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ABSTRACT

The political and economic determinants of national urban policy in the USA since 1976 fall into several stages. At first, in response to an 'urban' political constituency and a shaky recovery from the 1974/75 recession, the Carter Administration proposed counter cyclical assistance to local government and economic development programs targeted to areas 'in distress'. The latter proposals fared poorly in congress as fiscal conservation and fears of another economic recession grew. After a confused period of reassessment, and realization of the seriousness of problems of economic structure, urban and regional policy was eclipsed by 'reindustrialization' policy with a rationale of regional laissez-faire and tripartite corporatist politics. With such a reversal of spatial priorities in the face of a darkening economic and political outlook, the Carter Administration's urban policies paved the way for the Reagan Administration's non-spatial policies.

THE POLITICAL ECONOMY OF NATIONAL URBAN POLICY IN THE USA 1976-81

by Ann Roell Markusen and David Wilmoth

At the outset of the 1980s, with a new swing in the Presidency and the Senate, it is time to take stock of recent efforts of the Carter Administration to form explicit urban policies and to influence implicit urban policies in the United States.[1] In this paper, we relate these developments to economic and political conditions, as well as to changes in patterns of regional development.

We argue that national urban policy passed through three stages in the latter half of the '70s. At first, a northeastern/central city coalition, responding to the severe economic dislocations of the mid-1970s, pushed for a strong federal program to aid city governments and urban residents in distress. Under the influence of other regional lobbies and growing conservation in congress, this early thrust moved away from geographically-targeted assistance to distressed city governments towards relatively untargeted subsidies for business development. During this second stage the Carter Administration undercut and dispersed its own political base, and failed to receive much support in Congress for its mixture of economic development and rather weak social policy proposals. On the administrative front, some of the administration's innovations were more successful, but their attempts to redirect the forces of implicit spatial policy (e.g. military base closings, trade

policy) ran against institutional power beyond the influence of the urban agencies. During a third stage, with elections on the horizon and another recession widely forecast, Carter made efforts to appeal to the new growing regions. Discussion of economic revitalization showed the administration's willingness to consider a corporatist solution to the then widely-recognized problem of industrial restructuring. The last-minute findings of a blue-ribbon president's commission on an agenda for the '80s showed a willingness to let the older regions depopulate without much aid. Both these shifts in emphasis resulted in federal backtracking from an explicit urban policy. Thus the Carter actions (and inaction) paved the way for the Reagan Administration's urban policy. Indeed, seen in its wider context, the development of national urban policy falls into historical stages that do not conform with changes in administration. Our criticism hails from a left-of-Carter viewpoint, but we trust that our analysis will be useful and provocative to colleagues of all political persuasions.

1. The Political-Economic Origins of National Urban Policy

a) Economic origins

The urban crisis which has preoccupied many academics, planners and policymakers for nearly two decades now has its roots, in our view, in the generally accelerated mobility of capital, along two axes. The first is the central city/suburban axis. Due to a complex set of economic forces, underwritten by government subsidies and regulatory policies [1, 29] massive postwar investments in commercial, industrial and residential development occurred largely in suburban areas, drawing

employment with it. Central cities, in most cases circumscribed politically by independent local jurisdictions beyond annexation possibilities, found themselves with eroding tax bases and intense upward pressure on expenditure levels. The latter reflected both free suburban enjoyment of city services [20,26] and increased per capita charges for infrastructure maintenance and social services, even as demand for services was pushed up by growing concentration of poverty and unemployment in the central city [10,43]. Urban riots late in the 1960s publicly proclaimed the severity of the economic problem and the poor living conditions of racial minorities in particular. Government responses to these problems shifted part of this crisis to within the State sector. While urban renewal, model cities and other federal programs targeted certain constituencies and enabled downtown commercial office districts to be built [43], city governments became increasingly dependent on federal programs for fiscal survival. President Nixon's redirection of funds to suburbs [18] and the 1974/75 recession abruptly slowed the rate of growth of federal finances to city governments when they needed them the most, thus precipitating what was known as the 'urban fiscal crisis' [29].

A second axis stretched across the country. In a reversal of centuries of regional dominance, northeastern and north-central areas[2] registered dramatic job losses, particularly in the core industrial sectors, through the outmigration of capital [43,37]. In the aggregate, the shift tended towards the southwest, though its various components (coal, steel, textiles, rubber, autos, etc.) all demonstrate different regional relocation patterns.[3] Nor did this capital flow to U.S. regions alone; much of it was invested overseas on such a scale that the role of

the transnational corporation in the new international division of labor should be at the top of priorities for regional analysis during the 1980s.[4]

The effects of these two shifts in economic activity were aggravated by the twin problems of recession and inflation through the 1970s. The two-troughed recession (1974,1980) depressed the general level of economic activity and encouraged the shutdown of the oldest, least marginally profitable production units. The chronic inflationary bias, which accelerated alarmingly at the end of the decade, also prompted moves by those corporations capable of relocating to search for cheap land, low wages, low taxes and lax public sector regulation at more southwesterly, rural or third world sites.

The Carter Administration came to power during the hesitant recovery from the 1974/75 recession; domestic policy was consequently dominated by insufficient productive investment. As the usual remedies for recovery such as local counter-cyclical spending did not appear to be working, and as the structure of the economy itself became more widely recognized as a cause of crisis, the administration desperately sought new solutions. These attempted solutions had a greater impact on urban policy than stated urban intentions.

b) Political constituents

The spatial trends outlined above influenced the emergence of a set of constituents who formed part of the political base for the Democratic effort to rewin the presidency in 1976, and to whom Carter pitched his promises of an explicitly urban program. Since the social and economic

problems of spatial reorganization and stagflation were concentrated in northeastern central city areas, the leadership of Carter's urban policy came primarily from those areas. And indeed, the Carter victory over Ford, an incumbent candidate from a northern industrial state, must be laid in part to the success of this coalition in bringing virtually all the northeastern states into the Carter camp, and of retaining traditional democratic constituencies like organized labor in the same quadrant.

But regional adjectives can be misleading, for not all northeasterners were pro-Carter or pro-urban. The coalition really consisted of at least four district groups, whose interest were diverse and were later to diverge over the Carter program. First were urban blacks, concerned with central city issues like employment, housing, education and social services, vocal in their demands, and loosely organized into various community and national groups such as the National Urban League, NAACP, and the political organizations of a growing number of black mayors. Second were a wider range of community groups, formed over the last fifteen years around disparate issues such as urban renewal, public housing, neighborhood preservation, tenants rights, rent control, and so on. Many of these groups had roots the 'Great Society' programs of the Johnson Administration, and were forced in part by Nixon's 'New Federalism' consolidation to regroup around local level and city government forums [30]. They later matured into on-going mass-based organizations with considerable vote-getting appeal [28, 14]. Third, those business and non-profit organizations whose assets in the northeastern cities were immobile--banks, real estate, newspapers, churches, universities, large employers, landowners--wanted to prevent the erosion of

their property values, their clients and their sources of income. Finally, northeastern and urban-based politicians and civil servants including governors, mayors, state legislators, members of congress and city councillors, all feared the erosion of their political bases in the long run, and election reversals in the short run, if generous city aid were not forthcoming.

Vote-getting, however, is a very different political process from policy making. Delivering election promises to constituents requires grappling with a permanent bureaucracy which represents the institutionalization of vested interest, with a Congress that spreads resources among all competing groups, and with the reality of an economy in a structural crisis far deeper than its urban and regional manifestations. How did the Carter Administration fare at keeping its promises?

2. Carter's Urban Policy

a) The formation of explicit urban policy: 1976-78

The Carter Administration, elected in part by these constituents, set out to fashion an explicit urban policy, aimed at addressing the somewhat disparate needs of each group and at alleviating the problems of urban unemployment, poverty, poor living conditions, environmental degradation and fiscal distress. Their programs, built on existing arrangements and proposed new ones, had to compete with other administration priorities. Nevertheless, by 1978 Carter could proudly present to Congress, his constituents, and the public a package of programs with a 1979 $8 billion total price tag, called the national urban policy [39].

(i) Preliminary Efforts

Immediately upon assuming office, the Carter administration was confronted with the legacy of the 1974-75 recession and strong inflationary pressure from the international oil crisis. Therefore, while northeastern and north central cities were the hardest hit of all regions, by both these phenomena [43], federal policy was deflected from an urban or regional focus towards solving the national economic and energy crises. Carter's first big policy initiative, the energy policy, was criticized by some as an anti-urban, anti-northeastern policy, because its espousal of large subsidies for western-based synthetic fuels expansion would hasten sunbelt growth and northeastern decline [22]. The new administration did set up an interagency Urban and Regional Policy Group (URPG) to prepare an urban policy statement, and urged greater intergovernmental cooperation. But at the outset, the new administration appeared to place urban and regional issues on the back burner.

Counting on the veracity of the Democratic Party's urban platform (an unusually clear statement) [13], and expecting their share of resources for marshalling the vote, urban partisans and black leaders began as early as 1977 to publicly criticize the administration's inaction. Wages and living conditions for working class people in many cities had noticeably worsened, and fiscal crisis was continuing to plague large central cities. Riots and looting occurred during a New York City electricity blackout in the summer of 1977. In an angry speech in front of Carter, Vernon Jordan, executive director of the National Urban League argued:

> All of our cities contain large numbers of people who have no stake in this society, who are without jobs or hope, whose despair and anger simmer continually, until it boils over, past the limits of acceptable behavior. [17]

He called for service improvements, more housing, guaranteed full employment, and an urban policy that met these demands.

This speech goaded Carter into a highly symbolic tour of the South Bronx in New York City, and the White House into a reorganization and closer oversight of URPG work [35]. The activities of URPG consisted of many meetings with prominent interest groups, a series of "town meetings" on national urban and regional policy around the country, numerous consultant studies, and interminable interagency meetings and conflicts, the latter avidly followed by the press [e.g. 11].

Meanwhile, essentially outside of this process, two policy developments appeased city politicians and various of the community groups and business lobbies. First, in a new effort to prime the general economic pump, the administration successfully proposed to Congress legislation to extend and supplement six new Federalism programs and Nixon's Congressional initiatives: counter-cyclical revenue sharing, community development block grants (CDBG) and comprehensive employment training (CETA) programs [36].

Revenue sharing was ingeniously channelled disproportionately to northeastern cities by using an excess unemployment indicator. The CDBGs reached some organized community groups in service delivery areas. CETA, tailored to boost both public and private employment through short run training funds, permitted annually expanded payrolls for city governments, some community service groups, and private employer.

Second, under the influence of Robert Embry, a development-oriented new assistant Secretary of Housing and Urban Development (HUD) an Urban Development Action Grant (UDAG) program was established [45]. With UDAG, certain private development projects (characteristically hotels, convention centres and shopping centres) in targeted cities were awarded direct federal grants in order to 'leverage' additional private investment. While the resources of this program were not lavish, ($400 million was appropriated for 1978) they were made available on a discretionary basis, and became very popular among property developers, construction firms, the urban Chambers of Commerce, and pro-development mayors. UDAGs were urban renewal in another guise.

(ii) The urban and regional policy statement, 1978

In the process of formulating the "new" urban policy the Carter administration internally began to encounter the constaints imposed by formidable budget requests from competing non-urban constituents. The fiscally conservative White House Office of Management and Budget, balancing other budget demands and fearful of possible URPG spending proposals, secretly briefed President Carter on the budget consequence of URPG's tentative 'wish list,' and persuaded him against any significant new urban and regional programs [15]. To salvage a policy statement, Secretary Harris of HUD and White House Adviser Stu Eizenstate put together a bland set of general principles, to which Carter replied:

a) include all cities
b) analyze existing programs first
c) encompass federal state, local governments and private and neighborhood group and volunteers. [42]

These three points summed up, in a pithy way, the urban and regional policy that was to emerge. On the first count, early HUD efforts to target policy initiatives onto older, mostly north-central and northeastern cities came up against strong criticism from new and existing vocal regional lobbies [31] such as the Southern Growth Policies Board. The targeting criteria for most proposals were subsequently stretched to 'include all cities' and even rural areas. [25] Despite this, the administration attempted to make political capital out of the idea of 'targeting' itself, since it appeared to limit spending only on projects in the most distressed areas, even if that included over 90% of the population for some programs. [24]

To keep the spending lid on, Carter emphasized the reworking of existing federal programs, including programs not usually classified 'urban and regional.'

As befitting a decision-making process that concerned many disparate interest groups, Carter argued that there should be something for everyone. The combined result of geographically spreading program funding, of relying on marginal changes in existing programs, and of providing something for all interest groups, was that Carter's urban and regional policy was extremely weak and not very novel.

When they finally were released, long after publicly announced deadlines, the 1978 proposals were focussed on urban economic development, especially the stimulation of private investment through subsidies to developers. [15] The proposed policy budget items are detailed in Table 1. The most innovative and controversial proposal was a National Development Bank, a version of the 'urbank' idea that had been around

Table 1. New Urban Initiatives, 1979-81*
(fiscal years, in millions of dollars)

Function and Program	Budget Authority		
	1979	1980	1981
National resources & environment	40	15	15
Transportation	200	200	200
Community & regional development:			
Public Works	1,000	1,000	1.000
National Development Bank	2,360	3,405	3,620
Community Development Corporations	20	20	20
Urban parks and recreation facilities	150	150	150
Housing Rehabilitation Loan Program (sec. 312)	150	150	150
Self-help development program	15	15	15
Community Development Credit Unions	12	-	-
Urban Volunteer Corps (new, ACTION)	40	40	40
Loan guarantees**	(2,200)	(3,800)	(5,000)
Education, training, employment, and social services	172	172	172
	(1,500)	(1,500)	(1,500)
Investment Tax Credit Extension***	(200)	(200)	-
Community Anti-Crime Programs	10	10	10
Health-Community Health Center	50	50	50
State incentive grants	200	200	200
Supplementary fiscal assistance	(200)	(200)	-
Totals: Budget AuthorityOutlays	4,419	6,087	5,642
Revenue Reductions	(1,700)	(1,700)	(1,500)
Loan Guarantees	(2,200)	(3,800)	(5,000)
Total Effect of Proposals:	8,319	11,587	12,142

* Source: Adapted from President Carter, New Partnership to Conserve America's Communities, March 27, 1978, Washington, D. C., The White House

** Non-Budgetary. Figures represent the value of loans guaranteed. Cost to the taxpayer depends on rate of default.

*** Figures are questionable. Much higher figures for the investment tax credit extension are found in Luger (1978), on the order of $8,400 per year in lost revenues.

federal circles since the Johnson administration. It proposed a new institution that would finance business to remain, expand or locate in enconomically depressed urban and rural areas. A differential investment tax credit was proposed as an incentive to business in similar areas, even though the enormous tax subsidies to business in general had the overwhelming opposite effect of encouraging capital movement out of 'distressed' areas towards growing regions. [19] Anti-recession assistance was to be continued, through revenue sharing programs and labor-intensive public works. Tax credit incentives to employers to hire the unemployed, and an urban volunteer corps, were also proposed as means of creating employment. A state strategies program was proposed on a competitive basis to encourage states to prepare urban and regional plans. Within the federal government, an Interagency Coordinating Council was to be set up, and new constraints to be placed on federal procurement and facility location to pursue urban and regional objectives. All new and major federal initiatives affecting urban and regional development would be subject to urban and community impact analyses, to be prepared by the proposing agencies.

Overall, the policy statements and actions revealed a hierarchy of priorities. The largest portion of funding was oriented to the urban business community, as tax breaks, loans, loan subsidies and outright grants. Those politicians with direct concern for the urban fisc appear to have been awarded the next largest chunk, since the antirecessionary aid, CDBG and jobs programs would flow to and through city governments. Community groups would receive the least in increased funding: the urban volunteer corps, small amounts of CETA, and some CDBG moneys would eventually reach their organizations and members. The poor and the

unemployed would receive nothing directly since services 'to people' were defined out of the meaning of urban policy. The latter would supposedly be served by the trickle down of affluence from restored urban economies and the assumed increase in employment that would result from CETA, job credits, and business, expansion incentives, as well as direct welfare payments not regarded as 'urban.' Non-funded proposals, like the impact analysis and federal targeting of procurement, were chiefly symbolic. The rough percentage breakdown of direct beneficiaries of the Carter urban policy proposals shows business harvesting 75% of the 'total effects' of new urban initiatives proposed for 1979. The allocations are shown in Table 2.

(b) Shifting currents: 1978-79

The middle period of the Carter administration was one of Congressional setbacks, and in the face of forecasts of another recession, a turn away from redistributive targeting of urban programs.

By the time the legislative part of Carter's urban policy package reached Congress, the political economic situation had changed. Inflation was worsening. A mood of cutting back expenditure was growing in the wake of California's Proposition 13 and in the face of mid-term Congressional elections. The Carter White House was unfamiliar with the ways of Congress and showed little enthusiam for complying with procedures and timetables. In particular, the urban program proposals were extremely late for the 95th Congress, received inadequate committee consideration, and in some cases were not reported out of committee into floor consideration. The traditionally liberal urban lobby groups had trouble keeping up with the speed of urban policy formation, and were

Table 2. New Urban Initiatives,

Budget Authority, by type of recipient, in millions of $

PROGRAM	RECIPIENTS* State & Local Government	Community Organizations	Private Business	Individuals & Households
Natural resource & environment	40			
Transportation	200			
Community and regional development				
Public works	1000			
National Development Bank			2360	
Community Development Corps		20		
Urban parks and recreation	150			
Housing rehab loans				150
Self-help development program		15		
Community Development Credits Unions		12		
Urban Volunteer Corps		40		
Loan guarantees			(2200)	
Investment Tax Credit extension			(200)	
Targetted Employment Tax Credit			(1500)	
Education, training, employment and social services				172
Health: Community health centers		50		
Justice: Community anti-crime	10			
General Purpose				
State incentives grants	200			
Supplemental fiscal assistance	(200)			
Totals:				
Budget Authority	1600	137	2360	322
Revenue reductions	(200)		(1700)	
Loan guarantees			(2200)	
Total effect of proposals:	1800	137	6260	322

SOURCE: Calculated from Table 1, above.

*All the funds in each program are allocated to the major recipient type. In reality, several types of recipient benefit from some programs. Therefore the figures are to be used for illustration, not an accurate incidence profile. Funds channeled to state and local governments are subsequently funneled to the other types of recipients, but documentation of these flows would require an analysis of each locality.

not always clear about what they wanted. The newer, more technocratic regional lobby groups at this stage tended to cancel one another out when proposal came to be amended in Congress.

In short, a Congressional 'bandwagon' swing towards fiscal conservation and impatience with White House delays tended to override the urban and regional lobbying. As a result, the new program proposals, weak as they were, did very poorly. To conceal this, administation progress reports on urban policy added other more successful programs such as the National Consumer Cooperative Bank to the scope of 'urban and regional' policy. [40]

For the next session of congress (the 96th) some of the proposals -- e.g. the state strategies incentives program -- were dropped altogether, and others like the National Development Bank were fundamentally changed. The latter was no longer proposed as a separate institutuion, and its programs were folded into the Economic Development Administration's (EDA) reauthorization bill. Even this failed to be reported out of conference, after being amended and passed by both houses.

The administrative arrangements proposed by Carter's urban and regional policy statements, mild as they were, fared somewhat better, partly because they merely needed presidential Executive Orders to start their implementation. [42a] The Urban and Community Impact process enabled HUD to comment on policies outside the agency's usual jurisdiction, and to set up mutual accords with agencies like the Army Corps of Engineers.

However, when it came to preparing the 1980 statement, [42a] the administration avoided another lengthy inter-agency process by having HUD do it alone. Worsening unemployment in large cities gave further justification for an urban and regional policy focussed on economic development, but worsening inflation and another general recession were translated into increased Congressional opposition to federal spending. Indeed, in his last budget over which he had any implementation control, Carter attempted to balance the budget, even though this possibility was later ruined by "uncontrollable" anti-cyclical spending on a deteriorating economy [46]. Consequently, the 1980 urban and regional policy statement came up with no substanital initiatives. It consisted of a more refined and much more heavily documened version of the 1978 statement, with a more sensitive typology of 'distress' and a stronger push against racial discrimination for 'fair housing.'

(c) Reindustrialization and regional laissez-faire: 1980

By the last year of the Carter administration and on into the Reagan administration, urban policy metamorphosed into an interest in reindustrialization and regional laissez-faire. The outcome of the Carter proposals, as we have just shown, already presaged this shift. We believe that the shift can be explained by changes in the economy as a whole, which overrode the urban coalition and diminished Congressional and public interest in the proposed urban policy. In what follows, we document our argument that this shift occured not with the change in national administrations (Carter to Reagan) but with the clarification in the late 1970's that the country's urban and regional economic ills were not recessionary, but structural in nature.

By early 1980, the focus of debate shifted away from urban policy as much towards reindustralization. Earlier discussion around regional policy, for example at the White House Conference on Balanced National Growth and Economic Development in 1978, did show a conflict between those who considered the economic crisis to be serious and endemic to the country's industrial structure, and those who argued for nothing more than mildly ameliorative urban and regional policy. [47] But by 1980, as the economic outlook looked more and more gloomy, and the associated political prospects for Carter's reelection similarly dim, the initiative shifted to those seeking an industrial restructuring of the whole economy. Business Week led the way [7], followed enthusiastically, if somewhat vaguely, by the rest of the media.

The new perspective emphasized that fundamental structural changes in the U.S. economy were at root responsible for urban and regional problems. Central cities had lost employment drastically over the years due to industrial obsolescence, stiff competition from other regions and countries, and productivity lags. From this perspective, urban ills could not be tackled by pouring in more public money, but only by restoring productive capacity, and therefore jobs and fiscal soundness. The idea of tripartite industry committees of business, government and labor became popular. Given the ideologically suspect character of economic planning as a slogan, this new corporatist movement organized around the slogan of 'reindustrialization.' Continuing the metaphorical association of private business activity with life and its absence with death, the Carter administration released a report on 'economic revitalization. [46] Acknowledging the seriousness of the economic situation, Carter called for an Economic Revitalization Board and even more

measures to promote private investment wherever it might go. To the extent that this would encourage further capital mobility away from areas with a unionized workforce, outdated infrastructure and high unemployment, this should not have been good news for people in older cities. Yet by that stage, the apparent necessity of 'sacrifices' was widely accepted by most people, including a part of the working class, even if it was opposed in particular regions or industries by some labor, political and business leaders. Carter's rhetoric of austerity seemed to be working politically.

Most proponents of making reindustrialization the focus of urban and regional policy, such as Felix Rohatyn of New York City's de facto reciever, the Municiapl Assistance Commission, [32] argued for a corporatist social contract among government, corporation and trade unions, with government restraining growth of the money supply and promoting investment in leading industries (read south and southwestern regions), corporations developing new techniques, and investing free of government constraints, and trade unions cutting back even further on wage and service demands. For Rohatyn, also an investment banker, New York City's fiscal crisis was a harbinger of what could affect all U.S. regions, and one of his proposals was a revived tripartite government-business-labor form of the New Deal Reconstruction Finance Corporation to assist business investment. [33] Some proposals like Rohatyn's argued for explicit targeting of investment incentives towards regions and industries. But the dominant view in the late Carter administration, drawn rightwards by Reagan's "supply-side" conservative attitude, was to release business from regulatory and taxation constraints, and to let capital move where its owners wished.

Just how conservative the Carter administration had become and how clearly the business constituents had won out, is well illustrated by the release, if not full administration endorsement, of the report of a 'blue-ribbon' Presidential Commission on a National Agenda for the Eighties. [43] The report found that 'contrary to conventional wisdom, cities are not permanent' and can be let depopulate, that 'technological, economic, social and demographic trends' are 'near immutable and that the New Deal 'commitment to continuing federal involvement in the functioning of local economies was never intended. It therefore proposed that

> It may be in the best interest of the nation to commit itself to the promotion of locationally neutral economic and social policies rather than spatially sensitive urban policies that either explicitly or inadvertently seek to preserve cities in their historical roles.

In this context, the growth pains of the "Sunbelt" regions were claimed to be 'no less traumatic' than those of 'Sunbelt' regions were claimed to be 'no less traumatic,[4] than those of declining regions. The main domestic policy focus would have to be on reindustrialization, sending people to places where the new jobs would be, rather than encouraging new jobs to relocate where unemployed people already live. If adopted, this would have been a complete reversal of Carter's early emphasis on economic development programs in distressed cities. No official U.S. document has ever argued so strongly for neglect of declining regions and explicit urban policy.

3. The Outlook Under Reagan

(a) Reindustrialization

The reindustrialization debate, vague as it was, permeated the election campaign. In the Reagan campaign, however, the ideologues of supply-side and monetarist economics overshadowed the new corporatists by calling for drastic spending cuts, tax relief for the wealthy, and a laissez-faire attitude to private business. Whether these people are the shock troops of Reagan's reorganization, to be followed at a reconstruction phase by the corporatists, remains to be seen. Nevertheless, the new pre-eminence of industrial policy will ensure that urban and regional policy is subordinate to business wants, not social needs.

(b) Enterprise zones

So far as the Reagan administration's approach to such decling areas is concerned, the favorite proposal appears to be the establishment of 'enterprise zones' in declining inner city areas. Legislation along this line is currently sponsored in Congress by Jack Kemp (R-New York) and Robert Garcia (D-New York), [8] although there are other versions being discussed within Congress, the administration, and the States. Reagan himself has spoken in glowing terms of 'enterprise zones.'

The idea originated in the British Thatcher government, and is being promoted in Washington by the Sabre Foundation and the Heritage Foundation. [9] Instead of spending public money in declining areas, enterprize zones designation could bring about 'abolition of unproductive regulatory policies, as well as taxes' and 'transfer of publicly

owned lands. . . to associations of neighborhood resident's.' [34]. Support for the idea is strong among small business lobbies and conservative politicians, but some moderate versions also attract liberal politicians. Given the inevitable tendency for Congress to broaden criteria for targeted programs, and the likelihood of proliferation of state-sponsored zones, it is possible to imagine a national program of spatially-targeted deregulation being spearheaded by the 'enterprize zone' idea. [18] Such deregulation could bring a lowering of environmental, labor, minimum wage, occupational health and safety, zoning, building and other standards, though one proposal assures us it will preserve child labor and other essential laws. [34] The costs of local deregulation, and the cost of associated -- and constitutionally questionable -- tax concessions, would have to be seriously considered against whatever business activity might ensue. Such a clever inversion of the Carter policy of directly subsidizing private investment in 'distressed' areas would of course contradict the 'hands-off' approach of Reagan's reindustrialization, but internal contradictions would be nothing new to U.S. urban and regional policy.

(c) Program cuts and deregulation

One Reagan policy is clear: the administration will severly cut existing programs, even those popular with Republican mayors. President Reagan's Program for Economic Recovery [44] abolishes the Economic Development Administration which was a focus of Carter's urban policy, the planning assistance program under which the city planning profession has come of age, all public sector CETA jobs, and a number of newer programs like the rehabilitation loan fund, the neighborhood self-help

development program, and the solar energy and energy conservation bank. Other programs are to be severely cut back, especially in the housing, urban development and human services fields. Despite such measures Business Week is able to boast of "cuts that only nick business [6].

Along Nixonian lines, new block grant programs are to absorb and reduce various specific-purpose programs. Even Urban Development Action Grants, popular even with Republican mayors, will be folded into a reduced CDBG program, so that localities will be forced to choose between continuing to fund UDAG projects or to maintain existing community development programs.

There will be a renewed effort to build conservative neighborhood-based self-help organizations -- churches, charities and volunteer groups -- in place of government programs. The Republican Party platform sets out on a strong ethic of volunteerism. [3]

The administration's attack on regulations and regulatory agencies -- fetchingly called 'regulatory relief' -- will have a strong impact on urban and regional development. Once environmental, occupational safety, health and other regulations are relaxed, it is likely that development in the west--where energy resources is under hitherto protected wilderness areas-- will be accelerated, while the northeastern regions saddled with the equivalent of Three Mile Island and the Love Canal will depopulate even faster. Oil and gas deregulation alone will have an enormous regional redistributive effect. Regional development planning itself will change if the new administration's proposals are successful because inter-state Regional Planning Commissions will be demolished and metropolitan Councils of Government will lose their

regulatory powers and much of their funding.

Transcending specific proposals around urban and regional development are contending views on general economic policy and political ideology which have not yet been resolved. While reducing inflation, extending military preparedness and cutting back federal spending are central policy objectives, there are many ways of dealing with them and many corresponding implicit urban and regional policies. Whether the Reagan administration veers towards a laissez-faire solution, or whether it later takes up a corporatist form of reindustrialization policy and de facto economic planning, remains to be seen. The consequences for people in cities and regions could be grave indeed, yet explicit urban and regional policy exists only in its negation: targeted deregulation and tax reductions, and even less emphasis on spatial policy.

4. Conclusion

Our survey of U.S. urban policy during the Carter period shows a profound historical change in orientation. At first the demands of the northeastern urban consitutents and a countercyclical approach to local spending produced liberal redistributive policies that attempted to target assistance on cities in distress. However, the politically volatile nature of explicit regional resource allocation, the conservative mood of Congress, and the influential demands of private businesses for investment subsidies wherever they might go, brought about changes in direction of urban and regional policy towards business in all regions.

As the structural nature of the economic crisis and the risk of not being reelected became more apparent to Carter, this conservative line hardened into a type of regional laissez-faire and reindustrialization, both of which demoted the status of urban concerns. Reagan is taking this trend even further. Thus it seems as if the latter part of the Carter Administration prepared the way for the Reagan Administration, and bore more relation to it than the early days that promised so much and delivered so little.

NOTES

[1]While the institutional approaches of Canada and the USA have been quite different, the federal structure of their states and the urban and regional problems they face are similar.

[2]Regions are defined according to standard federal designations [U.S. Department of Commerce].

[3]For individual studies of regional shifts in these industries, see [16] on rubber; [4] on results from a set of eleven industries in New England.

[4]For surveys of multinational and transnational corporations, their behavior and regional consequences see [23] and [27].

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