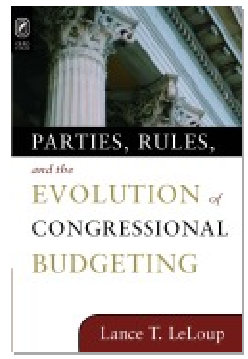
2. Budgeting in Congress through 1980



CHAPTER 2

Budgeting in Congress through 1980

It has long been recognized that Congress has a penchant for spending. Constituency interests, policy objectives, and reelection calculations created a collective action problem—demands for greater spending than available resources could support. At various stages in congressional development, formal and informal "guardianship" institutions were devised to countervail such spending pressures and to keep them in rough balance with appropriate revenue levels. As the emphasis on spending or imposing fiscal discipline has shifted over time, Congress has altered rules dealing with the budget in an attempt to establish constraints.

The appropriations process had been the most important means for determining what government spent since the Civil War. Although not always satisfactory, this process largely kept the budget in balance or surplus through the beginning of World War I. The appropriations process exemplifies traditional budgeting, where specialized subcommittees carefully review the many complex parts of the federal budget. For many decades, this process also indirectly controlled the overall size of the budget by restraining excessive spending growth. The statutory debt limit, adopted in 1917, was one of the first congressional enactments that explicitly addressed macrobudgeting.[1] It was never able to act as a restraint on deficit spending or borrowing, however, since it was enacted ex post facto after taxing and spending decisions that required borrowing had already been made.

Concern that Congress was not doing an adequate job in controlling spending was in part behind the passage of the Budget and Accounting Act of 1921 which created the executive budget and initiated a period of steady growth of the president's influence over the nation's finances.[2] After 1920, the authorization and appropriations process was strengthened, but Congress still never considered the budget as a whole.[3] Along with assuring the adequate funding of government programs and the distribution of benefits to members' districts, the appropriations process developed norms to protect the public purse and restrain spending. When the appropriations process failed to restrain spending beginning in the 1960s, a variety of other institutions were tried as well, such as imposing spending ceilings. When these methods failed to provide either a stable process or satisfactory outcomes, a new budget process was created in 1974 that would provide the basis for macrobudgeting, a new stage in the evolution of congressional budgeting. This new set of rules and institutions did not replace authorizations and appropriations. Because of the "stickiness" of congressional institutions, the new process was superimposed on the old, creating a hybrid system with inherent tensions between making decisions on the parts of the budget and making decisions on the whole.

Appropriations, even after passage of the Budget Act, still conform more closely to the norm of universalism where near-unanimous, bipartisan coalitions form to distribute tangible benefits to congressional districts.[4] Macrobudgeting, in contrast, has produced sharper divisions in Congress. One reason for the difference may be that the opportunities for logrolling are decreased in budget resolutions and reconciliation bills. These macrobills are vast in scope and highly visible, with higher stakes. Although congressional budgeting was dominated by the appropriations process until the end of the 1970s, there were several kinds of legislative votes in budgeting that may be seen as precursors to the kinds of alignments that developed over budget resolutions: votes to recommit appropriations bills to committee and votes on the debt limit. Both of these types of policy decisions framed budget questions differently, were highly symbolic, often evoked partisan rhetoric, and provided a chance to criticize the majority party, the president, or both.

This chapter examines the development of congressional budgeting through 1980, beginning with the appropriations process and how by the 1970s it had proved unsatisfactory to members. Next, the adoption of the Budget and Impoundment Control Act of 1974 is reviewed, concentrating on the changes in congressional rules and institutions. The operation of the "new" budget process after 1975 is then analyzed in terms of how the new rules were implemented, what role parties played, and whether significant changes in the relationship with the presidency occurred.

The Appropriations Process

The Evolution of the Appropriations Process

As the norm of the balanced budget changed in symbolic meaning over the years, the process for approving taxing and spending necessary to maintain a balanced budget also underwent changes. Congress originally organized its taxing and spending process around the House Ways and Means Committee, established in 1802, and, to a lesser extent, the Senate Finance Committee.[5] This system faltered with the complexities of the Civil War, and in the late 1860s, the House and Senate Appropriations Committees were created. The committees increased their power to reduce executive branch requests in 1876, strengthening their role as guardian of the federal Treasury.

In the 1880s, however, pressure from members to increase federal spending on rivers and harbors, grants to railroads, land-grant colleges, and other programs led to a fragmentation of the appropriations power. By the late nineteenth century, the House Appropriations Committee was responsible for only half of federal spending. The process had become more fragmented and specialized: eight separate committees considered spending requests directly from agencies, and government spending was approved through many separate bills. Brady and Morgan argue that reforms in 1880 and 1885 which decentralized appropriations resulted in less fiscal discipline and higher levels of spending.[6]

The fragmentation of the congressional system helped convince many that the president was inherently more "responsible" in budgeting, leading ultimately to the enactment of the Budget and Accounting Act of 1921.[7] That legislation created the executive budget and the Bureau of the Budget (changed to the Office of Management and Budget or OMB in 1969). While this legislation certainly strengthened the president, it was by no means an abdication of power by the Congress, which also acted to reduce the fragmentation of its spending power. In 1919 and 1920, Congress moved to reform its budget process by eliminating the ability of committees other than Appropriations to appropriate money. One study suggests that this institutional change, which strengthened the capacity of Congress to impose fiscal discipline and restrain deficits, resulted in less spending than would have occurred under the more fragmented system.[8] It did not, however, create what could be thought of as a centralized budget process since the Appropriations Committees still acted primarily through their dozen or so specialized subcommittees. These institutional changes in 1919 and 1920 were not particularly partisan. As Brady and Morgan observe, "[A]lthough over 80 percent of the (majority) Republicans voted for the reform, there was also solid Democratic support."[9]

The reforms of 1920 clarified responsibilities among authorizing committees and the Appropriations Committees.[10] The standing committees could not appropriate money, and the Appropriations Committees were prohibited from taking any purely legislative actions. The differences between authorizations and appropriations represented a focal point of conflict within Congress between the forces of advocacy and guardianship. Formulated by the standing committees of the House and Senate, authorizations are instruments for making substantive policy decisions, and they enable agencies to undertake certain activities.[11] Appropriations finance these authorized activities, and the Appropriations Committees as a rule appropriate less than the programmatic committees desire. The appropriators emerged more powerful from the 1920 reforms. Despite the decentralization of authority among its subcommittees, the Appropriations Committees were able to impose sufficient discipline to restrain spending. Except during the Depression and World War II, deficits were largely held in check well into the 1960s.[12] After massive borrowing to finance World War II, the federal debt as a proportion of GDP fell steadily until the early 1970s.

Early Attempts at a Congressional Budget

Despite the institutionalization of the appropriations process, after World War II, many in Congress believed that the process was too decentralized since the federal budget was never considered as a whole. The sentiment for a congressional budget was fueled by a desire to check the growing power of the president in budgeting that carried over from wartime practices and was enhanced by the enactment of the Employment Act of 1946. The Legislative Reorganization Act of 1946 made a number of major reforms in congressional institutions, including the creation of a congressional budget.[13] The Joint Committee on the Budget was established to receive the president's budget. It consisted of all of the members of the House Ways and Means, Senate Finance, and House and Senate Appropriations Committees, well over one hundred members.[14] This unwieldy panel was supposed to report a concurrent resolution by February 15, only a few weeks after receiving the president's requests. The resolution was to specify a ceiling on expenditures, estimated receipts, and the size of the deficit or surplus. In its first attempt in 1947, the Republican Congress tried to slash President Truman's requests by $6 billion but was unable to agree on a resolution. Despite divided government and Republican partisanship refreshed by a dozen years out of power, majority party leaders were unable to build a partisan or conservative coalition majority to agree on a budget to counter the president's.

Budget-cutting efforts reverted to the appropriations process. In 1948, Congress again proved unable to pass an overall budget. In 1949, now back under Democratic control, Congress moved the date for passage of the budget resolution to May 1. But by that time, most appropriations bill had already been reported or passed, and the budget resolution was again abandoned. Congress tried one last time in 1950, this time through an omnibus appropriations bill emanating from the House Appropriations Committee. The House successfully passed the bill in May, but the Senate did not complete action until August, well into the fiscal year. So many supplemental appropriations had to be passed the next year that the practice was abandoned. Attempts at a congressional budget were dead for a generation as Congress returned to the tried-and-true appropriations process.

Appropriations and Spending Restraints

The tension between advocacy and guardianship characterizes budgeting in both legislative and executive branches. Aaron Wildavsky concluded in his study of budgeting that the president's budget office serves as a guardian of the purse and overwhelmingly tends to reduce agency requests.[15] In Congress, as Richard Fenno described in his classic 1966 study of appropriations politics, it was the House Appropriations Committee that played the guardian role.[16] As Fenno found, even the language of appropriators reflected this mission:

> The action verbs most commonly used are 'cut,' 'carve,' 'slice,' 'whittle,' 'squeeze,' 'wring,' 'trim,' 'lop off,' 'chop,' 'slash,' 'pare,' 'shave,' 'shack,' and 'fry.' The tools of the trade are appropriately referred to as 'knife,' 'blade,' 'meat axe,' 'scalpel,' 'meat cleaver,' 'hatchet,' 'shears,' 'wringer,' and 'fine tooth comb.' . . . Budgets are praised when they are 'cut to the bone.'[17]

Fenno argued that the House Appropriations Committee developed strong internal norms to foster its role of protecting the taxpayer from waste and excess spending whether from the White House or from authorizing committees. New members were socialized in this norm and were taught to laud the committee's record of reducing the president's budget requests. The norm of bipartisanship was strong on the committee, strengthening its position when spending bills were taken up on the floor of the House. Few minority reports were issued and little partisanship was displayed in voting for final passage.[18]

Subcommittee chairs were very senior members from safe districts, socialized in the norms of budget cutting. Senior members with safe seats were better able to resist pressure from interest groups and "vote against the district" in favor of larger national interests when necessary. Most markups were held in closed session, far from the view of media, interest groups, and constituents. Membership on subcommittees was determined by the committee chair and ranking minority member, allowing them to ensure that certain members without direct political interests were included.[19]

The Senate Appropriations Committee, which constitutionally can only follow the House in raising revenues and appropriating money, played a somewhat different role. In examining appropriations actions taken between 1947 and 1962, Fenno (1966) found that the Senate committee often restored some of the cuts in agency appropriations made on the House side. This led to their characterization as a "court of appeals" in the appropriations process.

Has the tendency for budget cutting and restraint in the traditional appropriations process been overemphasized? Perhaps. In the case of the House Appropriation Committees, the actual cuts in the president's budget were relatively minor. Despite the budget-cutting bravado, the committees moderated the tension between guardianship and spending desires by operating in a narrow, "safe" zone: granting less than requested but more than in the previous year.[20] Appropriations Committee members were equally if not more concerned with the goal of providing sufficient funding for government programs to satisfy constituency demands and the preferences of other members of the House. Despite a selection process that seemed to temper advocacy, there is evidence of program advocacy along with guardianship. Despite the record of bipartisanship in committee and on final votes, there was a record of partisanship on recommittal votes.

Recommittal votes provided members with an occasional opportunity to emphasize party differences. Particularly for Republicans when in the minority, the motion to recommit an appropriations bill provided an opportunity to show opposition to big government and excessive spending by the majority Democrats. In contrast to the record of lopsided bipartisan votes on final passage of appropriations bills, recommittal votes were usually closely contested party votes. Fenno wrote on these votes, "Minority party members . . . are less concerned with the flow of legislative business than with making a record or, perhaps, embarrassing the majority party."[21] Republican and Democratic Party leaders opposed each other on 90 percent of the recorded recommittal votes on appropriations bills.[22] This pattern would manifest itself even more strongly in voting on the debt ceiling, another opportunity for making a party statement.

The appropriations process was not a guarantee against deficits because decisions on revenues were not formally coordinated with spending at any point in the process. Rather, from the end of World War II through the mid-1960s, informal coordination between the tax-writing committees, the appropriations committees, and party leaders was largely effective at preventing large deficits given the nation's steady economic growth and the relative stability of the policy agenda. Although budgets were rarely in strict balance, and deficits increased during recessions, deficits were simply not much of a problem. Reflecting the absence of such concerns during this period, the word *deficit* does not appear in the index of either Wildavsky's or Fenno's book. But deficits would emerge as a greater problem because of shifts in the political and economic environment and declining performance of existing institutions.

The Decline of Restraint

The system of restraint through the appropriations process, while never perfect, began to unravel in the late 1960s and early 1970s. Budget deficits increased significantly between 1966 and 1975. In retrospect, the deficits of this era do not seem particularly large or chronic. In comparison with the preceding decades, however, it appeared that fiscal discipline was in serious decline. That decline was the result of many factors, including the slowing of economic expansion, the growth of entitlements, greater spending pressures within Congress, and institutional changes within the Appropriations Committees and Congress itself.[23] The fiscal dividend that the country had enjoyed in the postwar period dwindled as inflation increased and economic growth slowed. Spending pressures grew as the Johnson administration pursued an increasingly expensive war in Southeast Asia as well as an ambitious domestic agenda. This led to a deficit of $25 billion in FY 1968, constituting 3 percent of the nation's GDP, seen as unacceptably high by members of both parties. The war in Vietnam increased conflict between the Congress and the presidency, a conflict that gathered steam with the election and inauguration of Richard Nixon.

As the resources available for increased spending programs declined, spending advocates in Congress sought ways to avoid the discipline of the appropriations process. One of the most effective means to bypass the

Appropriations Committees was to create entitlement programs and other so-called backdoor spending mechanisms. These legislative actions by the authorizing committees created permanent appropriations, shielded from annual review. Mandatory obligations such as Medicare, Medicaid, and Social Security became the fastest-growing elements in the federal budget. This had the effect of rapidly shrinking the share of federal spending that fell under the jurisdiction of the Appropriations Committees, which by 1974 had fallen to 45 percent of outlays.[24] Even this overstates their degree of discretion since a growing portion of appropriations going through the committee were mandatory as well. Not only was Appropriations' piece of the pie smaller, but the norms of fiscal restraint in both committees were waning.

Budgeting was affected by the congressional reforms of the 1960s and 1970s discussed in chapter 1.[25] Several of the reforms had significant effects on diluting the guardianship of the appropriations process.[26] The House Appropriations Committee was enlarged and "liberalized" by the addition of new, younger Democratic members. In 1967, Democrats enjoyed a 30–21 majority over Republicans. Ten years later, reflecting the Democratic Caucus's desire to establish a 2–1 plus 1 majority, the ratio had grown to 37–18.[27] Many of the new members were liberals. The committee became even more fragmented by weakening the power of subcommittee chairs, the so-called College of Cardinals that had once been so dominant. Pressure for change came both from the House Democratic caucus and from the newer, more individualistic members. The thirteen subcommittee chairs had long been among the most conservative Democrats in Congress, often from the South. The caucus weakened the committee (and enhanced its own influence) by requiring the election of subcommittee chairs by the full caucus. The power of the Appropriations Committee Chair was also weakened as he became little more than first among equals.

One of the most important changes was in the method of establishing subcommittee membership. Instead of being assigned to subcommittees by the chair and ranking minority members, members were able to select their own assignments. This shift in the selection process tended to remove the disinterested members who served as critics and budget cutters and replace them with program supporters. The shift from assignment to self-selection removed this important barrier to all-out advocacy on the part of the House Appropriations Committee subcommittees.

Reforms that promoted greater openness in Congress also had an impact. "Sunshine" provisions adopted by the House required that committee sessions be open to the public unless the committee formally voted to meet in executive session. Between the late 1960s and 1975, the closed sessions of the

House Appropriations Committee dropped from 100 percent to 11 percent.[28] The hard bargaining that once took place behind closed doors, where members could argue for budget cutting against the economic self-interest of the district, was conducted in the glare of television lights. Constituents, lobbyists, the media, and even a few members of the public were watching.

The level of unity, internal integration, and bipartisanship slipped as well in the face of these internal changes. Once-rare minority reports became more commonplace in the 1970s. Once-infrequent floor amendments to appropriations bills became more frequent. The success of those amendments depended primarily on whether they were designed to increase or to cut spending, with those that increased spending four times more likely to pass.[29] The results of all of these changes were soon apparent. Despite continued adherence to the creed of reducing executive requests, the record of budget cutting by the Appropriations Committees was substantially poorer by the 1970s. Despite the fact that the committees were only responding to pressures from the other members of Congress, there was growing dissatisfaction with the appropriations process. Other methods were sought to deal with growing deficits.

Attempts to Limit the Deficits, 1967–1974

As upward pressure on spending mounted, Congress turned to a tax increase and expenditure caps to restrain deficits.[30] Congress enacted spending limits in 1967, 1968, 1969, 1970, and 1972 but to little avail.[31] In 1967, as a weapon against inflation and as a way to stem the budget deficit, President Lyndon Johnson proposed a 10 percent surtax on income taxes. After many months of negotiation with legislative leaders, the tax increase was made contingent on the adoption of a spending limitation. The spending cap that was finally passed in 1967 was nearly useless since it exempted mandatory spending, trust funds, permanent appropriations, and Vietnam War costs. The tax surcharge failed. In 1968, the House Ways and Means Committee held the president's tax increase hostage until the president could craft a more meaningful spending limit.

Both the surcharge and a new spending cap were finally passed as part of the Revenue and Expenditure Control Act of 1968. The spending cap exempted Social Security, interest, veterans' benefits, Vietnam War costs, farm subsidies, and public assistance.[32] Despite some $8 billion in cuts in nonexempt spending, because of growing entitlements and mandatory spending and no enforcement procedures in the legislation, actual outlays outstripped the statutory limits. Nonetheless, the FY 1969 budget, with the additional revenues, produced a slight surplus. This would be the last balanced budget for thirty years. The problems with spending ceilings were repeated under President Nixon in 1969 and 1970 when caps for total spending were enacted but soon exceeded. Congress tried various vehicles to control spending, attaching spending limits to a supplemental appropriations bill and a continuing resolution.

The disarray and dissatisfaction in Congress over growing spending, deficits, and hostility to the presidency in the face of its own shortcomings in dealing with the budget came to a head in 1972. In July 1972, President Nixon demanded that spending for FY 1973 not exceed $250 billion.[33] Nixon lambasted the lack of spending discipline in Congress and threatened to make the cuts himself if Congress failed. The cap was tied to an extension of the statutory debt limit (see below), but the House and Senate could not agree on whether to grant the president discretion to make the cuts.[34] The final version of the bill included contradictory provisions both establishing and invalidating a spending limit. It had become clear that the appropriations process was not up to the task of restraining spending or reducing deficits, and Congress seemed incapable of establishing discipline through any other methods. As part of the 1972 spending limit, Congress established a Joint Study Committee on Budget Control to examine serious reforms in their budgetary system.

Congressional Budget Reform

Perceived Defects in Congressional Institutions

The authorization/appropriations process had other perceived problems besides the undesirably large deficits that had resulted. Members of Congress were dissatisfied with their inability to make decisions on overall budget totals which limited their ability to influence fiscal policy. No mechanism for debating national priorities existed, a particular peeve for liberal members eager to reallocate resources from the military to domestic needs. The appropriations process itself had deteriorated, evidenced not only by the loss of jurisdiction over spending but also by the members' inability to approve spending bills in a timely fashion. Between 1972 and 1975, not a single appropriation bill was passed by the start of the fiscal year on July 1, and several bills simply were never passed at all.[35] Members were also unhappy with the information they had at their disposal to make decisions, especially as they aimed to challenge the budgetary power of President Nixon. It was the growing perception on Capitol Hill that OMB was suppressing information and providing highly suspect budget estimates designed to advantage the president. All of these factors, plus growing outrage over Nixon's impoundments, led to a bipartisan coalition supporting comprehensive budget reform.

The Bipartisan Budget Reform Coalition

The Budget and Impoundment Control Act of 1974 was enacted after eighteen months of review, drafting, revision, and balancing of various institutional, policy, and party interests. Some reformers wanted to create a process explicitly designed to restrain spending and curb deficits, but this was only one set of interests represented. Budget process reform legislation reflected the tension within Congress between program advocates and budget guardians, particularly between appropriators and authorizing committees.

The Joint Study Committee primarily represented House and Senate Appropriations Committees, House Ways and Means Committees, and Senate Finance Committees, thus creating divisions within the majority Democratic Party. These four committees were particularly concerned with enhancing spending control, curbing backdoor spending, and imposing greater discipline on the authorizing committees. In this sense, they were hawkish on deficit reduction and envisioned a budget process oriented toward spending control. To achieve this goal, the Joint Committee designed a budget process that would preserve the existing committee structure and superimpose an additional process over the existing one. Many of the provisions they designed would ultimately be enacted into law, but several key changes were made that weakened the emphasis on guardianship and deficit control.

Under the Joint Study Committee's recommendations, each house would have its own Budget Committee that would formulate resolutions shaping the overall parameters of the congressional budget. A Congressional Budget Office (CBO) was proposed to improve congressional information. A timetable for budgeting would be imposed on the process, and the start of the fiscal year would be moved to October 1 to give Congress more time to complete its business. The first resolution, to be passed in the spring, would set binding totals for budget authority and outlays by administrative units. Backdoor spending would be curtailed, and an early deadline for the adoption of authorizing legislation would be established.

The Joint Committee reported their recommendations to Congress in April 1973, and the recommendations were taken up by several House and Senate committees where the interests of the authorizing committees and more liberal members were better represented. In the House, the Rules Committee took jurisdiction over the legislation and considered an alternative bill introduced by Representative Jamie Whitten (D-MS), second ranking Democrat on Appropriations, along with the Joint Study Committee's plan. Whitten, who had co-chaired the Joint Committee, shifted gears by proposing that the first resolution would contain only targets, not binding totals, and that functional totals rather than agency accounts would be used, reducing the constraints that the budget resolution would impose on Appropriations Committee actions.[36] These two critical changes were adopted by the Rules Committee.

On the Senate side, the Government Operations Committee reported a bill, but the main direction of budget reform legislation in the Senate was provided by Majority Whip Robert Byrd (D-WV) and the Rules Committee. Their version further weakened the antispending orientation of the process in two ways. Reflecting the concerns of the authorizing committees, Byrd's bill loosened provisions limiting backdoor spending. Reflecting the concerns of the Appropriations Committees, the optional reconciliation process that followed the passage of the second resolution could reconcile differences in the budget resolution and committee-approved spending by raising revenues or by simply changing the totals in the resolution, rather than requiring the rescission of previously passed spending actions.[37]

Further compromises were struck in the House-Senate Conference Committee in 1974. Despite weakening the spending control orientation of the new process, all of the existing congressional interests in budgeting accepted greater restrictions on their discretion. The creation of the Budget Committees and the budget resolutions imposed new restrictions on authorizing committees and appropriators alike. But several key changes from the Joint Study Committee's original recommendations left the new process more neutral than anti-spending or anti-deficit.[38] First, existing backdoor spending was grandfathered in: restrictions would apply only to new programs. Second, the fact that the first resolution contained only targets rather than binding totals significantly reduced the restraint imposed. Third, the use of functional subtotals rather than agency accounts maintained greater maneuverability for appropriators and meant that floor amendments did not have to be consistent with the guidelines in the resolution. Despite the widespread lip service paid to the cause of deficit reduction and spending control, the institutional changes proposed in the final bill did not simply orient the process to spending restraint. Allen Schick concluded:

> What has emerged, therefore, is a process that is neutral on its face. It can be deployed in favor of higher or lower spending, bigger or smaller

> deficits. Its effects on budget outcomes will depend on congressional preferences rather than on procedural limitations.[39]

The process of compromise and balancing institutional interests within Congress was successful in satisfying overwhelming majorities of both parties. The Budget and Impoundment Control Act passed the House by a vote of 401–6 and passed the Senate by a vote of 75–0. President Nixon signed the bill in July 1974, less than a month before his historic resignation.[40] The bill reflected a bipartisan consensus that Congress needed to strengthen its budgetary powers to check the inflated powers of the president and to restrict his impoundment authority. But underneath the unanimity, the budget reform coalition was a tenuous and temporary alliance of Democrats who wanted to realign national priorities and Republicans who wanted to force members to go on record to approve deficit spending. That coalition would disintegrate when the majority party had to make real decisions on taxing, spending, and deficits.

The Congressional Budget Process

The Budget Act would radically change the way Congress does business, and over the next thirty years it would become critical in reshaping the entire legislative process. The process has subsequently undergone many formal and informal changes, but the original blueprint is an essential starting point. The budget process as initially enacted was based on a strict calendar of steps that many doubted Congress could maintain, even with an extra three months at its disposal. Table 2–1 examines the original timetable for action. The process began with the arrival of the president's budget in January. The House and Senate Budget Committees separately held hearings on economic conditions, fiscal policy consequences, and national budget priorities. They took testimony from the administration, other members of Congress, independent experts, and interest groups. By March 15, the authorizing committees were required to submit their "views and estimates," stating the amount of budget authority and outlays likely to be authorized in the coming year. Independent budgetary analysis was provided by the CBO, which is required to submit a report by April 15.

By April 15, the House and Senate Budget Committees were required to report their version of the first concurrent resolution on the budget to their respective chambers. A concurrent resolution was chosen as the vehicle for the congressional budget since it does not require the signature of the president to

Table 2–1
Original congressional budget timetable

Action to Be Completed	On or Before
President submits annual budget message to Congress	15 days after Congress meets
Congressional committees make recommendations to budget committees	March 15
Congressional Budget Office reports to budget committees	April 1
Budget Committees report first budget resolution	April 15
Congress passes first budget resolution	May 15
Legislative committees complete reporting of authorizing legislation	May 15
Congress passes all spending bills	7 days after Labor Day
Congress passes second budget resolution	Sept. 15
Congress passes budget reconciliation bill	Sept. 25
Fiscal year begins	Oct. 1

take effect. As such, it has sway only over subsequent congressional actions and does not in itself create budget authority or outlays. Under the original plan, May 15 was the date when the authorizing committees were required to report all legislation recommending new budget authority. Legislation reported after that date could be considered only if Congress adopted an emergency waiver. May 15 was also the deadline for the adoption of the first resolution which had to target:

1. total outlays (what could be spent during the fiscal year)
2. total budget authority (what could be spent in the current and subsequent fiscal years)
3. total revenues
4. surplus or deficit
5. public debt
6. subtotals by functional category (e.g., defense, health, education, etc.)

Prior to the adoption of the resolution, neither house could consider any revenue, spending, entitlement, or debt legislation. When the House and Senate versions of the resolutions did not agree (virtually always), differences had to be resolved in conference. An accompanying statement provided for the distribution of allocations to committees of the totals included in the resolution. This created the problem of "crosswalking," that is, translating the functions such as "agriculture" and "health" into agency and department appropriations accounts. The period between May 15 and September was designated for the appropriations process. Operating under the targets of the first resolution, the appropriations subcommittees engaged in their normal review of agency operations and approval of their budgets for the coming fiscal year. To help determine whether these spending decisions were in concert with the budget resolution, CBO engaged in a complicated scorekeeping process.

By the seventh day after Labor Day, Congress was to have completed action on all bills providing new budget authority. The second concurrent budget resolution was to be passed by September 15, reaffirming or revising the totals in the first resolution in light of the action of the spending committees. If the second resolution was at variance with these actions, the Budget Committees could produce a bill reconciling the totals with the previously enacted legislation. Reconciliation was to be completed by September 25, five days before the start of the fiscal year. The Budget Act prohibited Congress from adjourning for the session until the second resolution was approved. After passage, it was out of order to consider any legislation that would exceed the approved totals or reduce revenues. Congress could at any time approve a third or subsequent budget resolution amending previous decisions.

The process seemed complicated and cumbersome, and many were pessimistic about its successful implementation. Yet Congress for the first time would explicitly engage in macrobudgeting: approving aggregate totals for revenues and expenditures and voting on the size of the deficit or surplus. Congressional leaders agreed to a trial run in 1975 with full implementation in 1976. Unlike the bipartisan coalition that approved the Budget Act in 1974, subsequent actions by party leaders and voting patterns would reflect sharp partisan differences.

Budgeting in Congress, 1975–1980

Implementing the Process

By the time Congress first put its budget process to the test, Gerald Ford was in the White House. With Ford being unelected and relatively unpopular after the pardon of his disgraced predecessor, the resurgent Democratic Congress wanted to display its ability to help set the priorities of the nation. Ford was also hampered by the poor performance of the nation's economy. In 1974, unemployment averaged 5 percent, but the consumer price index (CPI) surged ahead by a postwar record of 12.2 percent, pushing the so-called misery index (inflation rate plus unemployment rate) to 17.2 percent. Inflation was spurred by the oil boycott organized by the Organization of Petroleum Exporting Countries (OPEC), and by worldwide food shortages. The economy slipped into the worst recession since the Great Depression, with unemployment peaking at 8.9 percent in April 1975.[41] The deficit soared to $53 billion, 3.5 percent of GDP, in FY 1975. It would be even greater the next year. While much consternation about the deficit was expressed, Democratic Party leaders were more concerned with the traditional approach of providing fiscal stimulus to get out of the recession.

Into this economic confusion and political uncertainty the congressional budget process was launched. In the House, the first Budget Committee chair, Brock Adams (D-WA), struggled to get majority support for the first budget resolution. The House Budget Committee (HBC) was less independent than its Senate counterpart because House reformers had made assignment to the committee temporary: members could serve only four years out of ten. Assignment to the committee was heavily influenced by party leaders and voted on by the Democratic caucus.

The first budget resolution taken up by the House contained a projected deficit of $70 billion, the largest in history to that date. As it was taken up on the House floor, Republicans and conservative Democrats lambasted the record deficit.[42] At the same time, liberal Democrats criticized the resolution for not providing enough stimulus to bring the economy to full employment.[43] Lacking any support from Republicans, the Budget Committee had to make the budget resolution generous enough on stimulus and social programs, and stingy enough on defense, to build a coalition of liberal Democrats. The first budget resolution passed the House by a narrow 200–196 margin, with only three Republican yea votes. Republican opponents were joined by sixty-eight conservative, mostly southern Democrats of the 265 House Democrats voting. Republican Party unity (percentage of members voting for the party position) on the vote was 98 percent compared to 74 percent for Democrats. This initiated a pattern of voting in the House that would continue through the 1970s.

The situation was different on the Senate side of the Capitol. With weaker majority party leadership, the institutionally more independent Senate Budget Committee (SBC), constituted with the same powers as other standing committees, took a more bipartisan approach in trying to shape the parameters of subsequent taxing and spending actions. This was made possible in part because of a bipartisan alliance between SBC Chair Edmund

Muskie (D-ME) and ranking minority member Henry Bellmon (R-OK). Within the committee, Republicans and Democrats both participated in determining the totals and subtotals, producing a resolution calling for a deficit of $67 billion, $6 billion below the House figure. While senators also complained about the record deficit, the bipartisan alliance in committee translated into a comfortable 69–22 margin of victory for the Senate's first-ever budget resolution in early 1975. Because Republicans voted 19–18 in favor of the resolution, and Democrats 50–4, final passage was not a party vote even under the 50 percent criterion. Ninety-three percent of Senate Democrats voted with the party, while Republicans were nearly evenly divided. The Conference Committee came up with a compromise resolution calling for a deficit of $69 billion, closer to the Senate figure.

House-Senate Differences

In addition to partisan voting and the participation of minority members in committee, House-Senate differences in using the budget process to impose spending restraints developed as the appropriations process operated for the first time under the targets. Adams and House Democratic leaders continued to proceed cautiously, concerned most about protecting the fledgling budget process. Muskie and Bellmon challenged several pieces of "budget-busting" legislation on the floor of the Senate and prevailed on several notable occasions. These were largely isolated cases, however. In the fall, few changes were made in drafting the second resolution since the totals largely reflected the actions of the spending committees. Despite the fact that the final vote in the House was a narrow two-vote victory, in late 1975, Congress had passed its first comprehensive budget.

What explains the House-Senate differences, particularly in terms of institutions and partisanship? Some scholars have argued that senators are more insulated from constituency pressures than House members because of their longer terms and larger geographical areas.[44] Since the SBC was constituted as a regular standing committee where members can accrue seniority, there were greater incentives for members to work to restrain partisanship and enhance the power and reputation of the committee. Divisions on the HBC were fostered by the selection of members. At the outset, Democratic Party leaders generally selected committee members who were reflective of the mixed preferences of the caucus, while Republicans chose members who were more conservative than the median Republican.[45] This meant that the HBC had three conservative southern Democratic committee members who voted with their own party in committee only 16 percent, 11 percent, and 5 percent of the time respectively.[46] In contrast, the lowest party support score for Republicans in committee was 89 percent. Subsequently, beginning in the 95th Congress in 1977, House Democratic leaders appointed more liberal members to the committee and removed two of the three southern conservatives. Republicans continued their pattern. The result was what Republican and Democratic members called "the most partisan committee in Congress."[47]

In contrast, members of the Senate Budget Committee were more representative of the ideological stance of their respective parties. Differences between the House and Senate were also attributable to informal leadership factors. The collegiality and cooperation between Muskie and Bellmon played a major role in establishing support for the committee and the budget process. In the House, ranking HBC Republican Delbert Latta (R-OH) set a precedent by using the budget process to attack majority Democrats and enhance the reputation of the Republican Party. Democrats were primarily concerned with writing a budget that could command majority support in the House.

Voting Patterns

Table 2–2 compares votes on the first concurrent resolution on the budget in the House and Senate during the first six years of the congressional budget process.[48] Each of the four caucuses produced a consistent voting pattern over this period. House Republicans tended to vote overwhelmingly against the resolutions, with the percentage of members voting with the party ranging from 85 to 98 percent. In contrast, although three of the six votes could be categorized as party votes using the 50 percent criterion, Senate Republicans showed virtually no party unity, dividing nearly evenly between yes and no votes. House Democrats had less solid party cohesion than their Republican opponents, with some 70 to 80 percent of Democrats voting with the party. There were two distinct blocs among the Democrats. The defection of from 44 to 68 members made passage of budget resolutions in the House rather tenuous. Senate Democrats were solid in support, averaging around 90 percent voting with the majority.

The election of Democrat Jimmy Carter in 1976 and the return to unified control after eight years of divided government had no discernible impact on the House-Senate differences or partisan divisions in Congress on budget measures. Carter was blamed for the first defeat of a budget resolution in the House in 1977. Confusion over the president's support for an amendment to increase defense spending undermined liberal support for the bill without

Table 2–2
Votes on first budget resolutions, 1975–1980*

	Date	Vote Yes–No	Republicans Yes–No	Democrats Yes–No
House	1975	200–196	3–128	197–68
	1976	221–155	13–111	208–44
	1977	213–179	7–121	206–58
	1978	201–197	3–136	198–61
	1979	220–184	9–134	211–50
	1980	225–193	22–131	203–62
Senate	1975	69–22	19–18	50–4
	1976	62–22	17–16	45–6
	1977	56–31	15–17	41–14
	1978	64–27	16–19	48–8
	1979	64–20	20–15	44–5
	1980	68–28	19–22	49–6

*Votes on committee report, first concurrent resolutions, as amended.

gaining any Republican or conservative support. The first resolution for FY 1978 was overwhelmingly defeated, 84–320. House Budget Committee Chair Robert Giaimo (D-CT) was furious. "It is not the Georgia legislature," Giaimo fumed at a press conference. "You don't just call up from downtown . . . and say, 'write a budget resolution.'"[49] The committee regrouped with the help of new House Speaker Thomas P. "Tip" O'Neill and created a liberal Democratic majority to narrowly enact a modified resolution.

The process faltered in the House again in 1979, in part because of the growing concern with reducing the deficit. Conferees on the first resolution reported a budget that reduced the deficit below the $30 billion in Carter's budget. In May, the resolution was defeated on the House floor because of the defection of liberals who claimed that their support for the budget process had been taken for granted for years. Led by the congressional Black Caucus, liberals revolted against the erosion of social welfare funding in the budget. A second Conference Committee made at least symbolic concessions in terms of the balance between defense and social programs, and the resolution finally passed. Serious divisions erupted again in September 1979. For the first time since the budget process was implemented, a second resolution was defeated on the House floor, and Congress could not pass a resolution before the start of the fiscal year. Only three of thirteen appropriations bills had passed. It took conferees until November to finally enact the congressional budget.

Growing Concern with Budget Deficits

Analysis of floor debates over budget resolutions in the House reveals four recurrent areas of conflict between 1975 and 1980. First was the issue of the size of the federal budget and its overall rate of growth, of primary concern to Republicans. Second was the classic question of guns versus butter: the balance of defense spending in the budget compared to money spent on domestic needs and stimulus to maintain full employment, a concern of Democrats. Third was the question of taxes. Particularly after 1978, Republicans, beginning to articulate a supply-side philosophy, argued that taxes were too high and were stifling economic growth, and they accused majority Democrats of a "tax and spend" philosophy. Finally, a great deal of debate dealt with the size of the deficit and its detrimental effects on the nation. This was an issue primarily for Republicans but also for a significant number of Democrats.

The concern with deficits seemed to grow in prominence throughout the late 1970s, particularly after the 1978 midterm elections—despite the fact that deficits actually *fell* between 1975 and 1979. The tenor of the congressional debate reflected concerns in the nation as a whole and concerns and events in the individual states. In particular, Republicans lauded the passage of Proposition 13 in California, which rolled back property taxes, as indicating a growing a tax revolt in the nation. In the next several years, a number of states followed suit, enacting a variety of tax and spending limitations. The environment was also affected by the campaign in the states to call a convention for the purpose of drafting a balanced budget amendment to the U.S. Constitution. By early 1979, some thirty states had approved legislation to convene such a constitutional convention. Although the budget process was not originally designed as a vehicle for fiscal restraint, by 1979, there was growing sentiment in Congress that deficit reduction should be its primary mission. There is some evidence that these developments in the states influenced the congressional agenda.[50]

In 1978, Representative Marjorie Holt (R-MD) introduced an alternative Republican budget, an amendment in the form of a substitute for the first budget resolution for FY 1979. It made substantial spending cuts, reduced taxes, and cut the deficit significantly. While Republicans had offered amendments to balance the budget in earlier years, they were used primarily as a means to portray majority Democrats unfavorably. The Holt amendment was more pragmatic and was taken seriously. It attracted fifty-eight Democratic votes and was defeated by only six votes, 197–203. The 1978 elections reflected a growing concern with high taxes and deficits. Republicans emphasized the theme of fiscal conservatism, and a number of Democratic incumbents defensively followed suit. Although the Democrats lost only three seats in the Senate and thirteen in the House, a change in the preferences of members was occurring. Many of the previous budget resolutions in the House had passed by fewer than thirteen votes, and a number of the newly elected Democrats had campaigned on a pledge of fiscal restraint and elimination of budget deficits. Under unified control of Congress and the presidency, Democrats were accountable for the size of spending, the level of taxes, and the size of the deficit.

The changing sentiment regarding the budget process and deficits was reflected in the use of the reconciliation provisions of the Budget Act. With the process largely moribund until 1979, Senator Muskie attempted to use reconciliation for the first time that year to roll back previously enacted spending. Because the standing committees in the Senate had exceeded the targets in the first resolution, the Senate Budget Committee voted on August 2, 1979, to report a reconciliation bill requiring seven committees to rescind $4 billion in FY 1980 spending.[51] Careful negotiations with the relevant committee chairs, including Appropriations and Finance, created bipartisan support for the reconciliation bill in the Senate. Although the savings were largely offset by increases in the defense number in the budget resolution, the reconciliation bill was touted as a deficit reduction measure and passed by a 90–6 margin. Across the Capitol, HBC Chair Robert Giaimo (D-CT), who had succeeded Adams, rejected the use of reconciliation, refusing to confront the powerful chairs of the spending committees. However, the Senate action paved the way for the first reconciliation bill the next year.

Democrats found themselves in an increasingly difficult budget situation in the election year of 1980. Inflation was raging, interest rates were rising, the economy was sliding into recession, and the projected deficits were once again on the rise. The deficit exceeded the previous record in FY 1980, reaching $74 billion, although at 2.8 percent of GDP it was smaller in real terms than it was in 1976. The sense that the deficit was out of control prevailed, however, since it was more than $40 billion greater than the amount specified in the budget resolution. Despite the concern with the deficits, there was growing pressure on President Carter and congressional Democratic leaders to make substantial increases in defense spending. The Soviet invasion of

Afghanistan and a growing perception of U.S. weakness abroad further confounded the budget situation.

The events in 1980 included an institutional change that would presage the battles of 1981 and fundamentally change the congressional budget process.[52] As concern with the deficit mounted, party leaders in the Senate decided to apply reconciliation to the first resolution. This change would be possible under the Budget Act's "elastic clause" which allowed for "any other procedure which is considered appropriate to carry out the purposes of this Act."[53] Using reconciliation at the beginning of the process greatly enhanced its effectiveness by reaching past spending actions as well as by controlling spending to be approved that year. It also had the effect of making the totals in the first resolution binding rather than targets. Republicans were enthusiastic about the idea, but it was the conversion of a number of liberal Democrats and the House majority leadership that ultimately brought about the change.

Both the House and the Senate Budget Committees included around $9 billion in reconciliation instructions in the resolutions they reported, requiring committees to either raise additional revenues or scale back spending. Democrats were divided over the tactic, but enough of them supported reconciliation to establish the precedent in a bipartisan fashion. Despite some instances of bipartisan cooperation to reduce spending, voting patterns remained partisan in the House. Republicans introduced legislation to cut taxes by 10 percent, following the lead of likely presidential candidate Ronald Reagan. It took a lame-duck session of Congress to finally enact the reconciliation bill. It passed on December 3, 1980, cutting $8.2 billion from the deficit.

Assessing the Early Budget Process

Simply meeting the timetable and procedural requirements of the Budget Act was no small feat. In general, more appropriations were approved in a timely fashion than before reform. The act was waived on a number of occasions, but not to the point of undermining the process.[54] With the Congressional Budget Office, the amount and quality of congressional information used to make decisions improved substantially.

The Budget Act also succeeded in balancing power between legislative and executive branches. The impoundment control provisions eliminated the massive withholding of funds witnessed during the Nixon administration, although the rescission and deferral processes proved cumbersome. In its first two years with the budget process under President Ford, Congress proved itself capable of making changes in the president's budget, cutting requests in some cases while adding substantially in others. During Carter's first year, congressional Democrats also proved they could accommodate a president of their own party by passing a third resolution in early 1977. Because of Carter's early blunders in the budget process, Congress remained eager to protect its own prerogatives throughout the rest of his term.

Despite the successes of budget reform, the overall impact of the new process on policies and budget priorities was marginal. Congress remained subject to the same budgetary constraints as the president in terms of the vulnerability of budget totals to economic changes and the growing inflexibility of spending because of entitlements. The relative budget shares of defense versus domestic spending changed little between 1975 and 1980, far less than it had during the previous five years. The impact of the budget process was particularly disappointing to those who saw it primarily as a mechanism of fiscal restraint. The rate of growth in outlays in both real and nominal terms was not reduced. Deficits as a share of GDP were larger on average under the budget process than in the previous decade.[55]

Majority party leaders and the Budget Committees, particularly the House committee, did not use the new rules to seriously impose discipline on the standing committees. In that sense, the committees largely accommodated the spending desires of other members of Congress. Until 1980, the binding second resolution was merely the sum of enacted legislation. While several notable votes were cast where the Senate was able to cut previously approved spending, on the whole, the overall numbers reveal that their decisions were very similar in content to those of the House.

The situation would change after 1981. Conflict between legislative and executive branches would increase, deficits would become chronic and even more divisive, and the congressional budget process would adapt in fundamental ways. Before turning to that analysis, I examine congressional attempts to restrain deficits by limiting the borrowing authority of the federal government.

Statutory Debt Limitation

If the federal government runs a budget deficit, it must borrow money to make up the difference, going into debt. For most of the twentieth century, Congress enacted statutes to limit how much the government can borrow. Ostensibly, a cap on borrowing should be a cap on running annual deficits, but it has not worked out that way. In testimony before Congress, a CBO official summed up the widely held perspective on statutory debt limits:

> Most analysts view the statutory limit of federal debt as archaic. . . . Voting separately on the debt is hardly effective as a means of controlling deficits, since the decisions that necessitate borrowing are made elsewhere. By the time the debt ceiling comes up for a vote, it is too late to balk at paying the government's bills.[56]

Evolution of the Debt Limit

Congress first acted to limit the borrowing authority of the Treasury in 1917 as part of the Second Liberty Loan Act as a means of consolidating the Treasury's borrowing after the U.S. entry into World War I.[57] Until 1931, borrowing authority was virtually unchanged at a level of $43.5 billion. The exigencies of the Great Depression and World War II greatly expanded the need for federal borrowing, and few questions were asked during the war. After World War II, Congress overwhelmingly approved a permanent debt ceiling of $300 billion; it was lowered to $275 billion in 1946. This ceiling met the nation's borrowing needs until the Eisenhower administration took office. The debt subject to statutory limit since 1940 increased one hundred-fold, to $5 billion by the 1990s.[58]

The need to raise the statutory debt limit has become more and more common since the 1950s. The debt has risen faster; borrowing limits are reached sooner and must be raised by larger and larger amounts. For example, the limit increased only 2 percent between 1950 and 1955 compared to 120 percent between 1985 and 1990. In the early 1950s, the debt limit extension lasted an average of thirty months. By the late 1980s, it was down to four months. Since 1990, the debt limit has been extended for longer periods to correspond to multiyear budget agreements. Because of the surpluses enjoyed between 1997 and 2001, it was not necessary to raise the debt limit again until 2002. But it has not yet been eliminated as a legal requirement.

Executive Oversight

The statutory debt limitation provided an opportunity to review and comment on administration economic and budget policy and to oversee the Treasury. Hearings gave members the opportunity to review specific borrowing practices and procedures and to question administration officials directly on economic and budget policy. As one Republican representative observed in the 1950s, "One of the reasons for the (debt) limit was so that we could reexamine the operations of the Secretary of the Treasury."[59] Legislators sometimes used the debt limit as a means to micromanage Treasury policy. In the 1970s, for example, Congress set a minimum interest rate on Series E savings bonds, increased the number of long-term bonds that could be sold above the statutory interest rate, and extended the maximum maturity of Treasury notes from seven to ten years.

Prior to the enactment of the Budget Act in 1974, debt limit bills were one of the few opportunities for assessing administration economic and budget policy. Unlike appropriations hearings, the debt limit hearings could be wider-ranging, allowing committee members to critique the overall economic philosophy and budget priorities of the administration. During the Kennedy administration, for example, during debate over extending the debt limit, fiscal conservatives criticized the administration for using the "federal budget as a tool for testing economic theories."[60]

The most common congressional response to administration requests to extend the debt limit as borrowing authority was about to expire was to reduce the amount of the extension. Although debt ceiling legislation became less important as a vehicle for executive oversight after the implementation of the Budget Act, Congress continued to give the administration less than it requested in the name of fiscal restraint, and it did so under both Republican and Democratic presidents. Of course, this was one of the main causes for the increasing number of debt limit votes in Congress. The House and Senate also tended to wait until the last possible moment to approve additional borrowing authority. On a number of occasions, disruptions in Treasury operations resulted. In the face of debt limit expirations, the Treasury has had to delay or postpone auctions, underinvest in Social Security and other trust funds, and, in one case, actually disinvest trust fund securities to meet the nation's bills.[61]

Debt Limit Voting and Party Control of the Presidency

Since the 1950s, the debt limit has provided an opportunity for political position taking, particularly for minority Republicans who made many impassioned speeches on the floor against the national debt and voted nay. Some members, like Representative H. R. Gross (R-IA), made a career out of his theatrical opposition to debt legislation and other measures related to deficit spending. In the 1970s, Congressman Ed Jenkins (D-GA) pointed out that the utility of debt extension votes for members depended on the party of the president:

> First of all, there is always the political aspect of it. I do not think anyone in this House has anyone writing them asking them to vote to extend the debt limit. . . . We really play a game with ourselves. When we have a Republican President in the White House, then many of the Democrats do not feel obligated to vote for the debt limit legislation. When we have a Democrat in the White House, few, if any, Republicans feel any obligation whatsoever to vote for this legislation . . . [yet] all of us in private agree that this has to be done if the Government is going to continue to operate.[62]

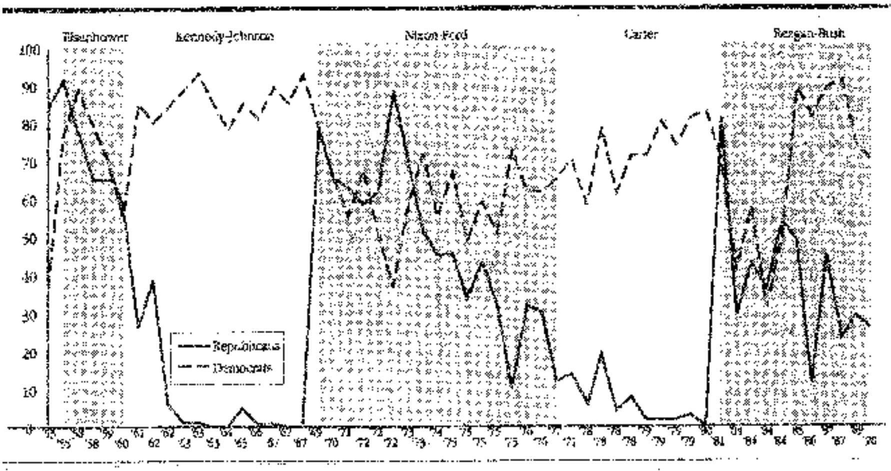
Representative Barber Conable (R-NY), generally a moderate, spelled out the partisan elements involved:

> I do not see any reason why on an issue of this sort, given its comparative lack of significance in terms of controlling the fiscal policy of the country, why the minority should be required to let those majority members who are from marginal districts have the benefit of voting against this bill politically, which you would have us deny to ourselves.[63]

However, analysis of voting patterns reveals that compared to Democrats, House Republicans have overwhelmingly voted against debt limit extensions, regardless of who was in the White House. The exceptions tend to be in the first year after the presidency changed from Democratic to Republican. Partisan patterns of support and opposition on debt limitation legislation began to emerge during the Eisenhower administration. In 1953, Eisenhower requested an increase in the debt limit because of the Korean War and defense needs, but he was rebuffed by Senate Republicans who refused to report the bill out of committee. Ironically, after the Democrats regained majorities in the House and Senate, Eisenhower had an easier time extending the debt limit.

Figure 2–1 summarizes party support and opposition on debt extension votes between 1953 and 1990 in the House. House Republicans initially supported the requests of Presidents Eisenhower, Nixon, and Reagan after capturing the presidency from the Democrats. In each case, however, support declined steadily afterwards. For example, House Republicans supported Reagan in 1981 by a margin of 150–36. In every subsequent vote through 1990, however, a majority of House Republicans voted against the debt limit extension despite the fact that the request came from a Republican administration. Opposition was even more cohesive under Democratic presidents. After 1962, in all but one case, 90 percent or more Republicans voted against extending the

Figure 2–1
Party support for debit limit extensions in the House, 1953–1990: percentage voting for extension.

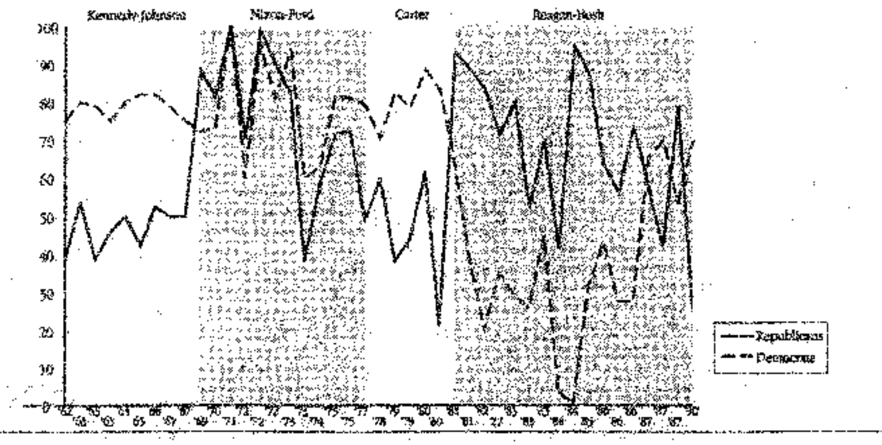


Source: Lance T. LeLoup and Linda Kowalcky, "Congress and the Politics of Statutory Debt Limitation," *Public Administration Review* 53 (Jan./Feb/ 1993): 25.

debt limit under Democratic presidents. House Democrats display a less cohesive pattern. Although support was less under Republican presidents, around 60 to 70 percent of House Democrats supported debt limit increases.

Figure 2–2 shows a somewhat different, less partisan, pattern in the Senate. Both parties showed less support for a president of the other party, but support in general was higher from Senate Republicans compared to their House counterparts. For example, about half of the Senate Republicans supported debt extension legislation under Kennedy, Johnson, and Carter. In contrast to the House, some 70 to 80 percent of Senate Republicans voted in support of the requests of Nixon, Ford, Reagan, and Bush. However, Senate Democrats' voting behavior changed notably after they lost their majority in the Senate in the 1980 elections. They took some solace in their new minority status in 1981 by exacting a measure of revenge on their Republican colleagues who they felt had grandstanded against the debt limit during the Carter administration. Democrats stood around the chamber with arms folded, waiting to vote until at least fifty Republicans voted in the affirmative. Overall, between 1981 and 1986, Democratic support for the debt limit ranged from zero to 40 percent in the Senate. When they reassumed the majority and the responsibility for governing in 1987, support returned to the 70 percent level, comparable to that of earlier periods.

Figure 2–2
Party support for debt limit extensions in the Senate, 1962–1990: percentage voting for extension.



Source: Lance T. LeLoup and Linda Kowalcky, "Congress and the Politics of Statutory Debt Limitation," *Public Administration Review* 53 (Jan./Feb. 1993): 26.

Eliminating the Debt Limit Vote in the House

It was assumed that the congressional budget resolutions would be more effective in controlling deficits than the statutory debt limit since they were passed *before* the fact, not after. But, as we have seen, deficits still increased in the 1970s. In 1976, congressional leaders attempted to synchronize the statutory debt limit with the budget resolution and the government's new fiscal year. This and subsequent efforts failed, however, since the limit was reached sooner than expected or members would only support an extension of shorter duration. In 1978, the House Ways and Means Committee, which had jurisdiction over the debt limit, attempted to tie the limit directly to the budget resolution. The problem was that the concurrent resolution on the budget did not need the signature of the president, but the statute granting borrowing authority did.

In 1979, the House solved the problem by adopting an amendment by Representative Richard Gephardt (D-MO), eliminating the separate House vote on the debt limit. His amendment provided that the debt limit approved as part of the budget resolution would be inserted in a joint resolution deemed to be passed by the House. It was then automatically sent to the Senate to await final approval and the signature of the president.[64] Support for the change was strong, even attracting some Republican votes, as a vote to strike the amendment was defeated 132–283.[65]

Without the Senate adopting a similar change, however, separate votes were not eliminated in the House. If the Senate amended the joint resolution in any way, the House had to vote on the conference report. In cases where the limit was reached before expected, or there were delays in approving the budget resolution, separate House votes had to be taken. In 1981, two years after the Gephardt amendment was approved, the House cast twelve separate votes on the debt limit. The change did reduce the number of votes in the House compared to the Senate. Between 1979 and 1990, the House cast forty-eight roll calls on the statutory debt limit compared to eighty-one in the Senate.[66]

The Debt Limit as Must-Pass Legislation

The statutory debt limit is the ultimate "must-pass" legislation: Social Security checks would not be sent, agencies would close their doors, and the government could default on its existing debt if borrowing authority is not sufficient. Therefore, debt limit bills attracted a number of budget-related and -unrelated amendments. Initially, most amendments dealt with the mechanics of debt management or a reduction in borrowing authority. Since 1970, a wider range of amendments were proposed, in some cases to make the bills more palatable. In the early 1970s, on three occasions President Nixon tied large Social Security benefit increases to debt limit extensions.

Debt limit legislation was largely protected from amendment by party leaders in the House, and after 1979, the Gephardt amendment largely eliminated the problem of nongermane amendments. But in the Senate, debt limit legislation was not controlled by party leaders, and individual senators attached an assortment of legislation on them. Proposed amendments included invoking the War Powers Act, allowing school prayer, banning busing to achieve desegregation, freezing nuclear weapons, making money laundering a federal crime, and providing insurance to AIDS victims.[67] However, most of the nongermane amendments failed.

That was not the case for budget- and deficit-related amendments. Beginning in the late 1970s, the expiration of the statutory debt limit provided an opportunity to significantly change budget rules. Perhaps the most important was the Gramm-Rudman-Hollings mandatory deficit reduction bill that was adopted as an amendment to the debt ceiling in 1985 (see chapter 4). Other proposed rules changes would include constitutional amendments requiring a balanced budget, a federal revenue limitation, a limit on the president's rescission authority, a line-item veto, and a federal spending freeze.

Statutory limits on the national debt are a minor but instructive element in the evolution of congressional budgeting. They provided an early indication that explicit macrobudgetary votes in Congress had the potential to evoke sharp party cleavages. In particular, House Republicans found solidarity in enhancing their reputation as fiscal conservatives. The usefulness of the debt limit as an instrument for executive oversight or for challenging the policies of the president was greatly reduced after the adoption of the Budget Act in 1974. But debt limit votes as must-pass legislation were used to advantage as a vehicle for changing budget rules and the congressional budget process.

Conclusion

House/Senate differences were quite pronounced in the late 1970s in terms of the actions of party leaders and voting behavior. The most cohesive and partisan of the four caucuses, shown in voting on both budget resolutions and debt limits, were House Republicans. These votes gave voice to party positions on the size and scope of the federal budget and, later, to the need to cut taxes. House Democrats were a less cohesive party in the 1970s, and that is reflected in their voting patterns. One-fifth or so of the members voted consistently with the Republicans. The substantial size of Democratic majorities in the 1970s allowed party leaders to write more liberal budget resolutions that could hold the remainder of the party together, although it was often difficult.

On the Senate side, Democrats were as cohesive as House Republicans but far less partisan in their approach. Senate Republicans were the least unified, with half following the approach of their House colleagues of partisan opposition and the other half cooperating (or collaborating) with the majority to influence the shape of policy. In the more individualistic Senate, the initiative of Muskie and Bellmon helped postpone the partisan divisions that would emerge in later years. The content of the budget resolution in terms of key indicators, such as size of the deficit and percentage increases in defense versus domestic spending, reflect the policy preferences of those who voted in support of the resolutions. The pattern in the House provided some previews of what more partisan budgeting might look like, particularly in comparison with voting alignments on appropriation bills. From 1975 to 1980, all but one or two regular appropriations bills were passed by large, bipartisan majorities that would not meet the 50 percent criterion as a party vote.

Congress engaged in macrobudgeting, but the new rules did not provide majority party leaders the capacity to reshape policy, to impose discipline, or to override members' policy preferences. Speakers Carl Albert (D-OK) and Tip O'Neill (D-MA) were not particularly aggressive in using the process to constrain powerful committee chairs. The budget process in the 1970s was primarily an exercise in adapting to the timetable and new rules.

The new budget process did not significantly alter relations with the presidency or change the way in which bargaining took place. Divided or unified government does not appear to have been consequential in determining whether the budget timetable was met or in establishing voting alignments in Congress, and it appears to have had only minor effects on the content of policy. Under Ford, Congress met deadlines as well as or better than it did under Carter, but the one-year experience under Ford may be too limited for us to draw firm conclusions. Voting alignments were consistent regardless of who was in the White House. Under unified control beginning in 1977, Congress initially attempted to be more accommodating to Carter, but the budget process did not seem significant to the president. Many of these trends would change after the 1980 elections.