase in 1981. Confining ourselves to one service for question standardization and monthly results, we utilized the CBS/NYT poll. In 1980 the monthly average for Republicans was 22, for Democrats it was 42. Democrats had been losing ground for more than a decade but to Independent status rather than to Republicans. In January 1981 the Republican identification showed growth and reached 26 relative to the Democrats 34. These numbers assume more drama when the portion of respondents saying they were independents is distributed on a second question asking if they lean more to one party or the other and, if yes, which party. Viewed this way, the 1980 figures were Democrats 53, Republicans 34 and the similar April 1981 figures were a startling 54 to 41. The White House pollster actually put the Republicans in the lead by one point at 40 to 41 (Public Opinion, 1981c).

For many voters the state of the economy was important during the 1980 election. Although we earlier saw one survey giving Carter highest marks on the economy, the NBC-AP Survey, two weeks prior to election day had the public placing Reagan two to one over Carter on being best at solving economic problems (Public Opinion, 1981a). Reagan got 60 percent of his vote from those saying that inflation was the worst problem they faced and 64 percent from those saying that their financial position had worsened in the past year (Pomper, p. 87).

A 1980 NORC study indicated that Reagan had the public with him on some social service spending cuts by finding only 14 per cent of that sample said we were spending too little on welfare (Public Opinion, 1980a). That finding is confused by a latter Harris Survey (March, 1981) that has 72 percent, up from 68 in 1973, saying that the government should see to it, "that the poor are taken care of, that no one goes hungry, and that every person achieves at least a minimum standard of living." (Public Opinion, 1981d). Who can doubt the power of language?

After Reagan's February budget speech, Gallup-Newsweek Poll found respondents reporting that they had a more favorable impression of Reagan since the election to 16 percent less favorable, the rest being undecided or having constant feelings on the matter. Over two-thirds of this sample felt Reagan had been successful in persuading people on the need for spending cuts and a strong plurality of the sample agreed with the Reagan position that government spending caused inflation over other items like oil costs, personal spending, wage demands, interest rates and business profits. Highest on respondents lists for cuts--in order--were food stamps, postal services, job programs, and arts-humanities programs. Finally, 57 percent thought it likely that Reagan would get inflation under control (Newsweek, 1981c). In March, 1981 59 percent of a Harris sample said they agreed with the statement that, "The best government is the government that governs the least." That was up 21 points from 1976 and 27 points from 1972 (Public Opinion, 1981d). An April Gallup survey found a new optimism about the future five years hence with 46 percent saying they would be better off to 29 seeing things worse. In 1979 those figures were 24 for better to 43 for worse. In that same survey, for the first time in three and one-half years, more Americans reported being better off than in the previous year than worse off. While 42 percent of the respondents thought they might be hurt by the Reagan cuts, these people approved of the cuts by 31 to 14, the remainder giving no usable response.

What Then of a Mandate? In the traditional sense Reagan had his mandate. The program was clear, it was a part of the campaign and it has been written into policy. Others will argue, using survey data, that there was no mandate (see: Memo from Cope, 1981). Our reading of the survey data goes both ways. The data are far from clear and either side of the controversy can claim comfort, if not truth.

It is important to remember that the process has just begun. Even before sweetening the tax cut proposal Reagan was going to have to get $74 billion more out of the budget to meet his own projections and assumptions for balancing the budget. Balancing the budget is a high goal for his administration and the public has steadily said that achieving that goal is more important to them than a tax cut (Public Opinion, 1980a). With the vote buying--auction swollen--additions to the tax measure, the cuts will have to be even deeper if the budget balancing pledge is to be reached.

THE REAGAN ADMINISTRATION'S BUDGET AND TAX CUTS

Most sociologists see federal budgetary decision making as unrelated to their basic interests and concerns (Padgett, 1981). There is, however, both a long standing historical (Goldsheid, 1917 and Schumpeter, 1918) and contemporary interest (O'Connor, 1973 and Bell, 1976) in fiscal sociology. Joseph Schumpeter summed up this concern best,

> The fiscal history of a people is above all an essential part of its general history. An enormous influence on the fate of nations emanates from the economic bleeding which the needs of the state necessitate, and from the use to which its results are put ... Fiscal measures have created and destroyed industries, industrial forms and industrial regions even where this was not their intent, and have in this manner contributed directly to the construction (and distortion) of the edifice of the modern economy and through it of the modern spirit. But even greater than the causal is the symptomatic significance of fiscal history. The spirit of a people, its cultural level, its social structure, the deeds its policy may prepare--all this and more is written in its fiscal history, stripped of all phrases. He who knows how to listen to its message, here discerns the thunder of world history more clearly than anywhere else.
>
> The public finances [therefore] are one of the best starting points for an investigation of society, especially though not exclusively of its political life ... Notwithstanding all the qualifications which always have to be made in such a case, we may surely speak of a special set of facts, a special set of problems, and of a special approach--in short, of a special field: fiscal sociology, of which much may be expected (1954, pp. 6-7).

The main concerns of fiscal sociology are to discover the principles governing the volume and allocation of the Federal and State finances and expenditures and the distribution of the tax burden among various economic classes.

In this section of the paper we will analyze the Reagan (1981) and Carter (1981) budget and tax proposals. As most informed citizens know, the debate surrounding Reagan's cuts use the Carter 1982 budget as a baseline. We will also look specifically at the federal Health and Human Services budget (Schweiker, 1981) where most of the social welfare cuts are centered. Before beginning, however, a few caveats are in order.

The time frame in which this paper was prepared prohibited a detailed analysis of the final outcome of Congressional action. We were forced to use Reagan's proposed rather than actual cuts. Although this may create slight distortions, analysts agree that the Reagan administration got most, if not all, it wanted from Congress. We will introduce modifications where there are substantial changes. Second, there is, at this time, no actual budget for the fiscal year 1981. Reagan modified Carter's 1981 budget with immediate cuts in health services, CETA jobs, etc. The budget is smaller, but by how much and in what specific areas will be determined later. Third, there is always risks in *ex ante* cost effectiveness or cost benefit analysis. The precise levels and types of unemployment or reduced education and human services can at this stage only be roughly estimated. *Ex post facto* analysis is much safer but not appropriate for the questions at hand.

The most widely accepted theory in the literature on state budgets is incrementalism. Briefly stated the best predictor of next year's budget is this year's budget. This theory emphasizes the structural rigidities induced by bureaucratic politics and standardized operating procedures (Lindblom, 1961; Wildavsky, 1964; Davis, Dempster and Wildavsky, 1974; and Dye, 1981). The dominant image which emerges from the incrementalist line of research is that of a very inertial and buffered institutional system which extrapolates deterministically from t to t + 1 because of organizational stability and bureaucratic procedures (Padgett, 1981). R^2s in excess of .9 have been obtained by simply regressing federal allocation decisions on earlier decisions (Sharkansky, 1967).

Incrementalist theory is not without its critics (Natchez and Bupp, 1973; Schullman, 1975; and Harlow, 1968). In general researchers have loosely defined what is an incremental change and what is a substantial change. The high R^2s are produced in part by the statistical procedures that are used (Brouthers, 1980).

The Reagan administration, when pressed by reporters or critics, has adopted an incremental defense. Reagan has claimed he is not cutting Federal welfare programs. He is only stopping the rate of growth. Similarly it is claimed that the largest tax cut in U.S. history is simply an attempt to stop bracket creep and slow the rate of growth in federal taxes.

In order to determine whether the Reagan administration's budgetary and taxing policies are a dramatic or incremental departure in fiscal sociology we will use two measures of incrementalism to compare budgets. The first will be used to compare Carter's FY 1982 budget with Reagan's FY 1982 budget. Normally incremental changes are considered rather small shifts with the figure of 5 percent frequently used. We decided to define an incremental shift in the two budgets to be plus or minus seven percent.

The second measure of incrementalism compares Reagan's FY 1981 budget with his FY 1982 budget. An incremental change from one year to the next is defined as the estimated change in the GNP deflator, plus or minus 5 percent. The GNP deflator is a more conservative estimate of inflation than either the Consumer Price Index or the actual rate of change in the federal budget during the 70s. In Reagan's budget message the GNP deflator is 8.3 percent. The 5 percent margin of error represents a generous allotment for specific program shifts. An incremental increase in the Reagan 1982 budget from the Reagan FY 1981 revised budget would be within the range of a 3.3 to a 13.3 percent increase with the inflation added.

Table 1 reports budget outlays by function four different budgets--the actual 1980 budget, Reagan's 1981 revised budget, Carter's 1982 budget and Reagan's 1982 budget. The percent changes in each of these four budgets is also reported. Looking first at the total budget outlays in 1982, it is clear that Reagan's $44 billion, or 6 percent cut, represents an incremental shift from Carter's 1982 budget. The percent change from Reagan's 1981 and 1982 budgets of 6.1 percent also represents an incremental shift according to our previously determined definitions.

The aggregate fiscal goal of budget outlays is not nearly as interesting as the budget cuts or additions for particular government functions. The last column in Table 1 reports the percent changes between the 1982 Carter and Reagan budgets. Spending for national defense, health income security, veterans benefits and general government represent incremental increases or decreases. All the other categories of spending had substantial cuts that fell outside the definition of an incremental change. Among the biggest losers were: energy (27.5 percent), national resources and environment (15.0 percent), commerce and housing (61.7 percent) and education, training, employment and social services (25.2 percent).

One of the smallest changes that Reagan made in Carter's FY 1982 budget was spending for national defense, representing only a 2.4 percent increase. This slight change may come as a surprise to many. The reason the budget outlay increase looks so small for defense in 1982 is that Carter dramatically increased defense spending after the first year of his administration.

Carter's budget for national defense jumped from $135.9 billion in 1980 to $184.4 billion in 1982 or a 35.7 percent increase. Carter's 1981 budget increased almost 8 percent in real terms (inflation plus 8 percent) over his 1980 budget. For 1982 and beyond his administration projected a real annual increase in funding of 5 percent per year. His nondefense budget outlays decreased in real terms.

Carter and Reagan's defense budgets are very similar. Both Carter and Reagan wanted generous pay increases for military as compared to federal civilian personnel. Both wanted improved combat readiness by correcting shortages in critical spare parts and training funds. Both wanted to modernize strategic, conventional and rapid deployment forces. Carter wanted Trident submarines and missiles, procurement of Cruise missiles and modification of the B-52 and development of the MX missile. Plus he wanted tanks, armored vehicles, helicopters, better defense systems, additional fighters and attack planes and 80 additional combat ships by 1986. Cargo ships and additional airlift aircraft were also part of his military budget.

Reagan only added a few additional items to Carter's extensive shopping list.

Added were a new manned B-1 bomber, reactivation of battleships, a nuclear aircraft carrier and strengthened intelligence capabilities. The Reagan administration is anticipating a real annual increase of 8 percent per year. This targeted goal extends beyond our definition of an incremental change. With respect to Reagan's budget outlays the initial changes represent an excelerated program from Carter's already excelerated defense spending. The 1980 national defense budget was $135.9 billion. Reagan's projected 1986 defense budget is $342.7 billion or a 152 percent increase. Because the national defense budget outlays represent a sizeable increase in spending, nondefense programs have to absorb much larger cuts than Reagan's aggregate fiscal goal of a 6 percent decrease.

The percentage figures in the next to the last column in Table 1 can be used to compare changes in Reagan's FY 1981 and FY 1982 budgets. An incremental change for two consecutive years would be a change that fell within the range of 3.3 percent to 13.3 percent. Again the results are mixed. Spending for general science, space and technology, agriculture, health, income security and interest on the national debt fall within the incremental range. Defense spending which represents a 16.5 percent increase or a change from $162.1 billion to $188.8 billion is the largest increase and represents more than an incremental shift. All other budget outlays by function are actual decreases from the 1981 budget representing sizeable cuts when measures of inflation are taken into account.

Table 2 reports budget authority by agency. Although budget authority may not reflect actual expenditures, the information helps those of us who think of the federal budget being allocated to particular bureaucratic agencies. The last column in Table 2 reports the percent change by agency between the Carter and Reagan budgets. In this table the extent of Reagan's dramatic changes in the budget is demonstrated clearly. Only a few agenices had budgets that represent incremental shifts--legislative branch and the judiciary, health and human services, the state department, veterans administration, office of personnel management and the combined category of smaller agencies. All other budget shifts fell outside the incremental range of -7 to +7 percent. Only military defense spending came in high. Other budgets had sizeable reductions. Some of the big losers were: agriculture (-14 percent), commerce (-32.3 percent), education (-27.6 percent), energy (-18.5 percent), housing and urban development (-24.1 percent), interior (-24.4 percent), labor (-24.6 percent), transportation (-20 percent) and the environmental protection agency (-73.6 percent).

The next to the last column in Table 2 reports the percentage differences between Reagan's 1981 and 1982 by agency. The pattern is very similar to the above figures. Most allocations to agencies were nonincremental. The biggest gainer was military defense spending (25.2 percent). The biggest loser was, again, the environmental protection agency (-53.3 percent).

With few exceptions, theories of incremental budget changes based on bureaucratic politics and standard operating procedures, or based on the Reagan administration's rhetoric, cannot withstand the hard reality of the meat-cleaver approach to categories of nondefense federal spending by the office of the Budget Director, David Stockman and his associates. The data reported represent broad budgetary categories. Smaller budgets within these categories may reflect even deeper cuts in select programs.

Briefly we can conclude from this initial analysis that defense spending was the only area spared in the reconciled budget action. In the areas of nondefense spending the so-called "safety net" programs have received only slight increases or decreases in Reagan's FY 1982 budget. The big losers are regulatory agencies. The Reagan administration's first major offensive on the federal purse has been directed toward reducing regulations that affect domestic commerce. The short term effect holds out the promise of billions in profits to corporations and businesses.

Before comparing Carter and Reagan's proposed tax cuts and specific recommendations for the Department of Health and Human Services it is instructive to report some additional similarities and differences between Carter's and Reagan's planned expenditures. Both wanted to cut unemployment benefits by changing the rate used for triggering extended benefits. Both wanted to cut federal employment in civilian jobs by 45,000. Both wanted federal employee retirement programs indexed once, rather than twice a year, and the inflation index modified. Both wanted cuts in child nutrition programs and food stamp allotments. Both wanted to reduce waste, fraud and abuse in welfare and health programs. Specific welfare programs targeted for budget cuts are among the following:

* eliminating bonuses to hospitals for provisions of routine nursing services to medicare beneficiaries,
* repealing low priority medicare/medicaid expansions that were recently enacted,
* expediting recovery of disallowed state medicaid claims,
* establishing financial penalties to deter abuse of medicare and medicaid programs,
* adopting competitive bidding for medicare contractors,
* adopting competitive bid purchasing for selected medicare and medicaid equipment and services,
* repealing loans and bonuses for medical training and personnel,
* retaining current food stamp deductions,
* targeting child nutrition subsidies to the most needy,
* reforming and simplifying the aid to families with dependent children (AFDC) program and improve the child support enforcement program.
* reforming the railroad retirement program to help restore solvency,
* cutting social security, and
* cutting select veterans benefits.

Both administrations recognized the need to cut federal on and off budget direct and indirect loans that offer below market and/or guaranteed loans to a wide variety of special groups. Both recognized the need to simplify and consolidate Federal grants to state and local governments.

In the area of energy policy there were both important similarities and differences. Carter placed more emphasis on support for energy research and development in technologies that the private sector would not finance, more emphasis on energy conservation in public and nonprofit enterprizes and more research on the environmental effects of energy production and use. Reagan wants to deregulate and decontrol natural gas, as well as oil, and supports nuclear research and developments like the breeder reactor.

Carter had a much stronger commitment to basic research. His 1982 budget provided a 4 percent real growth in basic research for all federal agencies and a strong commitment to improve the scientific technology in the nation's universities. The Reagan administration wants to limit research to those subjects that have a strong potential military or business application.

Carter wanted to temporarily resolve the social security trust fund problem by legislation that would allow the three major trust funds to borrow from each other. Carter maintained a commitment to remedying youth unemployment, maintaining the Job Corps and extending medical coverage to 2 million children and pregnant women. Carter maintained a vague commitment to a national health care plan to cover the estimated 22 million Americans lacking any private or public health insurance coverage and another 60 million lacking adequate basic coverge or protection against catastrophic medical expenses. An essential prerequisite was health care costs containment legislation.

After a detailed examination of Carter's and Reagan's budgetary proposals and programs it is clear that support for the New Deal programs, their extensions and Great Society Programs that characterized the liberal welfare state abated before Reagan took office. Carter, as the most fiscally conservative Democratic President since Wilson, wanted to contain most expanding entitlement programs. Reagan Republicans preferred a meat-axe approach to reduce federal growth, regulation and control in the short run, while gutting entitlement programs as federal revenues decline as a result of tax cuts. Both were in partnership with conservative Democrats and Republicans who make up a large majority of both the House and Senate. The initial military budget increases indicate we are well into an expanded Cold War.

Tax Cuts. Table 3 reports the actual budget receipts in 1980 and Carter and Reagan's estimated receipts for 1982. Reagan's tax proposals were consistent with his campaign position. The two biggest Reagan cuts from the FY 82 Carter budget were individual income taxes, $43.5 billion, and excise tax cuts of $12.7 billion. The total tax cuts in Reagan's budget were estimated at $61.5 billion.

Reagan's individual tax cuts are the most radical fiscal policy change from the previous administration. The policy is radical in two ways. The size of the individual tax cuts is unprecedented. The total cumulative tax cuts will be $286.1 billion by 1984. The tax cuts are also inequitably distributed. When Reagan's tax cuts are fully implemented two-thirds of the benefits will be realized by those earning over $30,000 and one-third would go to those earning over $50,000 who represent 5.2 percent of the taxpayers. Put in different terms someone earning between $15,000 and $20,000 would get a tax cut over three years of $1,200. The tax break for a person earning over $200,000 for the same period is $74,545. Because the tax reductions apply to tax rates rather than the absolute amount of taxes paid, taxpayers in the upper-income brackets benefit most. Indeed, there was, within the ideological shift to supply-side economics, a strong commitment to cut taxes for the wealthy to stimulate investment. According to this supply-side theory, benefits are to trickle down through income groups as the invested capital expands economic activity.

The Carter forces had resisted strong pressure for personal income tax cuts. They expected resources to increase substantially over 1980 because of the assumptions of economic activity and bracket creep for many taxpayers. It is clear from Carter's budget message that sizeable personal income tax reductions were resisted because they were considered to be inflationary, past experience indicating that individual tax cuts would be spent on goods and services rather than saved and invested.

The Reagan administration proposed reducing the marginal tax rates for individuals by 10 percent each year for then next three years, beginning in July 1981. Compared to the previous tax law, tax rates would be reduced by 5 percent for calendar year 1981, 15 percent for calendar year 1982, 25 percent for calendar year 1983 and 30 percent for calendar year 1984. Congressional action modified these targets slightly by setting back the starting dates and reducing the overall tax cuts to 25 instead of 30 percent. Beginning October 1, 1981, tax rates would be cut by 5 percent, followed by two successive cuts of 10 percent on July 1, 1982 and July 1, 1983. The law also provides indexing of personal income taxes by 1985, tying personal income rate to inflation, thus reducing bracket creep. How income taxes could be indexed to inflation without indexing military and nonmilitary federal spending, profits, prices and wages remains a fiscal mystery.

Both the Carter and Reagan administrations wanted substantial reductions in corporate tax burdens. This is consistent with the long range trend. Federal receipts from corporations have declined steadily and substantially as a proportion of the overall tax burden. Under Carter, the deductible schedules associated with the windfall profit tax was expected to reduce corporate income tax receipts by $11 billion. A proposed constant rate of depreciation for plants and equipment and an 8 percent tax credit for social security taxes, paid by corporations, would have reduced corporate taxes by $9.7 billion.

The Reagan administration proposed a faster write-off of capital expenditures under the 3, 5, 10 plan. Expenditures for auto, trucks and equipment used in research and development could be depreciated in 3 years. Other machinery could be depreciated fully in 10 years. The initial savings to business was estimated at $9.7 billion in 1981, growing to $59.3 billion by 1986. Congress modified Reagan's proposal to a 3, 5 and 15 plan.

In order to save banking and savings and loan associations from financial collapse, Congress adjusted Reagan's tax proposals. Individual retirement accounts have expanded in amount and coverage. Savings and loan institutions were temporarily allowed to sell special <u>all savers certificates</u> that offer a tax-free yield equal to 70 percent of the interest rate on one-year treasury bills. This provision will make it extremely difficult for state and local government to borrow in the tax exempt bond market. Both programs will be competing for the same investment money.

The Reagan administration did not alter or reduce the <u>regressive</u> social security tax schedule. Although the cap will be raised from $25,900 in 1980 to $38,700 in 1984, sizeable incomes higher than these figures remained taxed at a lower rate. Low income workers pay social security taxes on all of their income. High income workers are only taxes on part of their income.

Excise taxes are the second priority for cutting. It should be noted these taxes will increse substantially from 1980 in both budgets. The additional excise receipts under Carter were to be generated by the windfall profit tax, taxes levied on liquid fuel burned in vessels utilizing commercial waterways, increase in motor fuels tax from 4¢ to 14¢ a gallon, other highway, airport and airway taxes. The Reagan administration secured reductions in the rates of oil windfall profits tax and highway trust taxes. In other respects Reagan's excise tax proposals were vague or similar to Carter's.

The remaining tax receipts in Table 3 are very similar. Congress in acting on Reagan's 1982 proposals did significantly increase tax-free gift allowances from $3,000 to $10,000 and more than tripled the estate exemption allowance from $175,625 to $600,000 by 1985. Some critics have argued that gift and estate taxes have been virtually abolished.

Health and Human Services Budget. On March 10, 1981 the Reagan administration released the Health and Human Services (HHS) budget. The budget stated three principle goals. The first was maintenance of the federal commitment to protecting and serving those most in need. This goal refers to the so-called "safety net" programs which are: Medicare, Social Security benefits, basic unemployment compensation, AFDC, Supplemental Security Income and social obligations to veterans. The second goal was the slowing of federal spending growth by targeting resources on the most pressing domestic priorities while reducing waste and abuse. For example, between 1972 and 1982, the HHS budget almost quadrupled, growing from $67 billion to $251 billion. Entitlement programs accounted for 95 percent of the increase. The third goal was to restore the state and local governments to full and effective partnership in the federal system by consolidating dozens of categorical grant programs into four Federal block grants with fewer Federal regulations on spending.

Contrary to widely held opinion, the 1981 rescissions and 1982 budget cuts in HHS programs are smaller than many other categories of funding. Table 4 reports the composition of the HHS budget for 1980, 1981 and 1982. HHS spending amounts to 37 percent of the federal budget in 1982 and its share is scheduled to grow to 41 percent by 1984. In comparison to Carter's 1982, budget the Reagan administration cut 13.4 percent from all other nondefense departments, but only reduced the HHS budget by 3.5 percent. The Reagan budget cut $5.9 billion from Carter's HHS budget, but compared to CETA, OSHA and the Environmental Protection Agency, HHS did not get goared as severely.

Table 5 reports the 1981 HHS rescission proposals from Carter's budget. The rescissions total $746 million. Most of these cuts were in the Public Health Service ($679 million) while the remainder was spread across areas of HHS.

Throughout the document there are questionable assumptions and arguments for eliminating programs and speculation on how the free market system of medical care delivery are effective alternatives. For example, grants and loans for Health Maintenance Organizations should be phased out because prepaid health care delivery systems work effectively. Evidentally, Reagan's planners ignored the 22 million people that have no medical coverage. The HHS budget states "the supply of health professionals has increased significantly over the past 20 years and the need for further Federal incentives to increase the overall national supply no longer exists" (Schweiker, p. 10). This assessment does not set well with critical shortages of trained nurses in many community hospitals.

Table 6 reports Reagan's legislative savings for the 1981 and 1982 budgets.

One billion in savings was anticipated in eliminating the $122 minimum social security benefits. The Reagan administration argued that most of the 3 million recipients of this benefit were double-dippers. Subsequent reports indicated one-third or less fall into this category. Congress refused to pass this provision in the 1982 budget, but has been asked to revist the issue. Currently, educational benefits of up to $278 a month are paid to full-time students aged 18 to 22 who are children of retired, disabled, or deceased workers. This program will be gradually phased out. The elimination of the lump-sum $250 death benefit--except for entitled survivors, which in the past went to morticians--may lead to body stacking in city morgues. Tightened disabillity insurance means that only those who worked 1 and 1/2 out of the previous 3 years in covered work would hold eligibility.

Aid to Families with Dependent Children (AFDC) will be cut 1 billion from Carter's 1982 budget. These cuts, as well as the child enforcement reforms, reflect two major changes in welfare policy. The first is a full-fledged return to a Social Darwinist philosophy about those receiving assistance--blaming the victim. The second will turn social welfare agencies into social control agencies policing the poor. Legislative proposals for AFDC involve:

* Earned income tax credits will be treated as income in calculating benefits.
* Eligibility caps will be capped at 150 percent of the state's need standard. (Note: those standards are notoriously out of date and have not taken inflation into account.) Work related expenses will be standardized at $75 and child care costs capped at $50 per child a week.
* States are required to count the income of all household members in determining AFDC eligibility and payment.
* States are required to periodically check recipients earnings and other eligibility requirements.
* Payments will be terminated for children at age 18 and eligibility terminated for persons participating in labor disputes.
* States will be required to establish "workfare" programs which require recipients in categories expected to work to accept private sector jobs or community work assignments.

The Child Support Enforcement Program assists states in enforcing the support obligations of absent parents to their children, locating absent parents, establishing paternity and obtaining child support payments. The Reagan administration proposes that:

* States be authorized to collect spousal support when court orders include support for a child's caretaker relative,
* An amendment to the Bankruptcy Act to prohibit the discharge of child support obligations,
* The Internal Revenue Service will be required to intercept Federal income tax refunds to collect child support arrearages,
* States will be given monetary incentives for the support payments they collect.

Nonpayment of child support is a widespread problem. However, low income wage earners frequently lack money to make court ordered payments. It is like getting blood from a turnip. The savings expected are $173 million. Yet, it costs over three times that amount to administer the program. In short, most of the money saved in collections of child support will be offset by the heavy administrative costs. This is clearly an example in which government will be jumping with both feet on the backs of low wage earners--at great cost--to reduce eligibility for AFDC and other programs.

The Reagan administration wanted large scale cuts in both medicaid and medicare programs. Because of the lack of effective cost containment, medical expenses have increased more than 15 percent per year the last five years. The Reagan administration imposed a 5 percent cap on increased expenditures for 1982 to save $1 billion. Medical expenses were also trimmed over $4 billion by reducing payments to nursing homes and repealing several amendments that extended the scope of programs. Among these are: nonroutine dental services, separate alcohol detoxification facilities, nursing home benefits, medicare coverage for pneumococcal vaccine.

The Reagan administration proposed to consolidate 89 federal programs into four federal block grants to states and communities. The costs of 1981 grants was $8.8 billion and were to be reduced to $6.6 billion. This 25 percent reduction is estimated to be closer to 35 percent if inflation is considered. Congress only agreed to consolidate 37 percent of the 89 grants--most in smaller programs.

It had been assumed by state governors that as much as 10 percent of the cuts could be saved by reducing federal red tape. However, an Associated Press poll of State governors reports that governors intend to pass Reagan's budget cuts straight through to the public. The governors unanimously plan to make cuts (Associated Press, 1981a).

ASSESSMENT

After reviewing Reagan's election mandate and his budget and taxing policies, it is necessary to make an assessment. It is clear those policies were popularly mandated. From the perspective of fiscal sociology, it is also clear that neither the self-proclaimed incremental changes declared by his administration or the most wide-spread theory of budgetary decision making applies. The macroeconomic planning engineered by the Federal government has entered a new era.

Because Reagan's first 200 days focused almost exclusively on domestic economic policy, many observers were dazzled by the early Reagan achievements. If that dramatic performance was not going to produce political, economic and social fallout, we could sit back and enjoy the awing spectacle. In fact, Reagan's "Realpolitik" agenda catches us all too close to the blast to avoid seeing or becoming casualties.

Although Carter may have been the most fiscally conservative Democratic President in this century, Reagan is more radical. Reagan's mandate, his budget proposals, and Congress' legislation are a radical departure from the New Deal welfare state policies developed since the mid-30's. The proposals and actions are driven by ideological convictions in supply-side economic theory.

The application of the theory or ideology of supply-side economics is a great sociological experiment with an entire political economy. Like most ideological movements, supply-side economics borrows heavily from the past. Reagan's government is attempting a last-ditch application of monetarist, laissez-faire and neo-classical economics. Like most ideologies there is little pragmatic experience or factual support for the major tenets of the belief system. Republican Senator Howard Baker called Reagan's policies a "Mississippi River-Boat gamble." Like most ideologies proclaiming universal good news, it serves the interests of a particular identifiable group. In this particular case the new policies are designed to benefit a "so-called" oppressed class which had their freedoms restricted--the rich (Galbraith, 1981; Heilbroner, 1981).

One objective is to assess the impact of Reagan's policies over the next three years. We will begin by outlining the major tenets of Reagan's supply-side economics, and then, see what the application of these same tenets has meant for the Thatcher government in Britain and project some consequences for the United States. We are convinced that the supply-side cure for contemporary industrial economies will kill the patients before the medicine works. We assume the planners in the Reagan administration are not stupid, and therefore, will modify their policies as negative shocks replace ideological hopes.

The first major tenet is that the money supply has expanded too rapidly, resulting in too much money chasing too few goods. The theory argues that if you control the supply of money by allowing it to increase only as income and output increase, inflation will be brought under control. Tight credit provisions and high interest rates, imposed by the central banking system, are expected to control the growth and flow of money.

The second tenet requires cutting taxes at all levels and encouraging market forces to work as freely and flexibly as possible. This policy is believed to lead to the restoration of incentives so that hard work pays, success is rewarded and genuine new jobs will be created in an expanding private sector of the economy. The wealthy corporations and individuals who benefit from the tax cuts are expected to invest their money in plants, equipment, markets and jobs in the United States.

The third tenet is that government spending, particularly increased government spending _a la_ the Laffer curve, is a drag on the economy. The way to reduce inflation and slow economic growth is to reduce federal programs. The growth of government is a menace. The Federal government should reduce its role in supporting education, welfare and the arts. It is assumed private philanthropy will pick up the slack caused by reduced Federal involvement.

The fourth tenet is that excessive government regulation shackles business investment and profits while increasing administrative and legal costs in complying to Federal regulations. For example the U.S Chamber of Commerce surveyed 350 businesses to determine the worst Federal regulations. Five government agencies --EPA, Labor, Energy, HHS and the Nuclear Regulatory Commission were singled out as overseeing the worst 20 regulations. Most of the regulations involve hazardous waste and chemicals, air and water pollution standards, drugs, mining safety and energy policies. However, affirmative action guidelines, prevailing wage laws, worker safety and pension plan rules were also singled out. These programs cost business billions annually (Associated Press, 1981b).

The last tenet is often more implicit than explicit. By-products of other policies create unemployment and direct interventions are to be used to discipline labor. Labor costs and labor contracts are held to be excessive. Higher rates of unemployment are believed to discipline workers resulting in reduced demands and harder work, increased productivity and profits. The government is expected to take a tough bargaining stance and use legal and military sanctions against "greedy" workers.

These tenets have been used by Thatcher's conservative government in Britain. This provides an opportunity to test whether supply-side theory works in practice. It should be noted from the outset that there are differences between the U.S. and Britain. Britain is self-sufficient in oil and should remain so for 10 years. The U.S. economy is much larger and more diversified. Britain has suffered from industrial senility compared to the more modernized competitive economies. The U.S. has a much larger defense industry. Finally British external exchanges of goods are governed by the Common Market and other treaties to a greater extent than U.S. external exchanges. Nevertheless, supply-side economics has not worked in Britain. The same experiment in the U.S. could have <u>more</u> or less severe effects on the political economy.

When Thatcher took office in 1979 her government enacted the same combination of policies Reagan has proposed. The short range effects have been just the opposite from what was predicted (Cripps, 1981; Callaghan, 1981; and Coutts et al. 1981). When Thatcher took office inflation was running about 8.5 percent. It jumped to 20 percent in the first year and has only fallen to about 11 percent recently. In Britain the high interest rates have not significantly discouraged borrowing. Corporations on the verge of bankruptcy have had to borrow more, not less. The pound sterling increased in value on international money markets, but this hurt export trade during a period of falling international demand and the pound has since dropped. There have been two major tax cuts for the wealthy; however, industrial output is falling at an almost unprecedented rate. Money is not being rapidly invested in domestic capacity to manufacture advanced equipment and components. Heavy investments take time to produce new products, demand accessible markets, and are not undertaken at great risks. Britain is not undergoing reindustrialization but deindustrialization. In Britain, government spending cuts have lead to unemployment levels not experienced since the depression. Unemployment is increasing rapidly toward 13 percent. Government welfare expenses, as a result of high unemployment, have <u>gone up</u>, not down. Recently Thatcher offered a $1 billion emergency jobs program in an effort to discourage the extensive rioting in English cities. Coutts et al. (1981) argue that collective bargaining rights are too institutionalized to effectively discipline workers unless drastic enforcement methods are successfully applied.

A similar mix of unholy disasters is likely in the short term in the U.S. It has been argued that monetarist policies will not work a cure in the U.S. because there is no empirical causal link between money supply and inflation. Given the rapidly expanding diverse forms of credit over the last 15 years, it is doubtful the government can control the amount and velocity with which money circulates. If the flow of money is not significantly reduced, high interest rates contribute significantly to inflation. If the money supply is rapidly reduced, then it becomes extremely difficult to borrow the money for economic growth without passing on the costs of borrowing. Witness the collapse of the housing industry and rapidly rising prices.

Economists are split over the effects of the tax cuts. Low and moderate income families will spend 95 percent of their cuts rather than saving or investing. A healthy percent of the tax savings will be used to pay the increasing costs of energy associated with the deregulation of domestic natural gas and oil. Some savings will be offset by increasing social security taxes. One of the most serious drawbacks is that the tax cuts are not targeted to encourage direct investment in U.S. plants and equipment. Money can be invested overseas or invested in business mergers. Oil companies have spent only a small percentage of their windfall profits in drilling new wells. Instead, they are buying other corporations which does not create new jobs. If we assume business executives have been working hard, tax cuts will not be a major incentive to try harder, particularly when demand for goods is weak.

One argument that supply-siders use for the tax cuts is the Kennedy-Johnson tax cut in 1964. It is believed that if you stimulate the economy via a tax cut, you automatically increase prosperity. In short, the government can gain money by cutting taxes because the government stimulates so much activity that tax collections go up. The Kennedy-Johnson tax cut occured under a different set of conditions. The cut was preceded by several years of capacity building investing in people (education and training) and in plants and equipment. There were effective wage and price guidelines. The underlying rate of inflation was 1 percent, not 10 percent. There was also a sizeable increase in demand because of the Vietnam War (Marshall, 1981). Even if all the questionable supply-side assumptions about investment are granted, the trickle down theory is a very costly way to generate jobs. The Reagan administration is predicting that 3 million new jobs will result from the $750 billion tax cuts. That is more than $200,000 for every job. In contrast CETA jobs cost less than $10,000 and other public works jobs less than $50,000 (Marshall, 1981).

The long range tax cuts and indexing could throw the economy out of kilter, raising the national debt dramatically through unbalanced budgets. The Reagan administration badly underestimated the impact of the tax cuts on the federal deficit. Only draconian measures eliminating entitlement programs like social security or large military cuts can give the administration any chance to meet its budget balancing schedule.

Cuts in nonmilitary spending will have little effect on inflation, will increase unemployment and will also increase mental stress, disillusionment, a sense of helplessness and human misery that could turn to anger and organized destructive protest. Ray Marshall (1981) estimates that raising unemployment to lower inflation one point would cost $200 billion in national output. The AFL-CIO estimates that 1 1/4 million jobs will be lost as the result of just the first full year of Reagan's budget cuts.

Significant cuts in federal regulations would provide substantial business savings, but at an enormous cost to the environment and citizens health. Many of these programs should be maintained either through government subsidies to cover substantial portions of the costs or through targeted tax breaks. Cuts in nonenvironmental areas are likely to mobilize large constituencies of blacks and labor in opposition.

In contrast, the budget increases in military spending are likely to be inflationary. Military spending increases supplies of money with no increase in goods and services. The defense industry is not competitive. Sixty percent of all defense procurement is from a sole source. Moreover, Congress has recently passed legislation freeing defense contractors from the same cost accounting procedures used for nondefense contracts.

At this time it is too early to determine whether the Reagan administration's stance toward the air traffic controllers will set the pace of contract negotiations and discipline labor. We do know the administration maintains it will see it through. This policy threatens air traffic safety, will take 21 months to get back to normal and cost billions of dollars and thousands of jobs.

It will be extremely difficult to manage a complex macro economy with simple supply-side theories. If Reagan persistently follows the policies his administration has initiated, we feel safe in predicting that the following will occur by the end of FY 83 (October 1, 1983):

* Official unemployment rates will go up to 10 percent or more.
* Inflation will remain at double digit levels and possibly go over 20 percent.
* Interest rates will remain high and possibly go above 25 percent for short periods.
* There will be additional business failures, like Chrysler. Small business bankruptcies will continue to rise. More and more corporations will be pounding on the government's door for special financial breaks.
* Many already over-extended financial institutions will not survive.
* Federal budget deficits will rise to $80-100 billion.
* There will be no significant business expansion in the U.S. economy outside the defense industries, a few small speculative fields and luxury goods.
* Reagan will either reverse his economic policies with some massive Keynesian demand influx or take many supply-side Republicans and Democrats with him out of office in 1984.
* Additional attempts to cut entitlement programs will be proposed to the 1982 Congress.
* All bets are off if the U.S. enters a major international war which would provide the justification for the expansion of the federal budget and the national debt.

CONCLUSIONS

This paper has addressed three major questions concerning the social spending and budgeting policy pursued by Ronald Reagan in the first six months of his presidency. First, we asked if Reagan had the claimed mandate for those policies. We then addressed the social spending cuts and their interaction with the tax cuts, asking if those Reagan directions marked a significant departure from former policy or fell into the ranges of continuing incremental change. Finally, we drew some implications about the broader impact of the Reagan fiscal policies respecting the nation's economic future.

The first thrust required investigating Reagan's campaign positions, the 1980 Republican platform, the election and relevant public opinion survey results. Literature on political symbolism and political responsibility provided the conceptual framework for this discussion. In the second thrust we turned to the fiscal sociology literature and the budgetary theories of incrementalism to provide a base for investigating the actual nature of the Reagan social spending program. Federal budget documents were analyzed to provide the test for determining if Reagan's policy was significant or merely an incremental departure from past policy. The final section on assessing the implications of the Reagan policies over the next three years required an overview of supply-side economic doctrine, a review of the results of the application of that doctrine to Britain by the Thatcher Government and a comparison of the Reagan tax cut impact to that of the Kennedy-Johnson cuts in 1964.

On the first issue we conclude that the Reagan-Republican campaign met the most widely accepted criteria of democratic political responsibility, thus justifying the mandate assertion. Reagan's electoral victory was decisive and broad based. It missed only one criteria of the items normally used for notation as a landslide. Survey results were found pointing both ways on support for the spending cuts, the ambiguity providing Reagan with a semblance of, at least temporary, public support.

Our findings on the Reagan spending cuts indicate that on most functions the differences between Carter and Reagan FY 1982 budgets were beyond normally defined incremental limits, thus signaling significant new directions in national policy. Those differences prevailed in spite of a pronounced conservative direction in Carter's FY 1982 budget. Broad sectors of the nation's under-priviledged and under-powered citizens will be adversely affected by these changes. Moreover, the worst is yet to come if the administration continues to pursue its goal of balancing the budget by 1985, or even if it merely tries to reduce the budget deficits to the levels of the Carter years. Such efforts will require even deeper cuts in future budgets, a necessity of even greater proportions as a result of a tax package that may cut federal revenues by more than $280 billion over the next three years (Newsweek, 1981d).

We found, as is common knowledge and clearly in keeping with supply-side doctrine, that the tax cut has a heavy bias to the rich and corporate-industrial-commercial sector. Ironically, if the cuts work the predicted supply-side miracle of creating new employment sufficient to solve all social problems, the miracle would come at a cost far greater than that associated with Keynesian job creation solutions.

Our assessment for the future is dire indeed. The supply-side tenets of tight money, tax cuts, reduced governmental spending, minimal governmental regulation and wage worker sacrifice have wreaked havoc in Britain. We recognize national differences, but also see the possibility that those differences may cause even worse results in the American economy. The tax cuts were deeper than projected. This development, coupled with increased military spending, can only mean larger deficits. The increased borrowing will increase money supply and perpetuate continued high interest rates. The resulting inflation will dampen productivity, increase unemployment and cause increased commercial bankruptcies. The result will be difficult for almost all but especially the under-priviledged, just recently freed from the most grinding aspects of poverty. As the tax cut implications became clear even nonliberal elements of our society were beginning to awaken to these implications (See: Newsweek, 1981d and New York Times, 1981).

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TABLE 1
COMPARATIVE 1980-1982 U.S. BUDGET OUTLAYS BY FUNCTION (in billions of dollars)

Function	Actual (1) 1980	Reagan's Revised (2)1981	Carter's (3)1982)	Reagan's (4)1982	Percent Differences Between Budgets (1) and (2)	(1) and (3)	(1) and (4)	(2) and (3)	(2) and (4)	(3) and (4)
National Defense	135.9	162.1	184.4	188.8	19.3	35.7	38.9	13.8	16.5	2.4
International Affairs	10.7	11.3	12.2	11.2	5.6	14.0	4.7	8.0	-.9	-8.2
General Science, Space and Technology	5.7	6.2	7.6	6.9	8.8	33.3	21.1	22.6	11.3	-9.2
Energy	6.3	9.3	12.0	8.7	47.6	90.5	22.2	38.1	-6.5	-27.5
Natural Resources and Environment	13.8	13.7	14.0	11.9	-0.7	1.4	-13.8	2.2	-13.1	-15.0
Agriculture	4.8	4.2	4.8	4.4	-12.5	0.0	-8.3	14.3	4.8	-8.3
Commerce and Housing	7.8	3.2	8.1	3.1	-59.0	3.8	-60.3	153.1	-3.1	-61.7
Transportation	21.1	24.0	21.5	19.9	13.7	1.9	-5.7	-10.4	-17.1	-7.4
Comm. and Regional Development	10.0	10.3	9.1	8.1	3.0	-9.0	-19.0	-11.7	-21.4	-11.0
Education, Training, Employment and Social Services	30.8	30.6	34.5	25.8	-0.6	12.0	-16.2	12.7	-15.7	-25.2
Health	58.2	66.7	74.6	73.4	14.6	28.2	26.1	11.8	10.0	-1.6
Income Security	193.1	229.7	255.0	241.4	19.0	32.1	25.0	11.0	5.1	-5.3
Social Security	(117.1)	(137.8)	(159.6)	(154.8)	17.7	36.3	32.2	15.8	12.3	-3.0
Other	(76.0)	(91.9)	(95.4)	(86.6)	20.9	25.5	13.9	3.8	-5.8	-9.2
Veterans Benefits and Services	21.2	22.4	24.5	23.6	5.7	15.6	11.3	9.4	5.4	-3.7
Administration of Justice	4.6	4.7	4.9	4.4	2.2	6.5	-4.3	4.3	-6.4	-10.2
General Government	4.5	5.1	5.2	5.0	13.3	15.6	11.1	2.0	-2.0	-3.8
General Purpose Fiscal Assist.	8.6	6.8	6.9	6.4	-20.9	-19.8	-25.6	1.5	-5.9	-7.2
Interest	64.5	77.2	89.9	82.5	19.7	39.4	28.0	16.5	6.9	-8.2
Allowances	--	--	1.9	1.8	--	--	--	--	--	-5.3
Undistributed Offsetting Receipts	-21.9	-29.3	-31.9	-32.0	-33.8	-45.7	-46.1	-8.9	-9.2	-0.3
Total Budget Outlays	579.6	655.2	739.3	695.3	13.0	27.6	20.0	11.7	6.1	-6.0

TABLE 2
COMPARATIVE 1980-1982 U.S. BUDGET AUTHORITY BY AGENCY (in billions of dollars)

Function	Actual (1) 1980	Reagan's Revised (2)1981	Carter's (3)1982)	Reagan's (4)1982	Percent Differences Between Budgets (1) and (2)	(1) and (3)	(1) and (4)	(2) and (3)	(2) and (4)	(3) and (4)
Legislative Branch The Judiciary	1.9	2.0	2.2	2.2	5.3	15.8	15.8	10.0	10.0	0.0
Executive Office of the President - Funds Appropriated to the President	12.6	14.1	10.9	9.9	11.9	-13.5	-21.4	-22.7	-29.8	-9.2
Agriculture	24.9	26.3	30.1	25.9	5.6	20.9	4.0	14.4	-1.5	-14.0
Commerce	3.1	2.4	3.1	2.1	-22.6	0.0	-32.3	29.2	-12.5	-32.3
Defense -- Military	142.6	177.1	195.7	221.8	24.2	37.2	55.5	10.5	25.2	13.3
Defense -- Civilian	3.3	3.1	3.4	3.1	-6.1	3.0	-6.1	9.7	0.0	-8.8
Education	13.8	13.5	17.0	12.3	-2.2	23.2	-10.9	25.9	-8.9	-27.6
Energy	10.0	10.5	14.6	11.9	5.0	46.0	19.0	39.0	13.3	-18.5
Health and Human Services	195.9	226.2	258.4	255.3	15.5	31.9	30.3	14.2	12.9	-1.2
Housing and Urban Development	35.7	32.8	38.2	29.0	-8.1	7.0	-18.8	16.5	-11.6	-24.1
Interior	4.6	3.9	4.5	3.4	-15.2	-2.2	-26.1	15.4	-12.8	-24.4
Justice	2.5	2.3	2.6	2.8	-8.0	4.0	12.0	13.0	21.7	7.7
Labor	28.8	32.2	37.0	27.9	11.8	28.5	-3.1	14.9	-13.4	-24.6
State	2.1	2.3	3.0	2.8	9.5	42.9	33.3	30.4	21.7	-6.7
Transportation	18.2	23.4	24.0	19.2	28.6	31.9	5.5	2.6	-17.9	-20.0
Treasury	90.6	86.2	104.7	92.9	-4.9	15.6	2.5	21.5	7.8	-11.3
Environmental Protection Agency	4.7	3.0	5.3	1.4	-36.2	12.8	-70.2	76.7	-53.3	-73.6
National Aeronautics and Space Administration	5.2	5.5	6.7	6.1	5.8	28.8	17.3	21.8	10.9	-9.0
Veterans Administration	21.2	22.9	24.9	24.2	8.0	17.5	14.2	8.7	5.7	-2.8
Office of Personnel Management	24.9	28.5	30.5	30.4	14.5	22.5	22.1	7.0	6.7	-0.3
Other Agencies	34.3	21.1	21.9	17.9	-38.5	-36.2	-47.8	3.8	-15.2	-18.3
Allowances	--	--	3.0	2.3	--	--	--	--	--	-23.2
Undistributed Offsetting Receipts	-21.9	-29.3	-31.9	-32.0	-33.8	-45.7	-46.1	-8.9	-9.2	-0.3
Total Budget Authority	658.8	710.1	809.8	772.4	7.8	22.9	17.2	14.0	8.8	-4.6

TABLE 3

COMPARATIVE 1980-1982 U.S. ESTIMATED BUDGET RECEIPTS BY MAJOR SOURCE
(in billions of Dollars)

Source	Carter's Budget 1980	Carter's Budget 1982	Reagan's Budget 1982	Difference Between Carter and Reagan
Individual Income Taxes	244.1	331.7	288.2	-43.5
Corporate Income Taxes	64.6	64.6	62.4	-2.2
Social Insurance Taxes and Contributions	160.7	214.7	214.5	-0.2
Excise Taxes	24.3	69.6	55.7	-13.9
Estate and Gift Taxes	6.4	7.7	7.6	-0.1
Custom Duties	7.2	7.8	7.8	0.0
Miscellaneous Receipts	12.7	15.7	14.2	-1.5
Total	520.0	711.8	650.3	-61.5

TABLE 4
COMPARATIVE 1980-1982 HEALTH AND HUMAN SERVICE BUDGET OUTLAYS
(in billions of dollars)

	1980	1981	1982
Social Safety Net Programs			
Social Security	$117.1	$137.8	$154.8
Medicare	35.0	41.1	47.1
Aid to Families with Dependent Children	7.0	7.8	6.8
Supplemental Security Income	6.4	7.3	8.0
Subtotal	$165.5	$194.0	$216.7
Percentage of Total	83.9%	84.7%	86.4%
Other HHS Programs			
Medicaid	14.0	16.1	17.2
Health Programs, including Health Block Grants	7.8	7.9	7.6
Benefits for Coal Miners	1.0	1.1	1.1
Human Development Services Block Grant and Head Start	6.6	6.9	5.6
Energy and Emergency Assistance Block Grant	1.7	1.9	1.4
Refugee and Entrant Assistance	0.4	0.8	0.7
Other	0.3	0.4	0.4
Subtotal	$ 31.8	$ 35.1 $	$ 34.0
Percentage of Total	16.1%	15.3%	13.6%
Total, HHS Outlays	$197.3	$229.1	$250.7

TABLE 5
1981 HEALTH AND HUMAN SERVICES RESCISSION PROPOSALS
(Budget authority in millions of dollars)

Public Health Service	
Health Services Administration (HSA)	
Primary Health Care Centers -- Research and Demonstrations	-$6
Home Health Services	-4
Maternal and Child Health, Training and Research	-6
Family Planning	-6
PHS Hospitals	-34
Buildings and Facilities	-2
Indian Health Facilities	-9
Total, HSA	-65
Centers for Disease Control (CDC)	
Health Incentive Grants	-27
Risk Reduction and Health Education	-2
Other Environmental Hazards	-1
Occupational Safety and Health	-19
Other	-1
Total, CDC	-50
National Institutes of Health (NIH)	
National Cancer Institute	-25
National Heart, Lung and Blood Institute	-24
National Institute of Arthritis, Diabetes, Digestive and Kidney Diseases	-11
National Institute of General Medical Sciences	-21
National Institute on Aging	-11
Other	-34
Total, NIH	-126
Alcohol, Drug Abuse, and Mental Health Administration (ADAMHA)	
Mental Health Research and Training	-29
Mental Health Services	-39
Drug Abuse Research and Training	-1
Drug Abuse Services	-31
Alcoholism Research and Training	-1
Alcoholism Services	-52
Construction and Renovation of St. Elizabeths Hospital	-2
Total, ADAMHA	-155
Health Resources Administration (HRA)	
Health Planning	-24
Health Professions Education - Capitation	-72
Health Professions Education - Start Up	-2
National Health Service Corps Scholarships	-16
Health Professions Student Assistance Loans	-16
Dental Health Education	-7

TABLE 5 (pg. 2)
1981 HEALTH AND HUMAN RESOURCES RESCISSION PROPOSALS
(Budget authority in millions of dollars)

Public Health/Health Administration	-10
Primary Care - Family Medicine Residency and Training	-16
Primary Care - General Internal Medicine and Pediatrics	- 6
Special Health Professions Initiatives	-10
Health Professions Education Improvement and Development Projects	- 9
Nurse Training, Institutional Assistance	-41
Nurse Training, Student Assistance	-22
Program Support	- 1
Total, HRA	-252
Office of the Assistant Secretary for Health (OASH)	
Health Maintenance Organizations	-28
Other	- 3
Total, OASH	-31
Public Health Service, TOTAL	-679
Health Care Financing Administration (HCFA)	
Program Management:	
Professional Standards Review Organizations	- 6
Research, Demonstration and Evaluation	- 1
Total, HCFA	- 7
Office of Human Development Services (OHDS)	
Administration on Aging Social Services	-10
Refugee and Entrant Assistance Programs	
Refugee Assistance	
Cash and Medical Assistance	-20
Voluntary Agency Program	-15
Cuban Program Phasedown	- 8
Services for Certain Applicants for Asylum	- 7
Total Refugees	-50
Total, HHS	-$746

TABLE 6
LEGISLATIVE SAVINGS INCLUDED IN THE BUDGET
(outlays in millions of dollars)

	1981	1982
Social Security		
Eliminate Minimum Benefit Payments	-$50	-$1,000
Eliminate Student Benefits	-35	-1,030
Eliminate Lump Sum Death Benefit except for Entitled Survivors	--	-150
Tighten Disability Insurance Recency of Work Test	-5	-120
Institute a Disability Insurance Megacap	-5	- 87
Eliminate funding of the Vocational Rehabilitation Program	--	- 95
Adopt Retrospective Accounting System in SSI	--	- 60
Round OASDI Benefits to Nearest Dime	--	- 8
Pension reform		- 1
Aid to Families with Dependent Children reforms	--	-1,009
Child Support Enforcement reforms	--	-173
Medicaid:		
Interim Medicaid Cap	-100	-1,043
Collection of Medicaid Disallowances	-270	--
Administrative Savings from Medicaid Cap	--	- 3
Medicare:		
Elimination of Medicare Nursing Differential	- 35	-250
Repeal of Medicare Benefit Expansions included in the Reconciliation Act	466	-736
Eliminate Utilization Review	- 8	- 66
Civil Money Penalty	--	- 9
Medicare Contractor Initiative	--	- 23
Require Medicare Processing of Railroad Retirement Board Claims	--	- 2
Less Frequent Certification Survey	--	- 4
Encourage Federal Processing of Medicare-Medicaid Claims	--	- 2
Eliminate End Stage Renal Disease Networks	--	- 6
Total	-$42	-$5,878