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# The Relationship Between Comprehensive Budgeting and Party Polarization in the U.S. Congress

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**CLAREMONT McKENNA COLLEGE**  
**THE RELATIONSHIP BETWEEN COMPREHENSIVE BUDGETING AND**  
**PARTY POLARIZATION IN THE U.S. CONGRESS**

SUBMITTED TO  
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AND  
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BY  
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FOR  
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# 1 INTRODUCTION

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In the summer of 2011, Congress made a deal to force its own hand on controlling the deficit. The deal would reduce deficits by \$2.1 trillion over ten years. Discretionary spending caps went into effect immediately to cut \$900 billion, and the rest of the work was up to a temporary congressional committee, the Joint Committee on Deficit Reduction. If the Committee failed to come up with an additional \$1.5 trillion in deficit reduction by January of 2013, an automatic budgetary control mechanism called sequestration would go into effect. The Committee of six members from each chamber set to work on a budget plan; they did not reach a deal. Congress still had over a year to find the cuts. But the sequestration deadline passed, and Congress set a new deadline for March 1, 2013. As the extra days quickly slipped by, Democrats again brought up fears that the agreed-to levels of sequestration would be devastating to the middle class. They said, “Draconian cuts will hurt the middle class; we need a balanced approach to deficit reduction,” to which Republicans responded, “We don’t have a spending problem; we have a deficit problem.” These are the opposing talking points that have dominated the deficit debate. They are today’s version of a centuries-old debate about the proper size and scope of government, and they come head to head in the federal budget process.

Today, the central focus of the federal budget process is the production of a comprehensive legislative budget, or a *concurrent budget resolution*. The Congressional Budget and Impoundment Control Act of 1974 (CBA) created the House and Senate

budget committees to conduct this task. Each budget committee is supposed to pass a budget resolution, and then the two are supposed to reconcile the differences between their budgets in the concurrent budget resolution, an annual budgetary framework whose funding levels are enforceable over appropriations and authorization activity throughout the fiscal year. But since 1974, Congress has attempted additional budgetary reforms geared towards enhanced controls over comprehensive budgeting practices. Budgeting is a polarizing activity no matter what the process looks like because it is intrinsically a battle over policy priorities. Reviewing budget aggregates annually, as Congress has sought to do ever since the enactment of the CBA, transforms many battles over separate policy priorities into one immense battle over the biggest question in American politics: the role of government in society.

Funding the federal government has been a central cause of some of the most significant events in our nation's history. One of the main grievances against King George was improper taxation. The fledgling nation then ran into trouble when the federal government under the Articles of Confederation lacked sufficient power to collect taxes. After the Civil War, the nation's first major conflict, Union veterans' pensions became the biggest item in the federal budget aside from the interest on the debt; the payment of pensions to Northerners and not Southerners revealed the priorities of the majority. Thus, where the government directed money shaped the national economy as well as national perceptions.<sup>1</sup>

The budget process has always affected the general public in the form of taxes and outlays, but what happens in between, where policy is made, was of little interest to

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<sup>1</sup> Burt Folsom, "The Economic Costs of the Civil War," The Foundation for Economic Education, March 23, 2011, [http://www.fee.org/the\\_freeman/detail/the-economic-costs-of-the-civil-war#axzz2LVsBifG6](http://www.fee.org/the_freeman/detail/the-economic-costs-of-the-civil-war#axzz2LVsBifG6) (accessed January 25, 2013).

the general public until roughly 40 years ago, around the time of the CBA's passage. Deficits were becoming a public issue, and government was becoming more involved in all areas of life. The *process* by which the government formulates the substance of tax and spending policy—or, how we as a nation decide what our priorities are and how to fund them—simultaneously became increasingly important to the general public. Voters are also actively concerned about the gridlock effect of partisan polarization. The issue that sent this concern deep into the national consciousness was budgeting. While the debate about the proper role of government reaches back to early American political discourse between Hamilton and Jefferson, the gridlock Congress currently experiences over budget issues is relatively new. Phrases such as “government shutdown,” “fiscal cliff,” and “across-the-board cuts” are interlocked with polarization today. The nation held its breath as lawmakers barely avoided shutdown in 2011 because the parties could not find middle ground. Then, the fiscal cliff battle sought to avert a perfect storm of revenue increases and spending cuts (the expiration of the Bush tax cuts along with the across-the-board spending cuts that Congress set up as a self-enforcing measure in the 2011 debt deal). This spring, the across-the-board cuts went into effect, and averting blame became the primary goal of both parties. In short, partisanship and budgeting are side by side on the political stage today, not just related but inseparable. This paper will explore how they are related in American political development—specifically, how and to what extent the introduction of comprehensive budgeting into Congress with the CBA has contributed to partisan polarization in Congress. The finding of this study is that the implementation of comprehensive budgeting in Congress, along with subsequent attempts to place additional controls on comprehensive budgeting practices, has magnified and

accelerated the effects of the many polarizing forces that have characterized the last 40 years of American politics.

## 2 LITERATURE REVIEW

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To place this study within the existing literature, this chapter reviews existing scholarship regarding the federal budget process and the increased partisan polarization in Congress since the 1970s. This chapter also examines the small body of literature that addresses the relationship between federal budgeting and partisan polarization. In short, the extensive scholarship on the federal budget process and congressional polarization have occasionally mentioned the relationship between the two, but neither discipline has addressed in any depth whether or how the shift to comprehensive budgeting that began in 1974 has contributed to partisan polarization.

### I. THE FEDERAL BUDGET PROCESS

Budgeting is about rationing scarce resources—determining the proper distribution of a limited revenue stream.<sup>2</sup> The history of budgeting is hidden behind a continuous debate over how big government *should* be, based on various economic and moral questions. Assertions about the proper size of government typically rely on a series of judgments regarding where and how often government involvement is beneficial. In *Deficit Politics: The Search for Balance in American Politics* (2002), governance and budget scholar Donald F. Kettl explores how budgeting relates to key political institutions and policies.<sup>3</sup>

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<sup>2</sup> Donald F. Kettl, *Deficit Politics: The Search for Balance in American Politics* (New York: Pearson Education, Inc., 2003), 1.

<sup>3</sup> Kettl, *Deficit Politics*, xvii.

One of his most astute observations is that “politics is...inevitably about budgeting. Without public money behind government decisions, public policy is an empty concept.”<sup>4</sup> But he argues that the relationship goes both ways: “...all budgetary decisions are inevitably about politics.”<sup>5</sup> Budgeting, he says, requires trade-offs that confront us with “deep-seated conflicts among values,” and the act of resolving those conflicts “is the very definition of politics.”<sup>6</sup> The process by which the government makes budgetary decisions thus provides a cornerstone of the structure for political interaction.

The Founders intended for budgetary decisions to happen primarily in the legislative branch; the Constitution gives Congress the power of the purse so that budgeting decisions will reflect the priorities of voters as closely as possible. In *Federalist No. 58*, James Madison argued, “This power over the purse may, in fact, be regarded as the most complete and effectual weapon with which any constitution can arm the immediate representatives of the people, for obtaining a redress of every grievance, and for carrying into effect every just and salutary measure.”<sup>7</sup> Being a deliberative body by design, with members driven by distinct political and personal motivations, Congress finds budgeting to be a difficult task. But after handing much of its budgetary power over to the executive for many years, Congress wanted it back in 1974 when it passed the CBA. In its requirement of a concurrent budget resolution, the CBA created a medium for the national discussion of one of the nation’s deepest political and philosophical debates: the role of government. The CBA charged the newly created House and Senate budget

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<sup>4</sup> Kettl, *Deficit Politics*, 1.

<sup>5</sup> Ibid.

<sup>6</sup> Kettl, *Deficit Politics*, 2.

<sup>7</sup> James Madison, “Federalist No. 58: Objection That The Number of Members Will Not Be Augmented as the Progress of Population Demands Considered,” February 20, 1788, <http://www.constitution.org/fed/federa58.htm> (accessed April 28, 2013).

committees to begin constructing the overall budgetary framework each year. The resulting resolution would include aggregate spending levels, as well as debt, deficit, and revenue levels. Soon after the CBA's passage, the concurrent budget resolution also became a tool through which the congressional majority launched its agenda and defended its view of the proper shape and size of government. The concurrent budget resolution does not have the force of law, but its funding levels are enforceable over appropriations and authorizing committee action throughout the fiscal year.

Political scientist John W. Ellwood contends that the “outcome of any public sector budget process is the result of the interaction of three factors: the economic conditions in which the budget is made; the policy desires of decisionmakers (and, in a representative system, of the electorate); and the procedures that govern the decisionmaking process.”<sup>8</sup> The 1974 budget reforms changed the latter factor considerably, and it did so at a time when economic conditions were tightening and like-minded decision makers were scattered across party lines and seeking new partisan homes. The reforms made comprehensive budgeting, or what congressional scholar Lance T. LeLoup calls “macrobudgeting,” a part of our national consciousness. Congress no longer evaluates the merits of individual programs and revenue bills separately, as it did prior to 1974. Rather, post-1974 budgeting requires evaluating the *relative* merits of potential spending. The CBA thus institutionalized and popularized budgeting as Kettl defines it: a process of trade-offs between many options competing for limited resources. In theory, according to prominent budget scholar Allen Schick, the CBA allows the

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<sup>8</sup> John W. Ellwood. “The Great Exception: The Congressional Budget Process in an Age of Decentralization,” in *Congress Reconsidered, 3rd edition*, ed. Lawrence C. Dodd and Bruce Oppenheimer (Washington, D.C.: Congressional Quarterly, 1985), 315.

budget to be controlled by “top-down constraints” instead of by the “‘bottom-up’ demands” of executive branch agencies and programs.<sup>9</sup> But the goal of coordinated congressional budgeting required the centralization of the process within Congress. Congress had reclaimed primary control over revenue and spending decisions, but with new institutions and timelines to follow, it had also created new challenges.<sup>10</sup> Budgeting decisions regarding proper levels of spending and revenue, as well as the relative size of budget items within that scope, within a tight annual timeframe, increased the demands of the budget process.

Budgeting is perhaps the central component of governance, so doing it well is important politically as well as substantively. In the view of the electorate, budgeting well corresponds with deficit levels. Six of the past fourteen years did not see a concurrent budget resolution. Congress now views the budget resolution as optional, as budget scholar Philip Joyce concluded.<sup>11</sup> Although the process of funding the government does not require a concurrent resolution, the public views a missed budget resolution as a failure of governance. Kettl argues that the difference between revenues and spending (the deficit or surplus) is the “single most-watched gauge of budgeting’s big trade-offs” and that the importance of deficits to the public has made the balance of revenues and expenditures a central concern for lawmakers.<sup>12</sup>

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<sup>9</sup> Allen Schick, *Evolutions in Budgetary Practice: Allen Schick and the OECD Senior Budget Officials*, (OECD Publishing, 2009), 42.

<sup>10</sup> Dennis S. Ippolito, *Why Budgets Matter: Budget Policy and American Politics* (University Park: The Pennsylvania State University Press, 2003), 185.

<sup>11</sup> Philip Joyce, “Strengthening the Budget Committees: Institutional Reforms to Promote Fiscally Responsible Budgeting in Congress,” The Pew Charitable Trusts (January 2011), [http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic\\_Mobility/Strengthening-Budget-Committees-Jan-2011.pdf](http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Reports/Economic_Mobility/Strengthening-Budget-Committees-Jan-2011.pdf) (accessed April 25, 2013).

<sup>12</sup> Kettl, *Deficit Politics*, 2.

One of the main issues dividing budget scholars is whether or not budget process reform can help curb the growth of deficits. Kettl takes the position that there is no “magic bullet” or “miracle cure” in budgeting; rather, it will take political leadership and the courage.<sup>13</sup> According to Kettl, “reformers seek to replace the problems of *political* decision making with a *process* that will produce the results automatically instead.” (Emphasis supplied.)<sup>14</sup> Kettl’s perspective is common among budget scholars: Congress can always circumvent procedure, so relying on procedure is hopeless. Political scientist Aaron Wildavsky agreed that politics, not the budget process, is at fault with regard to budgetary friction.<sup>15</sup> He argued that elected officials “disagree about policy not because they cannot agree on the budget; they cannot agree on the budget because they are fundamentally at odds over policy.”<sup>16</sup> With regard to curbing the growth of deficits, Kettl worries that the problem is not process but that we as a nation do not tend to ask the follow-up question: “How much are we willing to pay to get?” Kettl argues that we do not tend to talk about the size of government in terms of a balance between what we want and what we are willing to pay for. If we did, we might have to make conscientious sacrifices.<sup>17</sup> He wrote this in 2003, when the budget committees had been in place for quite some time, specifically tasked with having that very conversation. Arguably, we have begun to ask that second question in the latest development of budget politics, as

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John Makin and Norman Ornstein, *Debt and Taxes: How America Got Into Its Budget Mess and What to Do About It* (Crown: 1994), 4.

<sup>13</sup> Kettl, *Deficit Politics*, xi.

<sup>14</sup> Kettl, *Deficit Politics*, 109.

<sup>15</sup> Aaron Wildavsky, “If You Can’t Budget, How Can You Govern?” in *Budgeting and Governing*, ed. Aaron Wildavsky (Transaction Publishers, 2000), 326.

<sup>16</sup> *Ibid.*

<sup>17</sup> Kettl, *Deficit Politics*, xviii.

debt and partisanship have forced us to think about what sacrifices we would be willing to make. But the conclusions are radically different on either side of the aisle.

Another question that divides budget scholars is whether a balanced budget is a useful goal of budgeting. Kettl assumes that arriving at a balanced budget is desirable—that it is or should be the ultimate goal of good budgeting. On the other hand, in *Balanced Budgets and American Politics* (1988), James D. Savage centers on the question of why Americans are so concerned with balancing the budget and whether that is a worthwhile concern. He says budgetary politics encapsulates the public debate over deficits, spending priorities, fiscal policy, how much government should intervene in the economy, and the role of government in society.<sup>18</sup> But he focuses on the concept of deficits, arguing that political leaders have used the concept of a balanced budget to “guide public policy and public discourse and [act] as a symbol for competing visions of government and society in a manner unique to American politics.”<sup>19</sup> But, he argues, that emphasis distracts from the more important issue of determining policy priorities and funding the government.

Kettl says the budget is the *wind tunnel* of American politics—the channel through which lawmakers test the policy priority rank of government programs—because it is where government’s many choices and challenges meet.<sup>20</sup> The pre-1974 budget process, perhaps ill-advisedly, allowed these many choices to happen disjointedly and without concern for the context of the overall budget. The post-1974 process put those choices and challenges—and the lawmakers tasked with addressing them—in direct conversation with each other.

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<sup>18</sup> James D. Savage, *Balanced Budgets and American Politics*, (Ithaca: Cornell University Press, 1988), 1.

<sup>19</sup> *Ibid.*

<sup>20</sup> Kettl, *Deficit Politics*, 3.

## II. PARTY POLARIZATION

Experts have defined “partisanship” and “party polarization” in several ways, generally noting, of course, that the definitions involve a relationship between the party in government, the party in the electorate, and the party organization. Political scientist David W. Rohde describes *partisanship* as the impact and influence of political parties on the operation of the Congress and the behavior of its members.<sup>21</sup> Political scientist John Haskell argues that one aspect of partisanship is the effort to score points against one’s political opponents.<sup>22</sup> The other aspect, of course, is “genuine [expression] of a particular viewpoint.”<sup>23</sup> With regard to the development of party polarization in Congress over time, as many scholars of Congress and polarization have noted, one aspect is the movement toward ideological unity within the parties, and the other is the distance between them.

Haskell notes that the party system was “not part of the original ‘genome’” of Congress.<sup>24</sup> But the division and extremity of factions and parties have affected Congress in waves; the current divide is by no means our nation’s first encounter with polarization. Factional divisions in Congress are as old as budget policy, extending back to the dominant Federalist Party, led by Alexander Hamilton, and Thomas Jefferson’s counterattack with the Democratic-Republican Party.<sup>25</sup> The U.S. has also experienced sharp regional divisions. Regarding the War of 1812, Congress voted on regional rather than party lines, and leading up to and continuing after the Civil War, the parties were

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<sup>21</sup> David W. Rohde, *Parties and Leaders in the Postreform House*, (Chicago: University of Chicago Press, 1991), 2.

<sup>22</sup> John Haskell, *Congress in Context*, (Westview Press, 2010), 376.

<sup>23</sup> *Ibid.*

<sup>24</sup> Haskell, *Congress in Context*, 344.

<sup>25</sup> Haskell, *Congress in Context*, 376.

completely divided on regional lines.<sup>26</sup> Political journalist and author Michael Lind wrote about regionalism as a broader trend, identifying New England as historically “the heartland of opposition to foreign wars and the U.S. military establishment” and the South, “especially the Tidewater South,” as the opposite.<sup>27</sup> Regional cracks in the current party structure are more superficial, although they can still affect legislative outcomes. For example, transportation and farming legislation tend to pass on regional rather than partisan lines.<sup>28</sup>

In the late 1800s and early 1900s, Speakers of the House Thomas B. Reed (1889 – 1891, 1895 – 1899) and Joseph G. Cannon (1903 – 1911), illustrated the leadership’s ability to channel party power.<sup>29</sup> According to Rohde, the famously heavy-handed “Czars” became the historical standard for “strong party leadership.”<sup>30</sup> Cannon in particular ruled every aspect of legislative activity with reward-and-punishment-style leadership. After that, polarization fell again and remained low until roughly the 93<sup>rd</sup> Congress (1973 – 1974). Although estimates of where the nadir lies vary, many congressional scholars mark the 93<sup>rd</sup> Congress as the turning point that led to today’s circumstances: polarization continuing to climb after the first decade of the 21<sup>st</sup> century became the most polarized decade since Reconstruction.<sup>31</sup> At times, the parties have been able to come together on single issues such as defense, farming, and even education

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<sup>26</sup> Michael Lind, “Civil War by Other Means,” *Foreign Affairs* 78, no. 5 (September 1999): 124. (accessed February 25, 2013).

<sup>27</sup> *Ibid.*

<sup>28</sup> Haskell, *Congress in Context*, 379.

<sup>29</sup> “Reed, Thomas Brackett, (1839 – 1902),” Biographical Directory of the United States Congress 1774 – Present, <http://bioguide.congress.gov/scripts/biodisplay.pl?index=R000128> (accessed April 24, 2013).

Richard H. Pildes, “Why the Center Does Not Hold: The Causes of Hyperpolarized Democracy in America,” *California Law Review* 99, no. 2 (April 2011): 319. (accessed February 25, 2013).

<sup>30</sup> Rohde, *Parties and Leaders*, 4.

<sup>31</sup> Sean M. Theriault, *Party Polarization in Congress*, (New York: Cambridge University Press, 2008), 23.

legislation; internal party divisions also exist today over issues such as immigration.<sup>32</sup> But the bottom line is that the parties converged near the 93<sup>rd</sup> Congress and then diverged, “almost without exception,” according to party polarization expert Sean M. Theriault, every Congress after that.<sup>33</sup>

The history of party polarization involves two coinciding phenomena: an ideological sorting and a widening ideological gulf. Historically, according to Haskell, what we typically identify as the initial rise of party polarization was, more accurately, the ideological sorting of the parties. Congress has never been free of conflict, he says, just as society has never been free of divisions, and “those divisions were often every bit as sharp as the ones we see today, and sometimes more so.”<sup>34</sup> The important distinction he makes is that “*the divisions did not ... always divide along party lines, as they tend to now.*” (Emphasis supplied.)<sup>35</sup> Party unity scores over time help illustrate this ideological sorting.

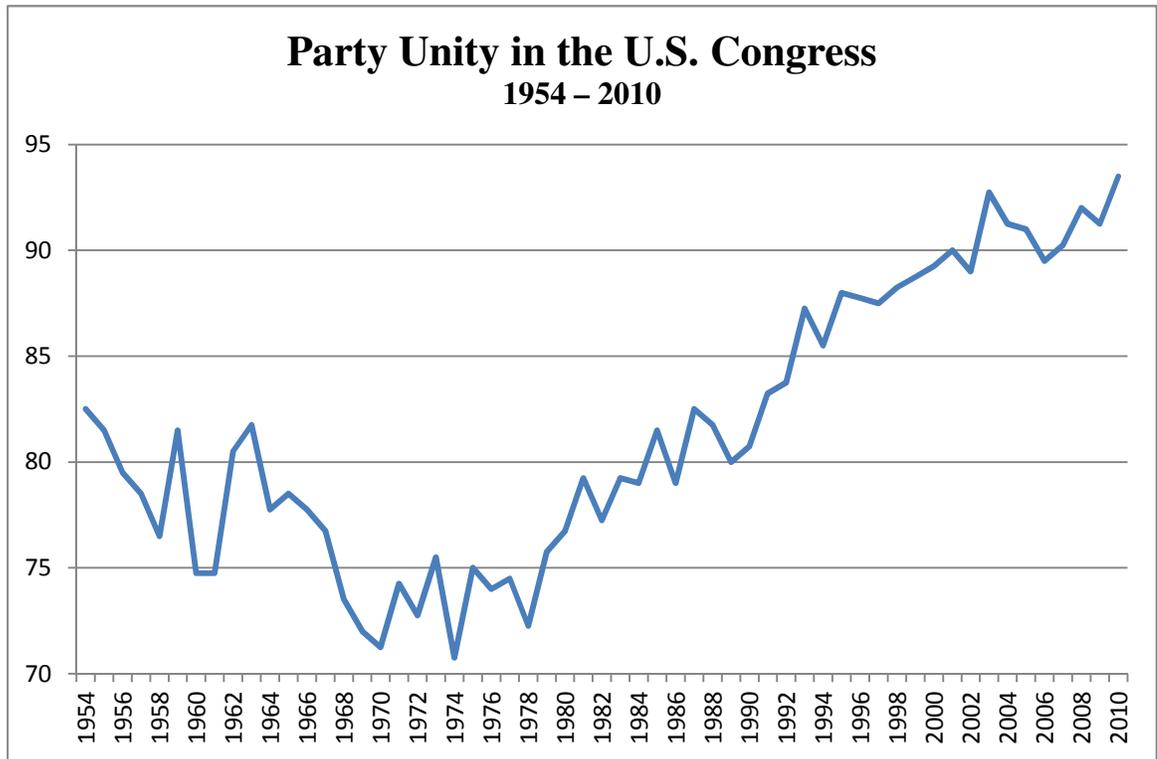
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<sup>32</sup> Haskell, *Congress in Context*, 379.

<sup>33</sup> Theriault, *Party Polarization in Congress*, 30.

<sup>34</sup> Haskell, *Congress in Context*, 376.

<sup>35</sup> *Ibid.*

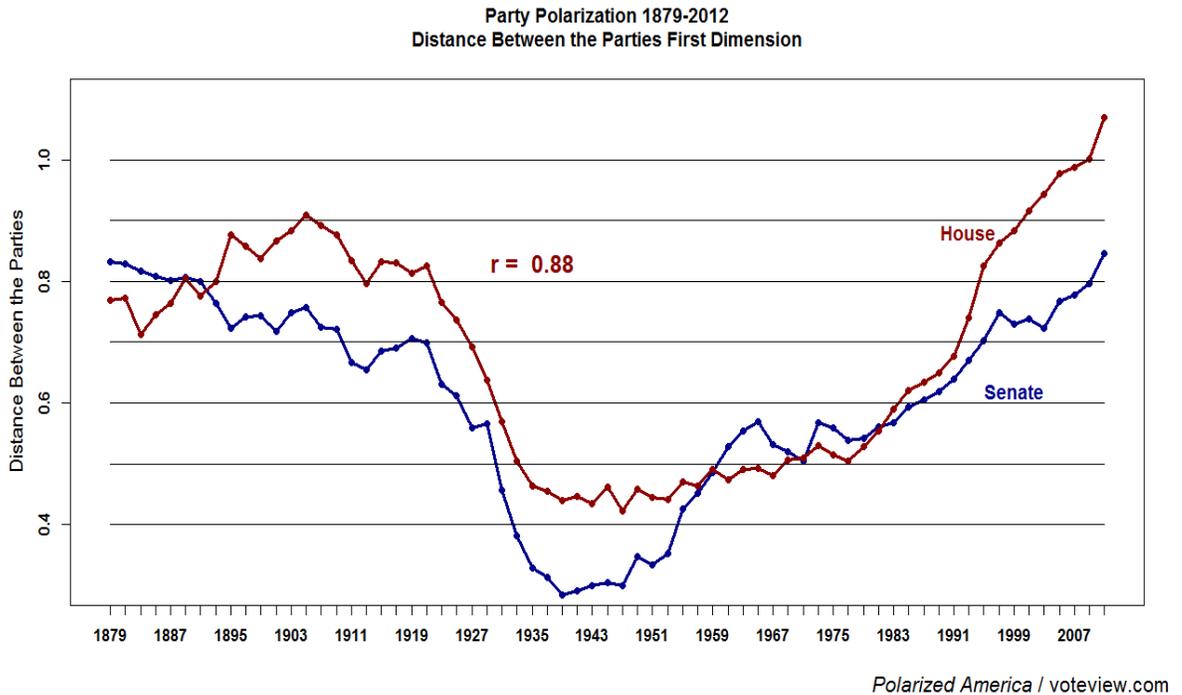


Data show the percentage of members voting with a majority of their party on party unity votes. Party unity votes are those roll calls on which a majority of Democrats vote against a majority of Republicans. Percentages are calculated to eliminate the impact of absences as follows:  $unity = (unity)/(unity + opposition)$ .<sup>36</sup>

The figure above shows the ideological homogeneity of the parties over time. Leading into the 1970s, the parties were not ideologically consistent because of factions within the parties. But around the 1970s, conservatives began to move toward the Republican Party and liberals toward the Democratic Party. Today, the parties are approaching a level near 100 percent unity.

Not only have the parties sorted out, but the gulf between the parties has been widening, with an identifiable, sharp increase starting, again, around the 1970s.

<sup>36</sup> “Table 5-10 Party Unity in Congressional Voting, 1954–2010 (percent),” *Vital Statistics on American Politics* 2011–2012, ed. Harold W. Stanley and Richard G. Niemi (Washington, DC: CQ Press, 2011), [http://library.cqpress.com/vsap/document.php?id=vsap11\\_tab5-10](http://library.cqpress.com/vsap/document.php?id=vsap11_tab5-10) (accessed March 30, 2013), 207–8.



The graph above illustrates the ideological distance between the political parties.<sup>37</sup> Party polarization has not always gone in one direction; it was quite high in the early 20<sup>th</sup> century, the parties experienced some combination of intraparty division and interparty convergence through the Great Depression and World War II, and then party polarization shot up again, bringing the parties further apart than they have ever been. The question of what started the parties on the track to where they are today—more homogenous, and increasingly far apart—has captivated many scholars.

The period of relatively unpolarized consistency under Representative Sam Rayburn’s speakership (1940 – 1947, 1949 – 1953, 1955 – 1961) is known as the “Textbook Congress.”<sup>38</sup> It was characterized by “strong committee chairs, loosely

<sup>37</sup> Keith Poole and Howard Rosenthal, “The Polarization of the Congressional Parties,” [http://voteview.com/political\\_polarization.asp](http://voteview.com/political_polarization.asp) (accessed April 28, 2013).

<sup>38</sup> “Rayburn, Samuel Taliaferro, (1882 – 1961),” Biographical Directory of the United States Congress 1774 – Present, <http://bioguide.congress.gov/scripts/biodisplay.pl?index=R000082> (accessed April 24, 2013).

organized political parties, and strong House norms and Senate folkways.”<sup>39</sup> Within the party structure, the South was an anomaly. It was overwhelmingly Democratic in name, but in ideology, many Democratic representatives of the South in the post-World War II era were quite conservative. During that era, political scientist V.O. Key conducted an extensive analysis of the South in *Southern Politics in State and Nation* (1949). His observations pinned down an indispensable element of party disunity in this era: the South had “no political parties—at least as we have defined them.”<sup>40</sup> Southern politics, he says, was its own political world; it was both one party, no party, and many parties:

...within the Democratic party in the southern states factional groups are the equivalent of political parties elsewhere. In fact, the Democratic party in most states of the South is merely a holding-company for a congeries of transient squabbling factions, most of which fail by far to meet the standards of permanence, cohesiveness, and responsibility that characterize the political party.<sup>41</sup>

The country was certainly divided, but political scientist Alan Abramowitz points out that there were “pro-war and anti-war, pro-civil rights and anti-civil rights, and social liberal and conservative factions” on both sides of the aisle.<sup>42</sup> As late as 1968, George Wallace was commenting that there was “not a dime’s worth of difference between the parties.”<sup>43</sup> The “end of ideology” was declared.<sup>44</sup> But Key provides a poignant reminder that political parties do not become meaningless when they suffer from internal division:

Even when divergences [between political parties] are by no means sharp, there often remains a fairly cohesive group of party leaders held together by the

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Theriault, *Party Polarization in Congress*, 26.

<sup>39</sup> Theriault, *Party Polarization in Congress*, 51.

<sup>40</sup> V.O. Key, *Southern Politics in State and Nation*, (Knoxville: University of Tennessee Press, 1949), 16.

<sup>41</sup> Key, *Southern Politics*, 16.

<sup>42</sup> Ezra Klein, “From ‘Mad Men’ to a Mad Congress,” *Bloomberg*, April 12, 2013, <http://www.bloomberg.com/news/2013-04-12/from-mad-men-to-a-mad-congress.html> (accessed April 17, 2013).

<sup>43</sup> Theriault, *Party Polarization in Congress*, 7.

<sup>44</sup> Theriault, *Party Polarization in Congress*, 26.

ambition to retain or to win office. To gain office they must criticize the “ins,” manufacture a new issue to attract votes, or put forth a candidate superior to the champion of the opposition.<sup>45</sup>

Haskell says the roughly 25-year period of “relative comity between the parties” before the 1980s was largely a result of the dominance of the inability of Republicans do what was necessary to attract votes and gain office. Republicans, he says, “were resigned to their lot in life as a permanent minority, and a ‘get along–go along’ mentality held sway at least some of the time.”<sup>46</sup> What we can gather from these observations is that divisions and conflict still existed between the parties, but perhaps, without the organizational advantage of clear political parties, that conflict did not materialize and paralyze Congress as it does today. Vast evidence points to the conclusion that a combination of factors in the 1960s and 1970s set us on course toward today’s hyperpolarized conditions, when we can clearly identify an ideological gulf between the most conservative Democrat and the most liberal Republican.

Theriault chronicles the debate over what caused this phenomenon in *Party Polarization in Congress* (2008). He sought to weave together the existing body of literature on party polarization and explain how the various disparate explanations that scholars have offered are complementary to one another. He estimates a percentage of responsibility for each possible explanation. The key conclusions he draws are: 1) Party polarization has been evident for about 35 to 40 years, especially since the 93<sup>rd</sup> Congress, 2) interest group ratings, ideology scores, and roll call summary measures all show the same divergence in party polarization, and 3) House and Senate polarization have

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<sup>45</sup> Key, *Southern Politics*, 15.

<sup>46</sup> Haskell, *Congress in Context*, 375.

generally paralleled each other over time.<sup>47</sup> Rohde argues that “party voting is the consequence of influences inside and outside the Congress.”<sup>48</sup> Theriault explains these two categories of influences in terms of electoral factors and institutional factors. The electoral factors that scholars have explored include partisan redistricting, geographic and political sorting, and the rise of extreme party activists, among others. Pundits and observers prefer to ascribe partisan redistricting with a significant portion of party polarization. The idea is that gerrymandering creates safe districts that are increasingly polarized between one another. Theriault cites support of this theory through congressional scholar Norman Ornstein, who says, “Congressional redistricting...has eliminated most competitive seats and thus removed most centrists and moderates from both parties.”<sup>49</sup> Political scientists John N. Friedman and Richard T. Holden have defended the polarizing effects of gerrymandering extensively. They point out that incumbent reelection rates have risen substantially since the mid-20<sup>th</sup> century.<sup>50</sup> They worry that technological advancements in redistricting “have effectively allowed representatives to choose their voters, rather than the converse.”<sup>51</sup> But Theriault argues that the Senate has polarized at the same rate as the House, as party unity scores have generally paralleled each other over time (though the Senate lags slightly on the distance between the parties, remaining roughly 80 percent as polarized as the House<sup>52</sup>).

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<sup>47</sup> Theriault, *Party Polarization in Congress*, 8.

Theriault, *Party Polarization in Congress*, 33, 35.

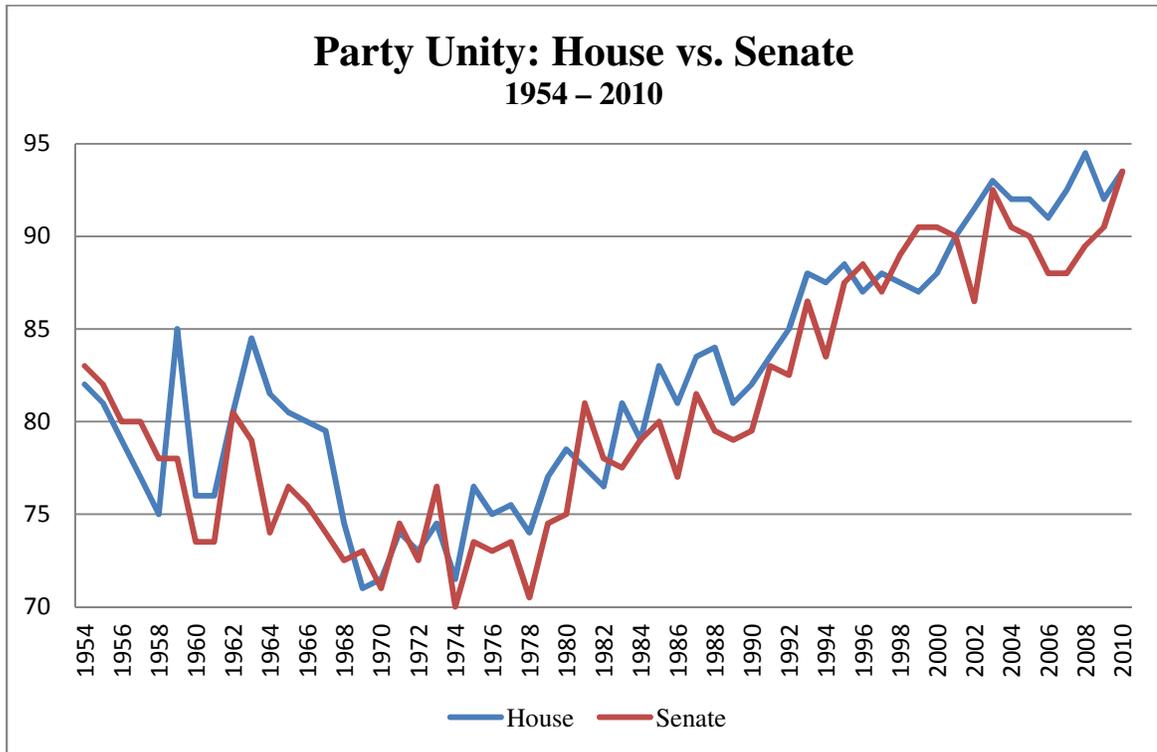
<sup>48</sup> Rohde, *Parties and Leaders*, 9.

<sup>49</sup> Theriault, *Party Polarization in Congress*, 46.

<sup>50</sup> John N. Friedman and Richard T. Holden. “The Rising Incumbent Reelection Rate: What's Gerrymandering Got to Do With It?” *Journal Of Politics* 71, no. 2 (April 2009): 593. (accessed February 25, 2013).

<sup>51</sup> *Ibid.*

<sup>52</sup> Theriault, *Party Polarization in Congress*, 6.



Data show percentage of members voting with a majority of their party on party unity votes. Party unity votes are those roll calls on which a majority of Democrats vote against a majority of Republicans. Percentages are calculated to eliminate the impact of absences as follows:  $unity = (unity)/(unity + opposition)$ .<sup>53</sup>

Gerrymandering might be a part of the explanation.<sup>54</sup> Theriault estimates that it accounts for ten to twenty percent of the total amount of polarization since the 93<sup>rd</sup> Congress. “Down-ticket” or “straight-ticket” voting, which Theriault does not address, might partially connect congressional gerrymandering to Senate polarization. But gerrymandering does not adequately explain the polarization of the Senate.<sup>55</sup>

The second electoral factor that Theriault offers as an explanation is a geographic sorting of partisans since the 1970s. He says the voting habits of individuals in close

<sup>53</sup> “Table 5-10 Party Unity in Congressional Voting, 1954–2010 (percent).”

<sup>54</sup> Richard Forgette, “Redistricting Principles, Processes, and Incumbency Protection.” (Conference Papers, Midwestern Political Science Association, April 14, 2004).

<sup>55</sup> Theriault, *Party Polarization in Congress*, 48.

geographical proximity to each other are increasingly similar.<sup>56</sup> Citizens' voter identification matches their voting habits more often, and voters have sorted into "politically homogenous neighborhoods" (and states) based on income levels, racial demographics, and personal affinities.<sup>57</sup> This phenomenon is "quite independent of the manipulation of congressional district boundaries," so Theriault posits that it explains Senate polarization better than redistricting does.<sup>58</sup> It could also help explain Friedman and Holden's concern that House incumbents seem increasingly safe. The end result of increasingly homogenous districts caused either by redistricting or by geographic sorting is that members tend to enjoy a heightened incumbency advantage, helping them win by wider margins and emboldening them to pursue partisan objectives and feel less inclined to compromise.<sup>59</sup> According to this theory, therefore, increasingly homogenous districts amplify both forms of party polarization: ideological homogeneity and increasing distance between the parties. Heightened incumbency advantage in general elections means tougher primary battles; party activists have begun capitalizing on this situation.

The third electoral explanation of polarization is the increased importance of increasingly extreme party activists in the nomination process. In homogenous districts, the nomination process is the real battleground for special interests.<sup>60</sup> Theriault says the effect on polarization is that, "as the most important voter shifts from the median voter in the general election to the median voter in the primary, members become increasingly

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<sup>56</sup> Theriault, *Party Polarization in Congress*, 3.

<sup>57</sup> Theriault, *Party Polarization in Congress*, 48.

<sup>58</sup> Theriault, *Party Polarization in Congress*, 49.

<sup>59</sup> *Ibid.*

<sup>60</sup> Theriault, *Party Polarization in Congress*, 50.

concerned with satisfying a more ideologically extreme constituency.”<sup>61</sup> So, more homogeneity means more extreme party activism.<sup>62</sup> When party professionals lost power to single-issue interest groups, moderate candidates found themselves pushed aside in favor of “ideologically pure” choices.<sup>63</sup> Once elected, these members must answer to the partisan constituents who elected them.<sup>64</sup> This phenomenon can help explain the increased number of ideological roll call votes. A few “marginal districts” remain—districts that roughly split votes between the top two presidential candidates.<sup>65</sup> But even members from those districts elect increasingly extreme candidates.<sup>66</sup> Even though the two parties’ constituencies are almost twice as polarized now as they were 32 years ago, Congress has polarized more than the electorate.<sup>67</sup> According to Theriault, a significant majority of congressional party polarization is attributable to members’ ideological voting habits, which exceed their constituents’ partisan growth.<sup>68</sup> The electoral explanation, he says, provided the “initial jolt” for congressional polarization; members would not alter their behavior unless “their relationship with their constituents [had] ... changed.”<sup>69</sup> Theriault sums up the relationship between Congress and the electorate: “Even if not all moderate districts have vanished, the more polarized members coming from more partisan districts pursue more polarized politics by voting for more polarized leaders who implement a more polarized legislative agenda and more polarizing

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<sup>61</sup> Theriault, *Party Polarization in Congress*, 50.

<sup>62</sup> Theriault, *Party Polarization in Congress*, 61.

<sup>63</sup> Theriault, *Party Polarization in Congress*, 4.

<sup>64</sup> *Ibid.*

<sup>65</sup> *Ibid.*

<sup>66</sup> *Ibid.*

<sup>67</sup> Theriault, *Party Polarization in Congress*, 134.

<sup>68</sup> Theriault, *Party Polarization in Congress*, 108.

<sup>69</sup> Theriault, *Party Polarization in Congress*, 55, 59.

legislative procedures.”<sup>70</sup> So, rather than choosing between the many competing explanations of partisan polarization, Theriault argues that “the relationship among constituency change, institutional change, and party polarization is more accurately understood as a vicious cycle.”<sup>71</sup> In other words, party polarization is a cyclical and many-faceted phenomenon.

The sorting out and polarization of Congress happens through two separate but related phenomena—what Theriault calls member *replacement* and *adaptation*. Both are fundamentally electorate-driven. In replacement, the electorate replaces a member with a more ideologically extreme representative. The resulting “seat by seat changes...provide the micro-building blocks” for party polarization over time.<sup>72</sup> Polarization by member replacement can be sudden, if, for example, a moderate incumbent falls to a more extreme opponent from the other party (most common in volatile elections such as the 2010 midterms), or it can be gradual, for example, if a moderate Republican falls in the primary to a slightly more conservative challenger or in the general election to a solid liberal.<sup>73</sup> Adaptation is more gradual and difficult to trace. In adaptation, a member adjusts his voting habits in order to satisfy his constituents and party leadership. The adjustment may be superficial, or it may be a real ideological shift in the direction of his constituents or colleagues. Theriault estimates that adaptation has accounted for 35.2 percent of House polarization and 38.0 percent of Senate polarization over the 32 years leading up to 2005. The majority of polarization has occurred through replacement, although incumbents have also produced some of the polarization by adjusting to fit their

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<sup>70</sup> Theriault, *Party Polarization in Congress*, 55.

<sup>71</sup> Theriault, *Party Polarization in Congress*, 57.

<sup>72</sup> Theriault, *Party Polarization in Congress*, 38.

<sup>73</sup> Theriault, *Party Polarization in Congress*, 38, 40-41.

parties' "ideological homes."<sup>74</sup> Replacement can also force adaptation. For example, McCain was a moderate Republican who had to swing right after the wide-scale replacement of the 2010 Tea Party-dominated midterm. The rapid polarization that happened over the past four decades or so is even more remarkable considering the *increase* in the incumbency advantage over roughly the same time period, especially since the majority of that polarization occurred through replacement.<sup>75</sup> For party polarization to have occurred rapidly under incumbent-protected conditions, the replacements that did happen must have constituted rapid ideological shifts.

The rise of party leadership in place of strong committee leadership is also a likely factor in rising party polarization. As each party's constituents have become more *internally* homogenous, the rank-and-file members of Congress became more willing to cede power to their party leaders, equipping them to entice or force party loyalty among the rank and file. Today, party leaders use their control over campaign resources, committee assignments, and the legislative agenda (for the majority party) to enforce loyalty to their agenda within the rank and file.<sup>76</sup> Individual lawmakers also acquired power by "violating the norms of specialization and committee deference by offering amendments to committee bills on the floors and viewing more skeptically the decisions reached by the committees."<sup>77</sup> So, even the remaining moderate members must vote ideologically if they hope to rise in the committee or leadership structure. Under these

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<sup>74</sup> Theriault, *Party Polarization in Congress*, 42.

<sup>75</sup> Aaron Blake, "The reason Congress won't change (in two charts)," *The Fix*, blog posted January 29, 2013, <http://www.washingtonpost.com/blogs/the-fix/wp/2013/01/29/the-reason-congress-wont-change-in-two-charts/> (accessed April 26, 2013).

<sup>76</sup> Sean M. Theriault, "An Integration Explanation for Party Polarization in the U.S. Congress," (paper prepared for presentation at the American Political Development Workshop, Madison, Wisconsin, March 24, 2006), <http://users.polisci.wisc.edu/apw/archives/theriault2.pdf>, (accessed March 24, 2013), 5.

<sup>77</sup> Theriault, *Party Polarization in Congress*, 51.

circumstances, it becomes nearly impossible for a moderate member to develop a moderate voting record unless he or she votes with one extreme sometimes and the other extreme other times.

Other factors cited as contributing to party polarization include rising deficits and the rise of mandatory spending as a percentage of spending. Deficits put pressure on Congress to address the sources of the imbalance between spending and revenues, and a significant amount of that pressure falls on mandatory spending because it has risen to well over half of total federal spending. These factors increase conflict, degrade cross-partisan rapport, and force the parties to entrench further and further in order to avoid outcomes averse to their respective agendas. Further, a wave of institutional reforms swept through Congress in the 1970s, including the War Powers Resolution and reforms to the committee structure. These reforms happened under a new group of young Democrats elected amidst tensions over Vietnam and Watergate. A slew of social issues was also creating rifts within the parties and reorganizing southern politics in particular. Jeffrey W. Ladewig argues that “members’ past electoral performance can influence their ideological extremity.”<sup>78</sup> Keith Poole, Nolan McCarty, and Howard Rosenthal have explored several potential causes, one of the most prominent examples being their argument for the connection between economic inequality and party polarization.<sup>79</sup>

Not only is the cause of partisanship still up for debate, but its virtue and value as a feature of American politics is, as well. What we see today as partisanship, political

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<sup>78</sup> Jeffrey W. Ladewig, “Ideological Polarization and the Vanishing of Marginals: Retrospective Roll-Call Voting in the U.S. Congress,” *Journal Of Politics* 72, no. 2 (2010): 499-512. (accessed February 25, 2013).

<sup>79</sup> Keith Poole, Nolan McCarty, and Howard Rosenthal. “Polarized America: The Dance of Political Ideology and Economic Inequality.” (Conference Papers – Midwestern Political Science Association N.PAG., 2005) (accessed April 26, 2013).

scientists of the 1960s would have welcomed as clarity. As contemporary political analyst Michael Barone puts it, observers of the mid-20<sup>th</sup> century American political system wanted voters to have a “rational choice” between “one clearly liberal party and one clearly conservative party.”<sup>80</sup> Some experts, such as former Congressman Van Hilleary, who served through the party warfare politics of the Gingrich speakership, argue that clear party divisions play a central role in lawmaking.<sup>81</sup> Hilleary compares the institution of Congress to a courtroom, where we expect each side to present and highlight polarized views in the hope of reaching the best possible outcome.<sup>82</sup> Journalist Matthew Yglesias contends that “the parties in American politics finally make sense in the contemporary, post-1964 era.”<sup>83</sup> Back in 1885, Woodrow Wilson criticized the “committee government,”<sup>84</sup> desiring instead a “coherent policymaking body reflective of strong party control.”<sup>85</sup> Haskell echoes the sentiments of Wilson and mid-20<sup>th</sup> century observers, saying that presenting voters with “clear, principled choices” on key issues can be valuable and that a compromised decision is not always the best outcome.<sup>86</sup> The downside, he argues, is that the current *level* of polarization fosters adverse relations between the parties, and that is “potentially disabling” because legislating “almost always requires accommodation and bipartisanship.”<sup>87</sup> But general public sentiment is much

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<sup>80</sup> Michael Barone, “Not such a hot idea: Liberal and conservative parties,” *The Washington Examiner*, April 16, 2013, <http://washingtonexaminer.com/michael-barone-not-such-a-hot-idea-liberal-and-conservative-parties/article/2527221> (accessed April 17, 2013).

<sup>81</sup> Van Hilleary, speech delivered July 24, 2008. (As cited in Haskell, *Congress in Context*, 367).

<sup>82</sup> *Ibid.*

<sup>83</sup> Matthew Yglesias, “The Case for Partisanship: Why polarization is good for us,” *The Atlantic*, April 1, 2008, <http://theatlantic.com/doc/200804/comment> (accessed April 5, 2013). (As cited in Haskell, *Congress in Context*, 376).

<sup>84</sup> Woodrow Wilson, “Congressional Government: A Study in American Politics,” (Baltimore: Johns Hopkins Univ. Press, 1981), 62. (As cited in Pildes, “Why the Center Does Not Hold”).

<sup>85</sup> Pildes, “Why the Center Does Not Hold.”

<sup>86</sup> Haskell, *Congress in Context*, 345.

<sup>87</sup> Haskell, *Congress in Context*, 345, 376.

more negative. Budget scholars have also engaged in the debate over the value of distinct and separate parties. Wildavsky observed that, “although everybody agrees legislators should stand up and be counted”—and that is one intent of the concurrent budget resolution—“nobody agrees on what they ought to stand up for.”<sup>88</sup> That, he said, is the main reason Congress is unable to budget on time. Wildavsky understood the difficulty of overcoming such political posturing on both sides, saying, “politicians will have to decide whether their capacity to govern is more important to them than their differing ideologies.”<sup>89</sup>

The legislative process was by no means intended to be conflict-free, as Congress is supposed to be the forum through which we work out the many differences of opinion that characterize a democratic system. That original design did not involve a party system, but now that the parties have solidified around two fundamentally opposed views of the role of government, party polarization is here to stay. As political scientist Sarah Binder puts it, “Pears don’t unripen.”<sup>90</sup> So, regardless of the intrinsic virtues or flaws of partisanship, it is a necessary area of study because of its effects of partisanship on legislative activity, its prevalence in the public consciousness, and its expected longevity. An ideal world might entail clear party lines without party warfare, but because we do not find ourselves under those circumstances and we cannot expect our current situation to change, discovering the nature and causes of the trend is our best recourse.

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<sup>88</sup> Wildavsky, “If You Can’t Budget,” 329.

<sup>89</sup> Wildavsky, “If You Can’t Budget,” 334.

<sup>90</sup> Klein, “From ‘Mad Men’ to a Mad Congress.”

### III. PARTY POLARIZATION AND BUDGETING

Limited literature on party polarization and budgeting exists, but there is scholarly recognition that budgeting and party polarization are related and, though at less length, that the CBA and other movements toward controlled, comprehensive budgeting might have played a role in party polarization. The first concept to recognize in this body of literature is that budgeting is naturally divisive, regardless of the process. In Kettl's words:

...the budget is such a contentious issue because it is the one place in American government where almost everything of importance comes together... The battles between the president and the Congress, the squabbling between Democrats and Republicans, the campaign promises of budget balance that evaporate into higher taxes and spending—all are powerful symbols of a government struggling to resolve what often seem irresolvable problems. Worst of all, despite firm pledges and brave predictions, the budget deficit doesn't seem to go away, and the national debt spirals ever upward.<sup>91</sup>

Wildavsky argued that the parties must find a way to govern if they hope to survive in American politics.<sup>92</sup> Each party risks being thrown out if it does not at least appear to seek to comply with the budget process. But recent large deficits are more than a symbol of dysfunction; they are the warning signs of an unsustainable budgetary structure. Failure to address the driving forces of the deficit—mainly Medicare and Social Security—before they reach insolvency in mere decades would mean catastrophe for one or both parties. Because the budget directly reflects national priorities, lawmakers have to attempt to ensure that deficit reduction legislation falls in line with their policy goals. Further, both parties are not only trying to pursue their policy priorities through the budget, but according to political scientists and congressional experts John Makin and

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<sup>91</sup> Kettl, *Deficit Politics*, 3.

<sup>92</sup> Wildavsky, "If You Can't Budget," 325.

Norman Ornstein, both parties perceive an interest in appearing to be the party that *wants* to balance the budget. Kettl makes a similar point that the budget committees' failure to meet annual deadlines is not so much a loss of congressional control as it is a predictable result of "the challenges of recurring large deficits, few easy answers, institutional battles with the White House over who controls the budgetary process, and fundamental struggles between the parties over who receives the credit—and more often the blame—for budgetary decisions."<sup>93</sup> So, lawmakers seek credit for balancing the budget while avoiding giving up ground on policy.

According to Theriault, the CBA and the budget process reforms of the 1980s forced Congress's hand on "tough budgetary decisions...for the first time since the spendthrift 1960s."<sup>94</sup> This is the closest Theriault gets in his history of the political debate on the causes of political polarization to acknowledging the role of budget reform in party polarization. He also addresses the "breakdown of personal relationships," which, he says, "coarsened the politics."<sup>95</sup> Increasing friction of budgetary matters, amplified by the weight of entitlements on the deficit, contributed to this tension and magnified the polarization. He also referenced the increasing complexity of issues and the rising presence of organized interests; these outside demands "forced changes and innovation."<sup>96</sup> But they also may have forced the parties further apart. The budgeting system Congress created in 1974 has made it so Congress *has* to look at the budget from an all or nothing standpoint. The nation is talking about the big questions—a goal of the CBA that has certainly been accomplished—but it cannot agree on the answers.

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<sup>93</sup> Kettl, *Deficit Politics*, 147.

<sup>94</sup> Theriault, *Party Polarization in Congress*, 52.

<sup>95</sup> *Ibid.*

<sup>96</sup> *Ibid.*

When the parties display inter-party division and intra-party unity, they characterize what Theriault calls *party government*. In cases of party government, the parties are ideologically separated, and the rank and file of each empowers its increasingly polarized leadership to enact its party's agenda.<sup>97</sup> John Aldrich suggests that the parties exist to serve the members, meaning that the parties are as strong as the members want them to be.<sup>98</sup> Aldrich concludes that, today, it “serves individual congressmen to have high polarization. The invisible hands guiding these decisions, of course, are the members' constituencies, which have also become more externally polarized.”<sup>99</sup>

Wildavsky and LeLoup both approve of the CBA in the sense that it restored Congress's role in budgeting. LeLoup praises it specifically because he says the use of “macrobudgeting” assists party leaders in passing their agenda over the head of an opposed president, establishing real legislative power in budgeting.<sup>100</sup> Wildavsky's views move past the institutional aspects of budgeting to the actual policy implications of institutional structure; he allows his frustration with the deterioration of “norms” regarding a reasonable size and scope of government to guide his recommendations for budgetary reform.<sup>101</sup> But reforms that favor one ideological viewpoint are not very effective; as soon as the opposing party gained power, that reform would fall out of use.

In a more explicit recognition of the relationship between comprehensive budgeting and partisan conflict, budget scholar Dennis Ippolito contends that the CBA

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<sup>97</sup> Theriault, *Party Polarization in Congress*, 134-5.

<sup>98</sup> Theriault, *Party Polarization in Congress*, 138.

<sup>99</sup> *Ibid.*

<sup>100</sup> Lance T. LeLoup, *Parties, Rules, and the Evolution of Congressional Budgeting* (Ohio State University: 2005), 203.

<sup>101</sup> Wildavsky, “If You Can't Budget,” 328.

“revealed serious differences within Congress over whether and how to control deficits.”<sup>102</sup> Ellwood similarly says the reforms succeeded in recapturing power from the executive branch but not in helping Congress comply with deadlines, manage internal conflicts, or impede deficit growth.<sup>103</sup> On the contrary, he says, the reforms forced Congress backward, increasing conflict if anything.<sup>104</sup> LeLoup takes a different focus, contending that macrobudgeting enhances party power. Kettl similarly contends that conflict is unavoidable, and “the closer we come to asking fundamental questions, the more controversy is likely to increase.”<sup>105</sup> It is also, as LeLoup pointed out, highly sensitive to the inclinations of elected leaders and their desire to appease their constituents; Schick agrees that interest groups and voters are very sensitive to budgetary politics.<sup>106</sup> Kettl argues, “As the structure of the budget has become less flexible, budgetary politics has tended to exacerbate the conflicts flowing from divided-party government, and the struggles between the parties have in turn worsened budgetary battles.”<sup>107</sup> Ellwood agrees, asserting that abandoning “ad hoc” budgeting in favor of comprehensive budgeting might have led to enhanced national deliberation about the size of government, but that it leads away from consensus-building. Kettl takes this argument one step further, saying that, after the initial polarizing effects of asking more fundamental questions, “the answer to these battles in the end is not less but more partisanship.”<sup>108</sup> In other words, at a certain point, *more* polarization is what will help us overcome gridlock over the budget. Schick agrees, stating that gridlock helps to restore

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<sup>102</sup> Ippolito, *Why Budgets Matter*, 238.

<sup>103</sup> Ellwood, “The Great Exception,” 328.

<sup>104</sup> *Ibid.*

<sup>105</sup> Kettl, *Deficit Politics*, 175.

<sup>106</sup> Schick, *The Federal Budget*, 267.

<sup>107</sup> Kettl, *Deficit Politics*, 175.

<sup>108</sup> Kettl, *Deficit Politics*, 175.

equilibrium in the budget process.<sup>109</sup> The nation might be approaching that point today, but it has not yet built sufficient pressure to push past gridlock.

According to Kettl, “To peel apart the layers of government budgeting...is to gain a keen insight into the most important issues of American politics: how elected officials and their institutions work through value conflicts and, ultimately, how American governments affect all of us.”<sup>110</sup> Every important political decision contains a budgetary component. So it is no surprise that, as the stakes of budgeting have increased, so has party polarization. The question is what effect, if any, comprehensive budgeting and subsequent reforms had in either increasing party polarization or decreasing Congress’s ability to accommodate rising party polarization. Budgetary literature recognizes this relationship often, while party polarization literature largely overlooks it. Those who have sought explanations for party polarization have swept over the role of budgeting, and those who approach the subject from the perspective of budgeting have taken the relationship for granted. Budgeting is not alone in causing partisan polarization in Congress today, nor was it indispensable to that effect. But comprehensive budgeting has its own unique polarizing forces that have interacted with and fed into the many other factors at play in the sorting and polarization of the parties.

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<sup>109</sup> Schick, *The Federal Budget*, 267.

<sup>110</sup> Kettl, *Deficit Politics*, 2.

### 3 THE 1970S IN CONTEXT

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The CBA was one of many actions Congress took in the early 1970s to reclaim eroded powers and modernize the “ossified” elements of the institution.<sup>111</sup> The policies and overreaches of the Nixon Administration had contributed to growing tensions between Congress and the executive branch. Public pressure for reform had been growing through the 1960s, leading to the election of a younger class of reform-minded Democrats in Congress. In the 1970s, the middle and low-ranking members of both chambers then became the driving force behind rules and procedure changes that permanently altered the institution—and therefore the members it attracted and policies it produced.<sup>112</sup> The reforms that junior members advocated and implemented served their personal interests, helping them come out of the 1970s with significantly more power than they had when they came in.<sup>113</sup> In the early part of the decade, Congress passed a series of legislative reforms that substantially altered the body’s internal power structure. Congress overrode Nixon’s veto of the War Powers Resolution of 1973, which sought to restrict the president’s power to make war.<sup>114</sup> Congress passed the Federal Election Campaign Act of 1971 (FECA) and the FECA Amendments of 1974 to limit and require disclosure of

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<sup>111</sup> Kettl, *Deficit Politics*, 142.

<sup>112</sup> "Inside Congress, 1973-1976 Overview," in *Congress and the Nation, 1973-1976*, vol. 4, 743. (Washington, DC: CQ Press 1977), <http://library.cqpress.com/congress/can73-0000963020> (accessed February 10, 2013).

<sup>113</sup> Ibid.

<sup>114</sup> Ibid.

<sup>114</sup> "Congress Strives to Fill Leadership Vacuum," in *CQ Almanac 1974*, 30th ed., 3-29. Washington, DC: Congressional Quarterly, 1975. <http://library.cqpress.com/cqalmanac/cqal74-1220781> (accessed February 10, 2013).

campaign contributions and expenditures and to provide for partial public funding of presidential campaigns.<sup>115</sup> Congress was able to find sufficient cross-partisan unity to override seven of President Nixon's vetoes as well as a dozen of President Gerald Ford's.<sup>116</sup> But as the country went through the tumult of social change, the legislature experienced contentious debates that often did not split down party lines. Congressmen and commentators alike declared a crisis of ideological identity. But confused, disorganized conflict did not stop early 1970s lawmakers from permanently altering Congress and its role in American politics.

#### **I. SOCIAL CHANGE LEADS TO TURNOVER IN CONGRESS**

Today, the two major political parties have distinct and identifiable views on the role of government. But by the 1970s, previously clear ideological separations had become fractured. Poole and Rosenthal recognize that the passage of the Voting Rights Act of 1965 and other civil rights legislation helped to fade persisting race-related, regional Civil War alignments.<sup>117</sup> This factor was critical to the disappearance of the regional party line between the north and south, allowing race issues to largely codify around the shifting political parties. In this way, the social and cultural cleavages evolving in 1960s and 1970s helped to reveal the new ideological lines that would begin to characterize the party system.

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<sup>115</sup> Ibid.

"Appendix 4: The Federal Election Campaign Laws: A Short History," Federal Elections Commission, <http://www.fec.gov/info/appfour.htm> (accessed April 27, 2013).

<sup>116</sup> Vetoes, "Gerald Ford," U.S. Senate, <http://www.senate.gov/reference/Legislation/Vetoes/Presidents/FordG.pdf> (accessed April 26, 2013).

Vetoes, "Richard Nixon," U.S. Senate, <http://www.senate.gov/reference/Legislation/Vetoes/Presidents/NixonR.pdf> (accessed April 26, 2013).

<sup>117</sup> Poole and Rosenthal, "The Polarization of the Congressional Parties."

From 1970 to 1975, Congress acquired large numbers of new members each election cycle; by the opening of the 95<sup>th</sup> Congress in 1977, 56 percent of House members and 48 senators had been elected for the first time since 1970.<sup>118</sup> The new class engaged in the contentious policy discussions of the time, but they also had group interests and personal aspirations that impelled organizational reforms. Without a Democratic president to guide the party from 1969 to 1977, the new group of raucous, ambitious Democrats with plenty of ideas on how to modernize Congress and change it for their benefit would have the freedom “to pursue their own interests and assert their own priorities in office.”<sup>119</sup> The actions that they took permanently altered the exercise of power in Congress.<sup>120</sup>

## II. INTERNAL CONGRESSIONAL REFORMS

In-house reforms of Congress in the early 1970s included transparency measures and power restructuring. The Legislative Reorganization Act of 1970 included two transparency reforms that would have a profound impact on legislative activity going forward. First, teller votes on the House floor would thenceforth be recorded, and second, roll call votes in committee would become public in an effort to make members accountable for their actions on the floor as well as in committee. Members would no longer be able to hope for anonymity on controversial votes. Further, by 1975, both chambers had opened committee meetings to the public for most bill draftings.<sup>121</sup> Conference committee proceedings, which were traditionally closed-door, also became

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<sup>118</sup> "Inside Congress, 1973-1976 Overview."

<sup>119</sup> "Inside Congress, 1973-1976 Overview."

<sup>120</sup> "Congress Strives to Fill Leadership Vacuum."

<sup>121</sup> "Inside Congress, 1973-1976 Overview."

open to the public in 1975.<sup>122</sup> According to CQ Press's history of this time period, these transparency-oriented reforms "swept away the dark procedural corners in Congress in which members could hide their actions from the public and press."<sup>123</sup> Together, committee reorganization and transparency reforms meant individual members had more power, but members were increasingly expected to use that power to enact a party agenda.

With a large class of new members pushing for reform and power, Congress significantly altered the power dynamics in Congress in the early 1970s. Unhappy with the dominance of senior committee chairmen, junior members helped pass reforms to strip committee chairs of their unquestioned power by subjecting them to votes by the party caucus.<sup>124</sup> According to Theriault, party members began giving more power to the party leadership "in exchange for assuming more responsibility for their parties' fortunes in both the legislative and electoral arenas."<sup>125</sup> The Subcommittee Bill of Rights, composed by the Democratic Caucus, also expanded the power of individual members. It had the greatest impact on junior members, who had no chance at a chairmanship in the previously seniority-dominated process. It ensured the creation of subcommittees and promised good subcommittee assignments for more junior members.<sup>126</sup> The House evicted three chairmen from their posts at the start of 1975, and that, "more than any other event, signaled top-ranking committee members that they would be held accountable to their colleagues for their actions and had to be solicitous of those

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<sup>122</sup> Ibid.

<sup>123</sup> Ibid.

<sup>124</sup> Ibid.

<sup>125</sup> Theriault, *Party Polarization in Congress*, 51.

<sup>126</sup> "Inside Congress, 1973-1976 Overview."

colleagues if they were to win and hold chairmanships.”<sup>127</sup> But while junior members had gained subcommittee chairmanships and heightened individual power, especially in the Senate, they had also limited their autonomy. The same reforms that gave power to rank-and-file members made them beholden to the leadership for prominent committee appointments and chairmanships. The leadership had gained power to persuade members to vote with the party. These reforms therefore decentralized power from entrenched senior members to more new members on subcommittees at the same time that it centralized power in the party leadership.

### **III. CONGRESSIONAL RECLAMATION OF POWER FROM THE EXECUTIVE**

There was also a growing sense of unrest in the halls of Congress with regard to the status of legislative power in American politics. Congress therefore passed reforms in the 1970s to reclaim power from the executive branch in both domestic policy and foreign policy. Prior to the Watergate scandal, Congress had been fairly hands-off with regard to Nixon’s actions, adopting a “wait-and-see” approach early in Nixon’s presidency, “reflecting a widespread feeling that the new administration should be given time to work out its policies.”<sup>128</sup> Public opposition to the war, the main policy issue at the time, was not the predominant view in Congress, but the few resistant voices were growing

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<sup>127</sup> "Inside Congress, 1973-1976 Overview."

<sup>128</sup> "Vietnam War Policy, 1969-1972 Legislative Overview," *Congress and the Nation*, 1969-1972, vol. 4. (Washington, DC: CQ Press), <http://library.cqpress.com/congress/catn69-0008167870> (accessed April 28, 2013).

"Party Divisions of the House of Representatives: 1789 – Present," U.S. House of Representatives, <http://history.house.gov/Institution/Party-Divisions/Party-Divisions/> (accessed February 10, 2013).

"Party Division in the Senate, 1789-Present," U.S. Senate, [http://www.senate.gov/pagelayout/history/one\\_item\\_and\\_teasers/partydiv.htm](http://www.senate.gov/pagelayout/history/one_item_and_teasers/partydiv.htm) (accessed February 10, 2013).

louder.<sup>129</sup> Congress showed its mounting discontent with the war with three funding bills that carried war-limiting measures: a supplemental appropriations bill eliminated funding for operations in Southeast Asia (HR 11400—PL 91-47), a Defense Procurement Authorization bill placed a funding ceiling on U.S. support in Vietnam (S 2546—PL 91-121), and an amendment in the defense appropriations bill prohibited funding of troops in Laos or Thailand (HR 15090—PL 91-171).<sup>130</sup> But in 1973, the 93<sup>rd</sup> Congress became much more active in moving to reclaim lost congressional power. The War Powers Resolution of 1973, passed over President Nixon’s veto, sent a loud message about the Vietnam War and presidential war powers in general by restricting executive power to make war. In 1974, Congress responded to Watergate by passing extensive reforms to the Federal Election Campaign Act, setting limits on campaign expenditures and offering a public funding option.<sup>131</sup> The CBA also falls into this category: the CBA curtailed the president’s ability to impound funds and reestablished legislative dominance in the congressional budget process by requiring a comprehensive legislative budget each year and providing the necessary resources for budgetary independence.

Congress was open to working with President Gerald Ford at first, but after Ford pardoned Nixon, Congress grew cold towards the new president. In Ford’s term alone, Congress overrode four of twelve vetoes, more in one year than any Congress since 1948.<sup>132</sup> This string of overrides took an almost unprecedented show of cooperation and common goals in Congress.<sup>133</sup> For a brief time in history, both parties were fighting the

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<sup>129</sup> “Vietnam War Policy, 1969-1972 Legislative Overview.”

<sup>130</sup> Ibid.

<sup>131</sup> “Congress Strives to Fill Leadership Vacuum.”

<sup>132</sup> Ibid.

<sup>133</sup> Ibid.

executive branch together.<sup>134</sup> But this camaraderie did not extend to policy. The post-World War II Congress experienced disputes over McCarthyism, highly charged civil rights debates (including filibusters in opposition to equality for African Americans), and disagreements about the role of the federal government in education and the ability of the president to force his agenda through Congress.<sup>135</sup> Members quarreled over a comprehensive energy bill, tax cuts and comprehensive tax reform, an independent consumer protection agency, and national health insurance.<sup>136</sup> The Democrats held an average majority of 258.5 in the House from 1969 to 1977.<sup>137</sup> Their advantage should have made it easy enough for them to pass a substantial substantive policy agenda, but they were dealing with their own internal quarrels. Average party unity for the Democrats in the same time period was 72.9 percent, compared to 93.5 percent today.<sup>138</sup> (Southern Democrats demonstrated less than 50 percent unity as a separate group.<sup>139</sup>) Over 70 percent unity does not seem as though it would be debilitating to a party strategy, but 72.9 percent of 258.5 members is only 188.4 votes—29.6 votes short of a majority. So, on an average vote in which the Democrats might have enjoyed 188 votes from their party, they would require 30 Republican votes for passage. They could not expect to rely on their full rank and file like parties can today. The Democratic majority in the early 1970s did succeed in passing parts of its agenda, including a minimum wage hike, a temporary expansion of elementary and secondary school aid, a mass transit bill, and an

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<sup>134</sup> Ibid.

<sup>135</sup> Haskell, *Congress in Context*, 343-4.

<sup>136</sup> "Congress Strives to Fill Leadership Vacuum."

<sup>137</sup> "Table 5-10 Party Unity in Congressional Voting, 1954–2010 (percent)," *Vital Statistics on American Politics* 2011-2012, ed. Harold W. Stanley and Richard G. Niemi (Washington, DC: CQ Press, 2011), [http://library.cqpress.com/vsap/document.php?id=vsap11\\_tab5-10](http://library.cqpress.com/vsap/document.php?id=vsap11_tab5-10) (accessed March 30, 2013), 207-8.

<sup>138</sup> Ibid.

<sup>139</sup> Ibid.

extension of unemployment compensation eligibility.<sup>140</sup> But these wins were hard-fought and required Republican defections.

Political scientist Nelson W. Polsby argues that changes in the makeup of the House created the necessary circumstances for the institutional reform that would follow.<sup>141</sup> Generally, organizational reforms weakened committee chairmen, in turn strengthening party leadership, and checks on the executive simultaneously elevated legislative power in general. To relate the effects of the 1970s reforms back to the process of party polarization, the increasing internal homogeneity of the parties feeds into the willingness of the rank and file to cede power to their leaders, further equipping leadership with the power to control the legislative agenda and entice party loyalty. Today, party leaders use their control over campaign resources, committee assignments, and the legislative agenda (for the majority party) to enforce loyalty to their agenda among the rank and file, but they also have an obligation to *please* the rank and file.<sup>142</sup> As the relationship between these two new, dominant tiers of congressional power grew steadier, party polarization continued to rise. Party leadership was on the rise in Congress just as Congress was on the rise in American politics—all in the early stages of a divisive and polarizing time in U.S. history.

#### **IV. THE CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT**

The CBA contained both elements of reform: modernizing Congress's internal structure and reclaiming power from the executive. According to Kettl, the CBA was one piece of

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<sup>140</sup> Haskell, *Congress in Context*, ch. 8.

<sup>141</sup> Nelson W. Polsby, *How Congress Evolves: Social Bases of Institutional Change*, (Oxford: Oxford University Press, 2004), 74.

<sup>142</sup> Theriault, "An Integration Explanation."

the broader effort to “set a new balance between the branches.”<sup>143</sup> Ellwood argues that the CBA was “the great exception” in the broader trend of decentralization in Congress since the 1970s reforms.<sup>144</sup> In the midst of the decline of the party organizations, committee power, and the seniority system, and the rise of “subcommittee government” and “autonomous legislators,” the CBA “centralized and integrated” budgetary and economic decision making, Ellwood says.<sup>145</sup> But the institutions and procedures that the CBA established were not separate from the broader changes going on in the 1970s (and tracing back into the 1960s). As Kettl says, “All political issues, sooner or later, become budgetary issues ... [and] all budgetary decisions are inevitably about politics.”<sup>146</sup> In other words, without public funding, public policy is an abstraction. The social concerns of the public during this time period, which were trickling through Congress, would necessarily become budget items, and almost all of them would become points of contention in the new budget process.

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<sup>143</sup> Kettl, *Deficit Politics*, 142.

<sup>144</sup> Ellwood, “The Great Exception,” 315.

<sup>145</sup> *Ibid.*

<sup>146</sup> Kettl, *Deficit Politics*, 1.

## **4      COMPREHENSIVE BUDGETING: POLARIZING FORCES**

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Slow and deliberative by design, with an ungainly size and cumbersome bicameral structure, Congress is naturally disadvantaged in the act of budgeting. The 93rd Congress sought to remedy that disadvantage by providing a coordinated structure for the consideration of budget decisions. The 1974 budget reforms are a small piece of a much larger system of political actors and influences. CBA procedures have been at play during the elimination of the deficit and during phenomenal deficit growth and have guided the allocation of federal funding in times of booming economic expansion and harsh recession. The role of Congress in budgeting has changed and its power fluctuated over the years, as has the role of the budget committees in Congress. The formation of the concurrent budget resolution has occurred in the committee, in the leadership, in the Oval Office, and not at all. The CBA budget timeline is, in many ways, optional; it is a guiding framework that Congress can and often does choose not to follow. But whether the concurrent budget resolution is the center of policy-making, a procedural tool, a deliberative forum, a party weapon, or simply a symbol of a budgetary ideal—and it has been all of these things—it is the process Congress has chosen through which to fund the government, providing the set of budgetary procedures and tools at lawmakers' disposal. Today, the key leaders in the budget process find themselves in a highly polarized political environment with a nearly \$17 trillion problem to fix and a fundamental question about the role of government to answer. Recent stalemate has seemingly left

domestic politics frozen in time as two opposed parties battle for dominance, leaving pundits, lawmakers, and the public anxious, wondering where the nation goes from here. The story of how the current situation came to be from the perspective of budgetary politics might provide some answers.

## **I. THE HISTORY AND AIMS OF THE 1974 BUDGET REFORMS**

The U.S. Constitution confers on Congress the “power of the purse,” meaning all federal spending, collecting, and borrowing rely on legislative action. Congress has the power “to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and provide for the common Defence and general Welfare of the United States,” and no money can leave the Treasury except “in consequence of Appropriations made by law.” But, as with most of its endowments of power, the Constitution does not specify how the relevant person or body should go about performing these powers. As the responsibilities of budgeting have grown, Congress has at various times centralized or decentralized the budget process. Under current budget procedures, defined in the CBA and subsequent reforms, Congress possesses the staff and proper mechanisms with which to examine the full federal budget and evaluate competing funding priorities.

For much of its history, Congress collected and appropriated funds in a disjointed and ad hoc manner. Spending and revenue considerations were consolidated in one committee in each chamber (the Ways and Means Committee in the House and the Finance Committee in the Senate) up until the Civil War because the level of spending, multiplicity of budget items, and complexity of the tax code were not demanding to

manage; customs revenues were typically sufficient to pay for the federal government.<sup>147</sup> But Civil War expenses prompted the addition of the appropriations committees, separating revenues from spending to reduce the workload of the two original committees. Appropriations decisions decentralized in the latter half of the 19<sup>th</sup> century, as authorization committees usurped control. In the analysis of the Joint Study Committee on Budget Control, whose work in 1973 led to the CBA, this decentralization “meant there was no way at the congressional level for making a choice among competing expenditure programs.”<sup>148</sup> The Budget and Accounting Act of 1921 (BAA) restored some unity to the congressional budget process by reestablishing the power of the appropriations committees. But more important to this analysis, the BAA significantly altered the relationship between the legislative and executive branches, allowing budgetary power to centralize in the executive branch.

In response to the cost of World War I, Congress sought to modernize its budgeting practices by centralizing and delegating authority. The temporary House Select Committee on the Budget, tasked with determining the appropriate reforms, stated that it sought “not what was theoretically desirable, but rather to determine what was practically feasible [and]...in complete harmony with our constitutional form of government.”<sup>149</sup> Congress determined that the executive branch would be better equipped to manage the fragmented decision making that budgeting required. The primary function of the final

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<sup>147</sup> Louis Fisher, “Federal Budget Doldrums: The Vacuum in Presidential Leadership,” *Public Administration Review* 50, no. 6 (1990), <http://www.jstor.org/stable/976984> (accessed April 12, 2013), 694.

<sup>148</sup> Joint Study Committee on Budget Control Interim Report, “Improving Congressional Control Over the Budgetary Outlay and Receipt Totals,” in *Committee print, Improving Congressional Control Over the Budget: A Compendium of Materials 1973*, (accessed April 11, 2013), 180.

<sup>149</sup> U.S. House, 66th Congress, 1st Session. *National Budget System (to accompany H.R. 9783)* (H.Rept. 362) 1919, 1. (As cited in Fisher, “Federal Budget Doldrums”).

legislation was the delegation of authority to the president. The BAA required an annual executive budget proposal and provided an executive budget staff, the Bureau of the Budget (the Office of Management and Budget (OMB) today). Prior to the BAA, according to Ellwood, the “aggregate effects of the many decisions made at multiple levels were rarely understood and almost never explicitly debated except in reaction to presidential initiatives.”<sup>150</sup> The desire to remedy the lack of understanding of budget aggregates and to enhance budgetary coordination impelled Congress to relinquish “much of the power of the purse.”<sup>151</sup> The executive budget provided a starting point for congressional negotiations and recentralized the power of appropriations, but fragmentation still existed on the congressional side. First, Congress typically considered appropriations bills separately on the floor, so Congress as a whole was still not paying attention to budget aggregates. Second, the rise of mandatory spending after the passage of the Social Security Amendments of 1965, which created Medicare and Medicaid, further contributed to the fragmentation of spending control in Congress.<sup>152</sup>

The Select Committee was true to its statement that it sought practicality; the surrendering of authority to the president placed increasingly complex budgetary responsibilities in the hands of a branch intended to function hierarchically, with one definitive decision maker. But in pursuing practicality, Congress had given the president a powerful instrument: the *ability* to present an annual budget plan expressing his view of the proper size and shape of government. This power elevated him in the process, even though Congress retained procedural power over spending and revenue legislation. But

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<sup>150</sup> Ellwood, “The Great Exception,” 322.

<sup>151</sup> *Ibid.*

<sup>152</sup> Joint Study Committee on Budget Control Interim Report, 181.

the Congress in power half a century later would seek to reassert the legislative role in budgeting with the CBA.

The 93<sup>rd</sup> Congress (1973 – 1974) believed that President Richard Nixon was overstepping his authority on the latter end of the budget process by *impounding* appropriated funds, or disregarding enacted appropriation levels. Congressional Research Service scholar Louis Fisher characterized the aftermath of impoundment as a “monumental confrontation between the two branches.”<sup>153</sup> In the broader congressional culture of the 1970s, the CBA was part of Congress’s kneejerk response to President Nixon’s oversteps, including his actions in the Watergate Scandal, Vietnam, and the impoundment of appropriated funds, as well as to growing tension between the two branches in general. Both impoundment control and the coordination of budgetary decision making within Congress were part of this response. According to a Government Printing Office document detailing the history of congressional budget legislation, the goals of the CBA were:

...to establish a congressional budget process for the determination of national budget priorities, the appropriate level of total revenues, expenditures and debt for each year, and for legislation review of impoundments proposed by the President. The Act created new instrumentalities to serve Congress: Budget Committees in the Senate and House and a Congressional Budget Office. The Act gives the committees three major assignments: (1) to report the concurrent resolutions on the budget each year, and reconciliation bills when appropriate (2) to study the effects of existing and proposed legislation on the budget, and (3) to oversee the operations of the Congressional Budget Office.<sup>154</sup>

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<sup>153</sup> Fisher, “Federal Budget Doldrums,” 695.

<sup>154</sup> “Congressional Budget,” Government Printing Office, <http://www.gpo.gov/fdsys/pkg/GPO-RIDDICK-1992/pdf/GPO-RIDDICK-1992-34.pdf> (accessed April 28, 2013), 502.

The “impoundment” part of the legislation sought to directly curtail presidential action. It banned impoundment and instituted in its place a “rescission” option under which a president may request Congress’s approval to not spend money that Congress has appropriated.<sup>155</sup> It also allowed the president to defer spending until the end of the fiscal year, but even then the president had to confer with Congress.<sup>156</sup> But the reforms to the congressional side of budgetary procedure were equally important to reclaiming the power of the purse. The Joint Study Committee on Budget Control convened in 1973 to explore and recommend options for reform. Addressing the inter-branch dynamic, the Study Committee stated that Congress must “develop ways of making its own decisions on budget priorities so that realistic control over the purse can be regained by the Congress, as intended by the Constitution.”<sup>157</sup> The Study Committee’s arguments in support of the reform emphasized preventing further fragmentation of budgetary control and “improving Congressional control of budgetary outlay and receipt totals, including procedures for establishing and maintaining an overall view of each year’s budgetary outlays which is fully coordinated with an overall view of the anticipated revenues for that year.”<sup>158</sup> Similarly, a 1973 House Rules Committee report stated that “the legislative budget machinery is in disrepair... The excessive fragmentation of the budget process in Congress makes it difficult for Congress to effectively assess program priorities or to establish overall budget policy.”<sup>159</sup> In general, the Study Committee’s stated guiding principles appeared to seek a process of congressional deliberation, consensus-building,

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<sup>155</sup> Kettl, *Deficit Politics*, 142.

<sup>156</sup> *Ibid.*

<sup>157</sup> Joint Study Committee on Budget Control Interim Report, 175.

<sup>158</sup> Joint Study Committee on Budget Control Interim Report, 175-6.

<sup>159</sup> Kettl, *Deficit Politics*, 142.

and control regarding the size and shape of government by remedying the fragmentation and lack of coordination between congressional budget decisions.

Although many other motivations have been offered, political professionals and experts today are adamant that reclaiming congressional control was the primary goal of the CBA. As Kettl observes, before the passage of the CBA, the annual budget “was little more than the accumulation of decisions recommended by individual committees.”<sup>160</sup> Even those decisions were influenced heavily by the executive budget.<sup>161</sup> According to Kettl, before the creation of the budget committees, Congress was unable to evaluate overall spending and revenue levels or “examine how different spending programs fit into the nation’s overall priorities, or to weigh the relative advantages of increasing some programs more than others.”<sup>162</sup> With the creation of the budget committees, the endowment of the concurrent resolution with enforcement power, and the establishment of CBO as a staffing arm, the CBA gave Congress the institutional capacity for independence in the act of budgeting.<sup>163</sup> While the CBA’s major revisions to the timeline and institutions of the congressional budget process did not explicitly diminish presidential authority, they diminished the influence of the executive budget by allowing Congress to rely on its own sources of information.<sup>164</sup> Congress established itself as an independent voice in budgeting while coordinating the evaluation of budget totals and

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<sup>160</sup> Kettl, *Deficit Politics*, 142-143.

<sup>161</sup> *Ibid.*

<sup>162</sup> *Ibid.*

<sup>163</sup> The CBO made independent economic predictions and “scored” the costs of programs differently from CBO, providing congressional budgetary independence and making the OMB more accountable. In doing so, the CBO aided Congress’s reclamation of budgetary power from the executive branch.

Kettl, *Deficit Politics*, 142-3.

<sup>164</sup> Ellwood, “The Great Exception,” 326.

priorities.<sup>165</sup> The CBA sought to coordinate Congress's disparate voices into one while strengthening congressional intentionality regarding the budget.

The Joint Study Committee also asserted that deficit reduction was a goal of the reform, perhaps seeking to broaden the appeal of the final legislation. The Committee conveyed a belief that the annual development of a limitation on budget authority in the concurrent budget resolution would help Congress establish “control...over future growth (as a result of the budget authority limitation).”<sup>166</sup> But the budget committees have since embraced the goal of deficit reduction; today, the websites of the majority side of the House and Senate budget committees both cite deficit reduction as a primary goal.<sup>167</sup> Further, every substantial budget process reform since the CBA has been explicitly—and arguably *primarily*—geared toward deficit reduction. So, it is important to consider the CBA and the concept of comprehensive congressional budgeting in the context of deficit reduction as well as in the context of an institutional reclamation of power.

Assembling a comprehensive budget plan, with or without deficit reduction in mind, is much more different in Congress than in the executive branch. Congress was aware of its challenges in comprehensive budgeting, as it had tried a quarter-century earlier to implement a legislative budget. The Legislative Reorganization Act of 1946 (LRA 1946) established a Joint Committee on the Legislative Budget for that purpose.

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<sup>165</sup> Joint Study Committee on Budget Control Interim Report, 175.

<sup>166</sup> Joint Study Committee on Budget Control Interim Report, 176.

<sup>167</sup> “Committee History,” House of Representatives Committee on the Budget, <http://budget.house.gov/about/committeehistory.htm> (accessed April 20, 2013).

“About the Budget Committee,” Senate Budget Committee, <http://www.budget.senate.gov/democratic/index.cfm/aboutcommittee> (accessed April 20, 2013).

The Committee's first attempt in 1947 failed.<sup>168</sup> Congress passed a legislative budget but exceeded the limits in 1948, and it failed to pass one again in 1949, even after extending the deadline by a month and a half.<sup>169</sup> That was the last attempt. The comprehensive budgeting attempt of the LRA 1946 was very different from that of the CBA. First, the Joint Committee lacked budgetary information and sufficient staffing despite the increases in overall congressional staffing levels in the LRA 1946.<sup>170</sup> Second, the Joint Committee had a hard time reconciling the views of its roughly 100 members.<sup>171</sup> Third, perhaps as a result of insufficient staffing and information, the Joint Committee continued to use the president's budget as a starting point. Further, the attempt may have failed because it was a "difficult political climate with sharp disagreement over budget policies," and Congress lacked the motivation to reclaim budgetary power from the president.<sup>172</sup> In the 1970s, on the other hand the motivation to reestablish balance with the executive was much stronger. Despite these differences, the LRA 1946 was an indication that comprehensive budgeting and party polarization do not mix well. In 1950, Congress made a different attempt at comprehensive budgeting; the Appropriations Committee reported a single omnibus bill as a "one-time experiment in improving legislative efficiency."<sup>173</sup> According to Polsby, the exercise succeeded in "dramatizing the sheer size of the federal budget."<sup>174</sup> Even in the 1950s, it was apparent that putting the entire federal

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<sup>168</sup> *Congressional Budget and Impoundment Control Act of 1974*, Pub.L. 93-344, 93rd Cong., 2nd. Sess. (July 12, 1974) <http://www.gpo.gov/fdsys/pkg/CDOC-109sdoc24/html/CDOC-109sdoc24.htm> (accessed April 23, 2013).

<sup>169</sup> *Ibid.*

<sup>170</sup> *Ibid.*

<sup>171</sup> *Ibid.*

<sup>172</sup> *Ibid.*

<sup>173</sup> *Ibid.*

<sup>174</sup> Polsby, *How Congress Evolves*, 44.

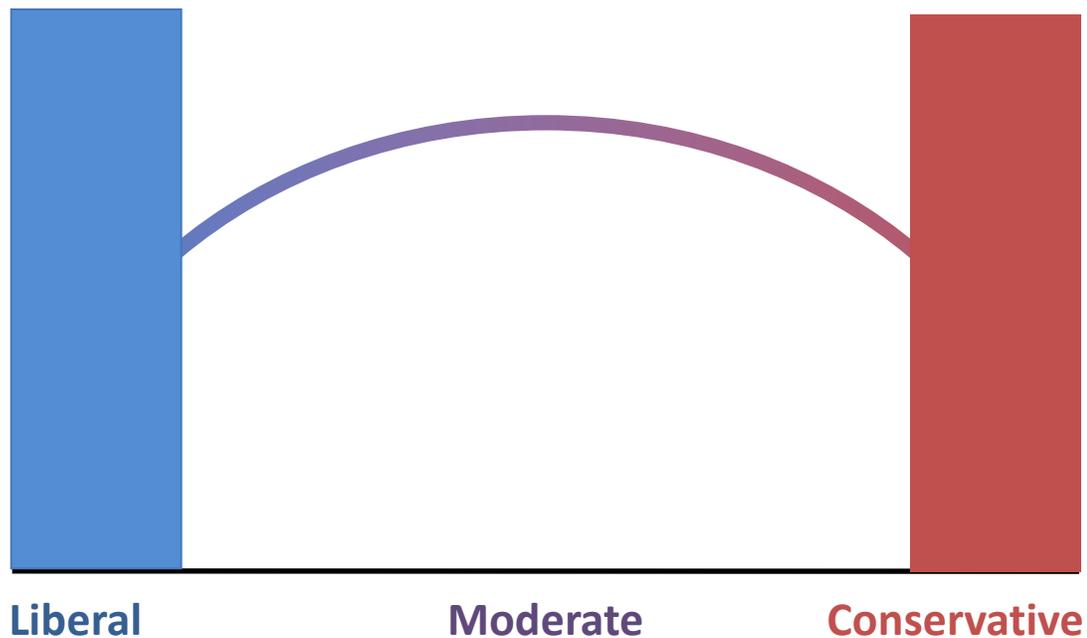
budget into one bill had dramatic effects. Apparently unhappy with the experiment, Congress returned to reporting thirteen separate bills the next year.

The concurrent budget resolution is essentially a single consolidated omnibus bill each year, with the added complexity of including revenues and facing much higher levels of mandatory spending. Congress had a historical experience to draw on that indicated that it would find comprehensive budgeting difficult. Time had likely clouded its memory, but perhaps lawmakers really thought they had ironed out the problems by separating the committees into each chamber, making their membership smaller, and giving members more power and resources. Or perhaps the spirit behind restoring congressional control was strong enough in the 1970s to give the budget committees the teeth they needed to become part of congressional and budgetary culture. In any event, the legislation would have many unintended and unforeseen consequences.

## **II. THE POLARIZING FORCES OF THE 1974 BUDGET REFORMS**

In such a disjointed and diverse body as Congress, differing viewpoints on the purpose and goals of the budget process are inevitable. Even if most members can agree that the goal of the process is to represent the will of the public, fulfilling that goal necessitates an annual fight among 535 representatives elected by very different segments of the public. But a critical part of retaking budgetary power from the president was to complete the same comprehensive task that the president completed each year: creating a blueprint for the size and shape of government. That task placed polarizing pressure on Congress for five main reasons.

First, the CBA helped sort members into rational, ideologically congruous groups because it confronted them with a fundamental decision about the role of government. This effect entails both the sorting out and diverging of the parties over the past four decades. With regard to partisan sorting, macrobudgeting placed the policy debate into the public sphere and before the leadership in an easily digestible form: Did the member vote for the budget that increased the size of government or the one that decreased it? Members have a personal interest in voting the “correct” way; if a Democrat votes for the latter option, he risks losing his committee assignments or losing funding from the national party organization during the next election. But having to make a public declaration about budget aggregates and national priorities also helped the parties connect new social issues to the budget and identify with one side of the evolving party structure. The easiest way to conceptualize this concept is through the following diagram.



Inspired by an example Theriault used to explain polarization on the up-or-down vote on Clinton's impeachment, this diagram illustrates that when Congress encounters a yes-or-no, A-or-B style of decision, it necessarily ends up with a vote that looks extreme. The vote will hide any amount of gradation between the poles, and it will have forced lawmakers to "pick a side." In legislating, picking a side is typically necessary. But in comprehensive budgeting, picking a side means making a decision—a public decision, because of the LRA of 1970—about the proper size and shape of government. Of course, the reality is much more complicated. Budget proposals do not always reflect one party's agenda as heavily as this diagram suggests. Further, the content of the concurrent budget resolution is discussed lengthily in committee and in conference before the final floor vote, allowing plenty of opportunity for gradation to enter the process. But the reported bill tends to carry the stamp of approval from one side of the aisle or one ideology of budgeting more heavily than the other, forcing an ideological vote. Perhaps more importantly, though, the process of deciding on trade-offs and budget aggregates inevitably forces lawmakers to debate national priorities (the shape of government) and appropriate levels of spending, revenue, and debt (the size of government), which add up to a debate over the fundamental role of government in society. That conversation, with the whole budget on the line, is quite helpful for getting a confused party system back in order.

Prior to the 1974 budget reforms, the budget process fit the disjointed incrementalist model of decision making, a behavioral model that stems from Charles Lindblom's work; in this model, key actors tend to make decisions and conduct

supporting research and analysis “disjointedly at multiple points and levels.”<sup>175</sup> Between the Civil War and the CBA, when legislation came to the floor, whether it was authorization, spending, or appropriations legislation, members generally considered the individual merits of the legislation instead of considering it in the context of the overall system of government. The fragmentation of information and decision making forced actors to restrict themselves to “analyzing a few consequences of a limited number of options, rather than analyzing all the consequences of all the options.”<sup>176</sup> That style of decision making was in accordance with the disjointed incrementalist model.<sup>177</sup> Following the model, the pre-1974 budget process had become so disjointed that authorizers were unaware of the corresponding funding levels.<sup>178</sup> (This lack of communication was becoming problematic considering rising deficits.) In order to fund the government on time, budgeters had to restrict their focus to marginal changes from current levels of spending (or from the president’s budget proposal) rather than undertaking a comprehensive review of the budget.<sup>179</sup> In Lindblom’s theory, if lawmakers under the incrementalist model encounter a problem, they address pieces of it rather than seeking a “single comprehensive solution.”<sup>180</sup> Their work is necessarily focused on avoiding negative outcomes rather than moving “toward a set of goals.”<sup>181</sup> Similarly, when congressional budgeting has several nuclei of decision making and

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<sup>175</sup> Charles E. Lindblom, *The Intelligence of Democracy* (New York: Free Press, 1965), 144-152.

John F. Witte, *The Politics and Development of the Federal Income Tax*, (University of Wisconsin Press, 1986), ch. 1.

(Both of the above as cited in Ellwood, “The Great Exception,” Note 11).

<sup>176</sup> *Ibid.*

<sup>177</sup> *Ibid.*

<sup>178</sup> *Ibid.*

<sup>179</sup> *Ibid.*

<sup>180</sup> *Ibid.*

<sup>181</sup> *Ibid.*

provides for limited conversation between each nucleus, then the process as a whole cannot seek a distinct set of goals. When budget formation is disjointed, each piece seeks its best outcome, but lawmakers are not fully engaged in a debate over the proper size and scope of government.

The disjointed incrementalist model differs from classical economics and rational planning models, in which decision makers weigh all factors in search of a stated goal and select the solution that best fits that goal. With the requirement of a comprehensive legislative budget, Congress created the institutions necessary to bring all components of budgeting into conversation and engage in a process that more closely resembled rational planning models of decision making. The idea was that improving coordination in congressional budgeting would help elevate Congress in the budget process and restore the balance of power. But rational planning models require a stated goal in order to be effective; the process of determining that goal is where Congress runs into trouble. Lawmakers do not agree on what they are moving towards, let alone how to get there. The CBA forced Congress to have that conversation, and the disparate body soon organized around two fundamental opinions on the role of government; Congress would soon find that the rational planning model works equally poorly in reconciling two distinct goals as it does for hundreds.

Reaching budget and economic decisions through a fragmented and ad hoc process (pre-1974) allowed for *partisan mutual adjustment*, which Lindblom describes as “the process that allows rational actors with different values to achieve ad hoc accommodations without changing those values.”<sup>182</sup> As noted above, Ellwood says the

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<sup>182</sup> Ellwood, “The Great Exception,” 320.

pre-1974 process “limited the extent and scope of political conflict.”<sup>183</sup> Comprehensive budgeting, on the other hand, invited that conflict by institutionalizing the link between spending, revenues, programmatic legislation, ideology, and party identification. The CBA required congressional deliberation over the proper shape of a unified budget, making it impossible for members to hide their ideological preferences. Before the CBA, Congress contained Democrats in the South who acted as conservatives and Republicans in the Northeast who acted as liberals, and that system was largely non-ideological.<sup>184</sup> Therefore, budgeting in aggregate highlighted the ideological stakes and helped lawmakers (and voters, who began voting to replace members who were not ideological enough) attach their ideology to a party. Before the ideological sorting, some Democrats would expose themselves to electoral backlash by voting *with* their party. Afterwards, it became clear which side members aligned with ideologically.

Again, in a democratic system, there are many different opinions on what the “stated goal” of budgeting should be, making rational actor behavior quite impossible and even *irrational* in a naturally conflicted and decentralized body with no clear leader. Haskell points out that Congress cannot plan as a single entity “*because it is not actually a single entity.*” (Emphasis supplied.)<sup>185</sup> The Founders intended Congress to experience such disagreement about goals, as the legislative body represents a diverse nation. But two opposed goals organized into a clearer two-party system, conflict increasingly fell along party lines, and those parties became stronger and more entrenched. The strength of

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<sup>183</sup> Ibid.

<sup>184</sup> Key, *Southern Politics*, ch. 13.

<sup>185</sup> Haskell, *Congress in Context*, 351.

the party system began to feed back into the differentiating forces of comprehensive budgeting.

The second polarizing force behind the CBA is that comprehensive budgeting works against the institutional nature of Congress. The Founding Fathers did not try to establish efficiency in Congress, but rather they sought a system that would produce good policy and protect against power abuses.<sup>186</sup> As part of that goal, the Founders created two institutionally different chambers of Congress that produce different types of representatives. The inability for those two chambers to reconcile—let alone for their many members to compromise—becomes an often insurmountable blockade to the vast majority of proposed legislation. Haskell notes that “the fundamental nature of Congress” as defined in the Constitution has changed very little over more than 200 years.<sup>187</sup> The institution, he says, referring to the work of James L. Sundquist, is slow, parochial, and unable to plan.<sup>188</sup> The CBA attempts to address all of these limitations; it places a timeline on budgeting, lessens the influence of local interests by creating a whole-of-government approach, and provides for multiyear budget planning. But, with the exception of its treatment of parochialism, it does this by imposing demands on the institution rather than working with it. A comprehensive approach also creates more work and tougher decisions, putting strain on Congress’s sluggishness and inability to plan rather than enhancing efficiency. Congress also made its job harder by using its own information source, the CBO, rather than relying on the president’s budget as a starting point. Starting from scratch provides less political cover in Congress, raising the level of

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<sup>186</sup> Haskell, *Congress in Context*, 346.

<sup>187</sup> Haskell, *Congress in Context*, 343.

<sup>188</sup> James L. Sundquist, *The Decline and Resurgence of Congress* (Washington, D.C.: Brookings Institution Press, 1981), ch. 7. (As cited in Haskell, *Congress in Context*, 346.)

blame each party would have to seek to avoid. The CBA reclaimed a power that belonged in Congress, and addressing budget totals in some way (and certainly creating a legislative budget staff) may have been necessary to that end. But in practice, the CBA's implementation of comprehensive budgeting attempted to capture the ocean with a net. Congress hoped to manage an unmanageable institution—to mold its own unchangeable features. The hierarchical executive branch responds well to the centralization of decision making, and the CBA assumed, or hoped, that Congress could adapt to centralization with the same effectiveness. According to Fisher, that assumption was a fundamental misunderstanding the institution's nature.<sup>189</sup>

Two interrelated phenomena are important to note: the shift from disjointed budgeting to comprehensive budgeting and the shift from executive-directed budgeting to legislative-directed budgeting. Congress ends up with heightened pressure on its slow and disparate nature as well as heightened power and responsibility. With more blame to go around, each individual member is more averse to making votes that might upset his party or his constituents. The same time period also brought increased frequency of divided government. Six of the nineteen Congresses in the 38 years prior to the 93<sup>rd</sup> Congress, which passed the CBA, experienced divided government, in which the executive and at least one chamber of the legislature are different parties. In the nineteen Congresses after the CBA, thirteen of them experienced divided government. Not one of the nineteen Congresses before the 93<sup>rd</sup> Congress experienced a divided *Congress*, compared to four (plus one evenly divided Senate) afterwards.<sup>190</sup> LeLoup argues that

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<sup>189</sup> Fisher, "Federal Budget Doldrums," 696.

<sup>190</sup> "Table 1-13 Divided Government in the United States, by Congress, 1861–2013," in *Vital Statistics on American Politics 2011-2012*, ed. Harold W. Stanley and Richard G. Niemi (Washington, DC: CQ Press,

divided government can provide “political cover” for controversial decisions on issues such as tax hikes and cuts to mandatory spending programs.<sup>191</sup> According to his argument, the notable increase in the frequency of divided government after the 1970s should have alleviated the polarizing effects of the CBA and party polarization in general. But the equalization of power, as Kettl and Haskell argue, is a polarizing force. Kettl makes the argument with regard to the power balance between the branches, saying the budget process changes that reestablished the institutional balance of power “have multiplied the opportunities for conflict.”<sup>192</sup> Haskell makes the argument with regard to the establishment of balance between the political parties. Divided government might provide political cover if the parties chose to engage or if the branches were unequal in power. But the parties are relatively equal in power, and the CBA helped to ensure that the branches were, as well. Thus, neither party will be inclined to give up ground, although the opportunity might be available.

Congress has made other attempts at reforming itself from within as well as at seeking solutions and assistance from outside the institution. These reforms have typically “coped with, or tried to compensate for, its inherent limitations in order to maintain its relevance in a changing world.”<sup>193</sup> As it did with the BAA, Congress has at times recognized its limitations and chosen “flexible approaches to pressing issues.”<sup>194</sup> This is not to say that the BAA was a “better” reform than the CBA. The CBA exacerbated Congress’s limitations, while the BAA relinquished power that may have

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2011), [http://library.cqpress.com/vsap/vsap11\\_tab1-13](http://library.cqpress.com/vsap/vsap11_tab1-13) (accessed April 25, 2013), 36-37.

<sup>191</sup> LeLoup, *Parties, Rules, and the Evolution of Congressional Budgeting*, 222.

<sup>192</sup> Kettl, *Deficit Politics*, 149.

<sup>193</sup> Haskell, *Congress in Context*, 344.

<sup>194</sup> *Ibid.*

belonged in the legislative branch; both choices had unintended consequences and potentially negative policy outcomes. The CBA reforms worked in the direction of rigidity and coordination; that choice had a much different impact on the institution.

Third, comprehensive budgeting procedures gave the appearance of heightening budgetary control and providing sufficient incentives to compromise without helping Congress accomplish those tasks. Recall that Theriault praised these reforms briefly for forcing Congress to make tough decisions.<sup>195</sup> But, while comprehensive budgeting did succeed in making them *talk* about tough issues, it did not actually succeed in forcing them to *make* those tough decisions. Fisher posits that the post-1974 budget process has encouraged deficit growth while dampening the political will needed to address them.<sup>196</sup> The result? A conflict-ridden process with little to show for it. With fiscal issues entering the national consciousness through rising deficits, the CBA helped reassure the public that Congress was working on addressing the problem by creating, according to Ellwood, “new procedures and institutions that reflected a more centralized and integrated decisionmaking process than previously had been used to make economic and budget policy.”<sup>197</sup> Fisher contends that Congress even reassured itself that its new budget process would help stem the growth of deficits; he says the architects of the legislation assumed that members “would behave more responsibly if they had to vote explicitly on budget aggregates and face up to totals, rather than vote piecemeal on a series of appropriations and legislative bills.”<sup>198</sup> But Congress has almost always struggled to address deficits and to budget on time since 1974—two indicators of lack of budgetary control. Former

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<sup>195</sup> Theriault, *Party Polarization in Congress*, 52.

<sup>196</sup> Fisher, “Federal Budget Doldrums,” 693.

<sup>197</sup> Ellwood, “The Great Exception,” 315.

<sup>198</sup> Fisher, “Federal Budget Doldrums,” 696.

Director of the CBO Rudolph Penner commented that the post-1974 system is not just passively ineffective; rather, he says that it “looks very elegant on paper, but it is leading to very dishonest and disorderly results”—a process that intended to fix problems or disorder and provide *enhanced* coordination.<sup>199</sup> Perhaps another reason that the CBA in practice did not work as intended in this regard involves the role of special interests and the public in the new budget process.

With the rise of public information and the proliferation of interest groups, the response to legislative activity is rapid and intense. In a budget process that has the potential for sudden, far-reaching change, the stakes are even higher. With regard to budgeting, there is always more public outcry over what not to cut than there are ideas for what to cut.<sup>200</sup> These natural inclinations of the public and interest groups clash with a budget process that necessitates offsetting one program for another. In a budgetary environment that is all about what to cut, the interest group community is on edge.<sup>201</sup> The proliferation of interest groups bent on keeping programs leads to increased fighting over scarce resources and can “make societies ungovernable.”<sup>202</sup> With the threat of instant interest group mobilization and the instant public pressure that effective interest groups carry, members are increasingly bound to their platforms and parties.<sup>203</sup>

In one incident that Jonathan Rauch notes in his commentary on interest groups and democracy, “Demosclerosis,” a group of “kamikaze Senators” produced an

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<sup>199</sup> Fisher, “Federal Budget Doldrums,” 694.

<sup>200</sup> Kettl, *Deficit Politics*, 153.

<sup>201</sup> Jonathan Rauch, “Demosclerosis,” *National Journal*, September 5, 1992, [http://www.jonathanrauch.com/jrauch\\_articles/demosclerosis\\_the\\_original\\_article/](http://www.jonathanrauch.com/jrauch_articles/demosclerosis_the_original_article/) (accessed March 29, 2013).

<sup>202</sup> Mancur Olson, *The Rise and Decline of Nations: Economic Growth, Stagflation, and Social Rigidities* (New Haven: Yale University Press, 1982). (As quoted in Rauch, “Demosclerosis.”)

<sup>203</sup> Rauch, “Demosclerosis.”

alternative budget that focused on reducing entitlement spending (though even they were smart enough to leave immensely popular Social Security untouched for the better chance of passing reform elsewhere).<sup>204</sup> The story goes:

“Within two hours of the four Senators’ first detailed discussion of their proposal, [the ‘kamikaze Senators’] were receiving telegrams, [Senator Pete] Domenici told the Senate, ‘from all over the country, saying that this is going to hurt a veterans’ group, this is going to hurt people on welfare, this is going to hurt seniors on medicare.’ ‘We were inundated,’ G. William Hoagland, the Senate Budget Committee’s Republican staff director, recalled during a recent interview. ‘Just about every interest group you can think of was strongly opposed. It was very dramatic how quickly they all came to the defense.’”<sup>205</sup>

Senators with constituents who would be affected by the cuts responded by moving amendments to exclude specific groups one by one. The kamikaze Senators withdrew their bill. This anecdote illustrates one effect of a comprehensive budget process: all eyes are centered on it—on the creation of one resolution that controls appropriations and has the power to alter mandatory programs and taxes—and each lawmaker in Congress is bound to represent a different set of eyes.

Another effect is that comprehensive budgeting becomes impossible and begins to weigh on the other steps of the budget process, as we have seen in the past few years especially. The old system also had trouble passing budget items on time: of the eight years that preceded the CBA, four did not see one appropriations bill before the beginning of the fiscal year, and it took Congress an average of three months after the

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<sup>204</sup> Ibid.

<sup>205</sup> “The American Association of Retired Persons (AARP) called the proposal a ‘direct attack’; the National Council of Senior Citizens ‘outrageous’; the Children’s Defense Fund, ‘unacceptable’; the Committee for Education Funding, ‘unconscionable’; the Food Research and Action Center, ‘devastating’; the American Federation of Government Employees, AFL-CIO, ‘unfair and unconscionable’; the Veterans of Foreign Wars of the United States, ‘totally unjust’; the Disabled American Veterans, ‘unconscionable’; the American Legion, ‘incredible’; the Paralyzed Veterans of America, ‘inherently unfair’; the National Cotton Council of America, the U.S. Rice Producers’ Group and the National Farmers Organization, ‘unfair’; the American Postal Workers Union, AFL-CIO, ‘irresponsible, simple-minded,’ and so on.” Ibid.

start of the fiscal year for Congress to complete action on all thirteen appropriations bills.<sup>206</sup> But Congress typically resolved the conflict on an annual basis, whereas, from FY1977 to FY2011 Congress enacted all regular appropriations bills on time in only four years (FY1977, FY1989, FY1995, and FY1997).<sup>207</sup> Lawmakers learn to anticipate this frenzied response to cuts, and Congress becomes averse to touching the funding that politically powerful interest groups care about. If Congress did not operate in a system of comprehensive budgeting today, the nation would probably still be in a situation with high deficits; that situation would demand trade-offs, and evaluating those trade-offs would require some form of comprehensive budget review. Congress would still be partisan and polarized, so budgeting would often be contentious. But presidential involvement would certainly be much heavier, so the disparate interests of Congress would not be as central to the process. Further, lawmakers would have more flexibility to report piecemeal budget legislation separately from the context of the overall budget, when politically expedient, helping to disperse attention and conflict. Interest group proliferation and public information did not exist in full force until after the CBA. Their rise meant that the CBA found itself in a system that was unsuitable to its structure, adding to the hostility of the institution. The modern budget process magnified the polarization that was already there, and the increasingly public nature of conducting legislative business in turn magnified the effect of the modern budget process.

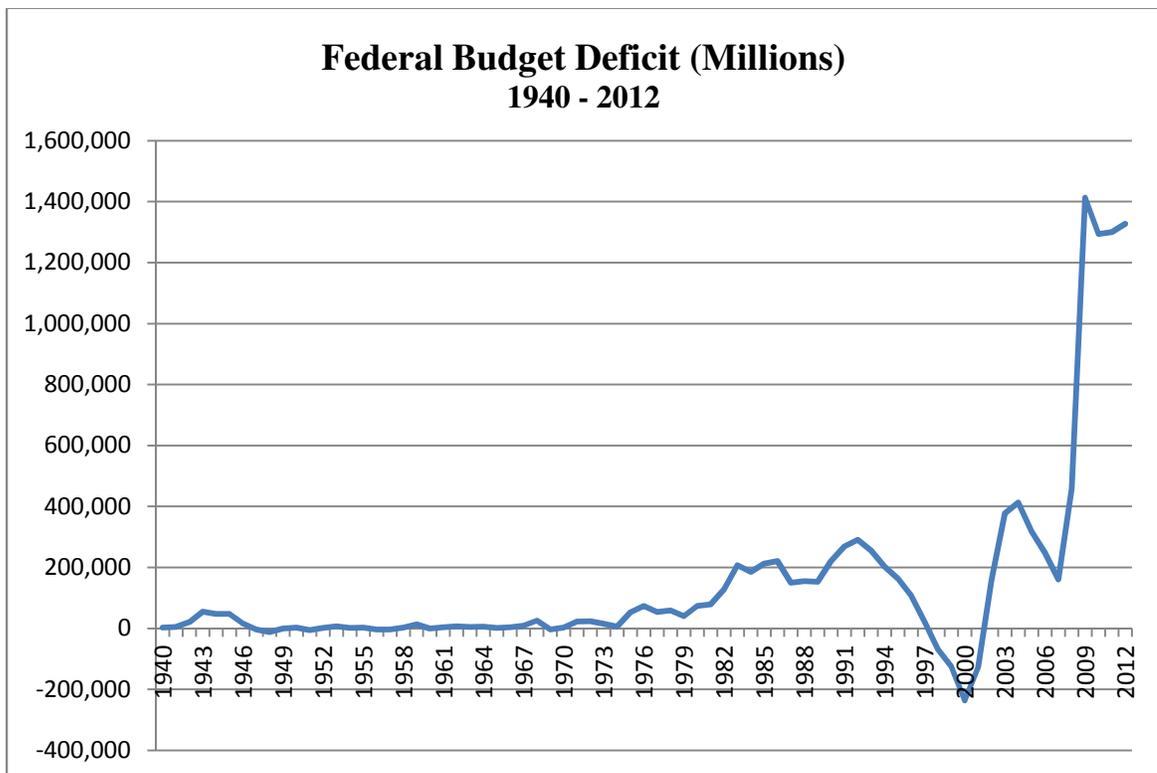
Deficits are both a result of lack of decision making and a cause of it. Kettl wonders why policymakers did not “simply not buckle down” and make the necessary

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<sup>206</sup> Ellwood, “The Great Exception,” 322.

<sup>207</sup> Jessica Tollestrup, “Duration of Continuing Resolutions in Recent Years,” Congressional Research Service (2011), [http://assets.opencrs.com/rpts/RL32614\\_20110428.pdf](http://assets.opencrs.com/rpts/RL32614_20110428.pdf) (accessed March 28, 2013).

tough decisions earlier on to “ease” the country out of deficits.<sup>208</sup> He partially answers his own question by saying that deficits themselves contribute to the difficulty of budgeting. But a related and critical answer is that “easing” out of anything on a whole-of-government scale is nearly impossible, and it got harder as the deficit rose, interest groups dug in their heels, and the parties became more distinct and separate. Unfortunately, the parties’ “untouchable” issues (protection against tax increases vs. protection of entitlements) are diametrically opposed while having the same effect: they both put pressure on the deficit. The larger the deficit gets, the more difficult it will be to implement reform on a whole-of-government scale. More interest groups’ programs will be at stake, and public scrutiny will continue to rise, raising the potential for electoral consequences.



<sup>208</sup> Kettl, *Deficit Politics*, ch. 7.

The graph above shows the shocking trajectory of deficits over the past decade.<sup>209</sup> Two consequences result from rising conflict in an ill-equipped budgetary system. First, if we assume that the process will take care of the tough decisions for us, it becomes difficult to foster the political will to work through our most fundamental problems. (Congress has, multiple times, attempted to place procedural reforms on top of the CBA in the hope of compelling deficit reduction.) Second, if the political environment is such that fundamentally opposed views cannot be accommodated or one of them subjugated, our problems similarly remain unsolved. Comprehensive budgeting makes accommodation more difficult, and increasingly balanced power between the parties (and the branches) has made it impossible for either side to completely disregard the other side's needs. These two factors, complacency and competition, are the two devils of budgeting. They have existed in budgeting in various degrees since the passage of the CBA, and they have also been enhanced by subsequent reforms. Today's budgetary environment does not give the impression of complacency, but look more closely: in the summer of 2011, Congress gave itself a year and a half to come up with \$1.5 trillion in deficit reduction on top of over \$1 trillion in discretionary spending caps over ten years.<sup>210</sup> In the many months leading up to the sequestration deadline, the process stagnated and conflict festered as lawmakers, apparently resigned to the impassable divide between them, went through the

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<sup>209</sup> Historical Tables, "Table 1.1—Summary of Receipts, Outlays, and Surpluses or Deficits (-): 1789–2018," The White House, <http://www.whitehouse.gov/omb/budget/Historicals> (accessed March 6, 2013).

<sup>210</sup> Richard Kogan, "How the Across-the-Board Cuts in the Budget Control Act Will Work," Center on Budget and Policy Priorities, April 27, 2012, <http://www.cbpp.org/cms/?fa=view&id=3635> (accessed April 25, 2013).

Mindy R. Levit and Marc Labonte, "The Budget Control Act of 2011: The Effects on Spending and the Budget Deficit When the Automatic Spending Cuts Are Implemented," Congressional Research Service (2012), <http://www.fas.org/sgp/crs/misc/R42506.pdf> (accessed April 26, 2013), 2.

motions of the Joint Committee on Deficit Reduction (organized to find the \$1.5 trillion). Kettl identifies deficits as a “handy club” for beating opponents (although Republicans find themselves in a better bargaining position during deficits).<sup>211</sup> In negotiations, both sides did just that, using the deficit to argue a) drastic cuts, or b) embrace new revenues. Leading up to the sequestration deadline, both sides prepared themselves to win the “blame game” if they failed. Both sides were well aware that they could allow the sequestration deadline to pass as long as their arsenal was ready with talking points about how they tried, and the other side obstructed.

The concurrent budget resolution created a similar situation, though less dramatically so. Even though the concurrent budget resolution is statutorily required, there is no punishment for failure to produce a concurrent budget resolution. So, the idea that members would vote “more responsibly if they had to...face up to totals” is largely unfounded because lawmakers quickly discovered that they did not *have* to; when politically expedient, they could use the process as part of their arsenal without being concerned about ensuring the passage of a compromised resolution.<sup>212</sup> Congress must fund the government, but it can do so through regular appropriations bills, continuing resolutions, and omnibus and minibus bills without a budget resolution. Thus, the CBA’s intention of producing compromise often fails because of another fundamental misunderstanding of Congress: it does not have to follow its own rules.

The Joint Study Committee had stated its belief that the fragmented institutions and structure of the pre-1974 process had contributed to deficits by failing to make trade-

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<sup>211</sup> Kettl, *Deficit Politics*, 159.

<sup>212</sup> Fisher, “Federal Budget Doldrums,” 696.

offs.<sup>213</sup> It also stated that history had proven the futility of nonbinding spending caps “which could be ignored at will” in requiring an assessment of “competing priorities.”<sup>214</sup> In other words, if budgeters can break the spending caps at will, the caps are useless. The Committee therefore recognized Congress’s tendency to ignore its own rules when those rules become difficult to follow. (Recall that Congress also had a handful of previous experiences with budget aggregates to draw from.) Since the framers of the legislation were aware of Congress’s frequent disregard for its own rules, it is curious that they did not express concern that Congress might at times be unable to produce a budget resolution in the first place—or that one party or chamber might choose not to participate for political reasons. The Study Committee therefore did not anticipate the consequences of requiring a budget resolution and failing to pass one on time or at all. Remember, by the time Congress started missing budget resolutions for full fiscal years, in 1999, the parties had already sorted out to a large degree, and conflict over unsolved problems has been festering for decades.

There is no method of punishment for Congress if it does not follow the laws it sets for itself, save electoral or other political punishment. Lawmakers’ zeal for reclaiming budgetary power from the president gave the process motivation at the outset, and the usefulness of the budget resolution as a majority party tool has helped to continue the practice, whereas before Congress was content to make many fragmented decisions

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<sup>213</sup> Kogan, “How the Across-the-Board Cuts in the Budget Act Will Work.”

Congress saw the main problem to be the “distribution of committee jurisdictions over components of the budget among several different congressional committees,” such that spending bills are considered as separate entities rather than being weighed in accordance with each other to assess “relative priorities among spending programs.” (Joint Study Committee on Budget Control Interim Report, 178.)

<sup>214</sup> “To provide expenditure and budget authority guidelines which could be ignored at will does not meet the problem of requiring an examination of competing priorities. A nonbinding expenditure ceiling has already been tried, and failed.” (Joint Study Committee on Budget Control Interim Report, 176.)

and take little notice of their relationship to each other in the broader context of the budget. But while both sides typically participate in discussions over the budget resolution, they know that the political consequences of ceding ground on policy priorities can be much worse than failing to compromise. Both parties are quite concerned with deficits as a policy issue in themselves (if for no other reason, because their constituents are concerned with deficits), but a deficit solution favorable to the party agenda takes precedence over deficit reduction for its own sake. Instead, in accordance with Haskell's assessment that half of partisanship is the effort to score points against adversaries, lawmakers prefer to extend the policy battle and win the blame game in what Fisher calls the "politics of blamesmanship."<sup>215</sup>

The concurrent budget resolution still manages to hold up the appropriations process, despite its effective "optional" status. While missed appropriations deadlines were by no means unheard of before 1974, Congress completed one and a half of the required twelve appropriations bills on time from 1997 to 2008. This impediment to the existing pre-1974 budget structures has consequences. Congress has only fully completed its work on the budget twice, for fiscal years 1977 and 1989.<sup>216</sup> Save for a handful of other years, conflict has forced Congress to rely on a series of continuing resolutions.<sup>217</sup> Some years, that meant going full years on continuing resolutions.<sup>218</sup> In doing so, Congress loses the big picture assessment that the concurrent budget resolution is

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<sup>215</sup> Haskell, *Congress in Context*, 376.  
Fisher, "Federal Budget Doldrums," 696.

<sup>216</sup> Kettl, *Deficit Politics*, 144.

<sup>217</sup> *Ibid.*

<sup>218</sup> *Ibid.*

supposed to provide and, again, gets only the conflict-inducing aspects of comprehensive budgeting without the desired rationality and solution-building.

That the power of political interests trumps the rules of process is a popular stance among congressional experts. The maxim is that procedural reforms cannot force political will. Congress has often fallen into the temptation to try to force political action with rigid reforms, but historically, friction and polarization result from such reforms more often than solutions. A reform that seeks solutions by increasing the demands of the process without increasing the potency of the “controls” creates more difficult decisions without much incentive for Congress to comply with them. Gradation is more difficult to show or attain, so each side and each member has more to lose politically. Again, cross-partisan rapport degrades, and the rift widens.

Fourth, the budget committees quickly lost power to the leadership, who were able to use budgeting to further unite and strengthen the parties. Part of the reason for the fall of the budget committees’ power was that other reforms in the 1970s demoted the committee structure. The same Congress that was unhappy with the committee-centric structure that characterized Congress in the early 1970s built a budget process that relied heavily on its power. The budget committees fell in power along with the rest of the committees as the leadership rose. Kettl notes that those who advocate for reforms typically stand to benefit from them. More specifically, as Theriault explains, not only did the whole of Congress stand to gain by reasserting itself in the budget process in 1974, but individual congressmen stood to gain from ceding power to the leadership around the same time. Although lawmakers did not anticipate that they would be ceding even more power to the leadership with the CBA, Ellwood says the centralization of

power and elevation of the leadership was an unintended consequence of the 1974 budget reforms.<sup>219</sup> Whether by separate forces or by the budget process reforms, leadership's accumulation of power at the same time as the rise of legislative budgetary prowess had significant implications for the implementation of the CBA.

But the loss of power is also partially the fault of the committees themselves, or, at least, of their inability to cope with what was asked of them under the pressures of an increasingly partisan political environment. Not only is the budget committees' complacency over deadlines problematic for reasons discussed above, but increasing failure to meet deadlines also weakens the committees themselves.<sup>220</sup> With increased need for high-level budget summits, budgetary decision making started centralizing in the leadership, and the budget committees became increasingly procedural and after-the-fact.<sup>221</sup> Kettl echoes this analysis: "The more Congress relies on continuing resolutions to keep government operating, and the more budget summits...produce the real decisions, the more the budget committees fade from importance."<sup>222</sup> The original structure of the CBA allowed for some gradation to enter into the process through committee mark-up and conference, but a leadership-dominated process cuts that step out. In years when budget summits control negotiations, lawmakers really do end up with a yes or no choice.

Wherever the decision making happens, the deal still has to funnel through the budget committees to become binding spending levels and reconciliation instructions. Further, what comes out of the budget committees still has to come to a floor vote. So, no matter where the locus of decision making lies, the final goal of passing a comprehensive

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<sup>219</sup> Ellwood, "The Great Exception," 325.

<sup>220</sup> Kettl, *Deficit Politics*, 146.

<sup>221</sup> *Ibid.*

<sup>222</sup> Kettl, *Deficit Politics*, 147.

budget through Congress has to remain a crucial factor. The party agendas thus take the lead in budgeting, and as each side's leadership seeks to both please and manage its rank and file, there is no longer any room for conciliatory trade-offs and bargains between individual members.

Finally, the reestablishment of the balance of power through the implementation of comprehensive budgeting contributed to party polarization. By establishing legislative power over the budget—the central goal of the CBA—the new budget process invited partisanship and the clash of ideals. The legislative budget element of the CBA does not impede presidential action in budgeting, but it did have “the general effect of obscuring and weakening presidential responsibility,” according to Fisher.<sup>223</sup> Still, the president retained meaningful budgetary power after the 1974 reforms, including the rhetorical power of a unitary executive in driving public opinion, the political power to drive his party's agenda, and the institutional power to veto final spending and revenue bills. These powers are natural and central to the presidency. They have helped keep the president relatively on par with the legislative branch in budgetary activities, despite the success of the CBA in that regard. Kettl describes how Congress was soon able to feel the effects of balanced power and more equal budgetary tools between Congress and the president:

“...the balance of power between the institutions became more even, just as budgetary decisions became ever more intractable... The 1974 congressional budget act thus proved critical for evening the balance between the president and Congress on budgetary issues... If not perfect, the balance was at least more even. As it became more even and neither the Congress nor the president were able consistently to dominate the process, however, passing any budget at all became harder.”<sup>224</sup>

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<sup>223</sup> Fisher, “Federal Budget Doldrums,” 695.

<sup>224</sup> Kettl, *Deficit Politics*, 144.

The reestablishment of institutional balance of power also helped to balance the political parties, and, according to Haskell, the same conclusion applies: a party with no hope of passing its agenda will tend to be more complacent and open to compromise, he says, while two parties that are relatively equal in power will prefer compromise.<sup>225</sup> Kettl goes on to say that the budget process deteriorated just as “partisan clashes” became more common.<sup>226</sup> But the CBA also allows the president to avert budgetary responsibility when he finds it expedient, leaving Congress to battle internally with the full weight of decision making and therefore the full weight of public opinion on the line. (The balance of power is still critical, as the president will typically only step aside if his party has enough power in Congress to be able to obstruct policy gains by the other side.) Reagan employed this tactic for much of his presidency, staying involved in budgeting from a rhetorical standpoint by expressing opposition to tax increases and defense cuts but allowing the responsibility of budgeting and, eventually, deficit control, to shift to the legislative branch. Prior to the CBA, Schick says, “Members were able to profess support for the president’s objectives while ‘nickel and diming’ the budget in their action on appropriations and other spending measures.”<sup>227</sup> Afterwards, lawmakers lost the protection of hiding behind the president’s budget, and they have to struggle though producing their own comprehensive budget—a much more difficult task.

Mandatory spending also helped along each of these factors. Remember that mandatory spending is not actually mandatory—the choice of how to spend the people’s

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<sup>225</sup> John Haskell, Senior Fellow with the Government Affairs Institute at Georgetown University, Interview by Anna Eames, phone interview, March 1, 2013.

<sup>226</sup> Kettl, *Deficit Politics*, 153.

<sup>227</sup> Allen Schick, “How the Budget Was Won and Lost,” in Norman J. Ornstein, ed. *President and Congress: Assessing Reagan’s First Year* (Washington: American Enterprise Institute, 1982), 25. (As cited in Fisher, “Federal Budget Doldrums”).

money still lies with Congress.<sup>228</sup> “Mandatory” simply indicates that the levels of spending are statutory and not subject to annual appropriations. Therefore, these budget lines would not be subject to annual oversight if not for the existence of the budget committees, which have the power to recommend statutory revisions to authorization committees through reconciliation as long as there is a budgetary effect. Despite the budget committees’ power in this regard, the growth of entitlement programs and the decision to index them to inflation has placed an increasing portion of the budget on “autopilot,” reducing resources available for discretionary budgets.<sup>229</sup> Mandatory spending programs are now hurtling towards insolvency; estimates place Medicare at insolvency by 2024.<sup>230</sup> The graph below shows the relationship between mandatory spending and discretionary spending over time as percentages of total outlays.<sup>231</sup>

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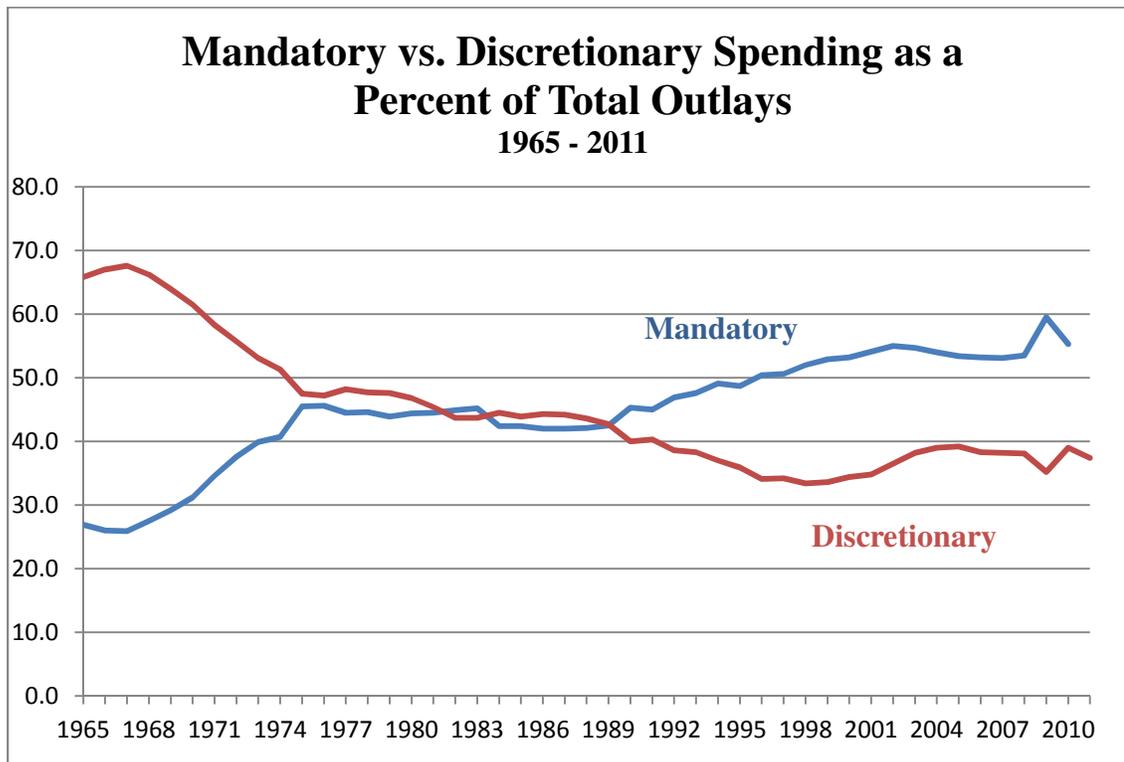
<sup>228</sup> “A Concise History of the House of Representatives Committee on Appropriations,” 111th Cong., 2nd. Sess. (December 2010), [http://democrats.appropriations.house.gov/images/stories/pdf/House\\_Approps\\_Concise\\_History.pdf](http://democrats.appropriations.house.gov/images/stories/pdf/House_Approps_Concise_History.pdf) (accessed March 28, 2013), 3.

<sup>229</sup> Makin and Ornstein, *Debt and Taxes*, 5.

<sup>230</sup> Medicare insolvency typically refers to Medicare Part A, the Hospital Insurance trust fund. The Supplementary Medical Insurance trust fund (Medicare Parts B and D) receives funding from general revenues and cannot become insolvent.

Patricia A. Davis et al., “Medicare Primer,” Congressional Research Service, <http://www.fas.org/sgp/crs/misc/R40425.pdf> (accessed April 21, 2013), Summary.

<sup>231</sup> Historical Tables, “Table 8.3—Percentage Distribution of Outlays by Budget Enforcement Act Category: 1962–2018,” The White House, <http://www.whitehouse.gov/omb/budget/Historicals> (accessed March 6, 2013).



Entitlements have gone without meaningful reform for many of the reasons already discussed. But the pressures of mandatory spending would have impacted partisan sorting and polarization without the CBA by giving Congress a sense of the challenges of comprehensive budgeting; by the time the CBA passed, mandatory spending was already forcing Congress to consider revenues and expenditures in tandem. Ellwood notes that, even with the relatively small portion of the budget dedicated to mandatory spending in the 1970s, pressure to control its growth was already creating conflict among appropriations, authorization, and revenue committee, and Congress was already having difficulty with internal conflict.<sup>232</sup> The CBA imparted that style of decision making, along with the conflict it carries with it, on all of Congress's budgetary decisions and placed mandatory spending in more visibly direct competition with the rest of the budget.

<sup>232</sup> Ellwood, "The Great Exception," 324.

Further, the interest groups attached to mandatory spending programs such as Medicare and Social Security are among the strongest lobbies in American politics. The resulting difficulty of controlling and reforming mandatory spending programs seems like all the more reason to *have* a congressional body that recognizes and seeks to grapple with the budget as a whole and then seeks to present an option for how to reconcile priorities and funding for the next year. Even though the CBA's primary goal was to reclaim power, the budget control aspect of comprehensive budgeting makes sense in hindsight. But again, in practice, it only helped us to *discuss* the tough issues, not to *solve* them.

The above factors have also contributed to the widening of the gulf between the parties because they all, to varying degrees, harm cross-partisan relations, damaging ability and desire to reach compromise. Kettl says gridlock has stemmed from tensions between the executive and legislative branches, "partisan squabbles," and from the simple lack of an "easy answer."<sup>233</sup> Confronting members with a fundamental decision about the role of government and disallowing them from making accommodations means they have fewer opportunities to engage in such deal making, and they will be less inclined to do so. The increasingly public nature of budgeting raises the stakes, and higher stakes mean more conflict; the threat of electoral punishment is much higher when votes and arguments are on the national stage. Shifting power to the leadership creates an institutional and partisan fight between the president and the party in power in Congress. The increased balance of power between the parties leads to less relinquishment of ground on party priorities.

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<sup>233</sup> Kettl, *Deficit Politics*, 154.

Haskell says partisanship has the ability “to undermine [Congress’s] ability to conduct its basic responsibilities,” and the public today believes it has had this effect.<sup>234</sup> A January 2013 Gallup poll found that 87 percent of Republicans, 68 percent of Democrats, and 79 percent of independents think that “the way politics works” today is harmful.<sup>235</sup> Similarly, an April 2013 Gallup poll found that Americans are more critical of the parties for their “approach” than for “substance.”<sup>236</sup> As the parties have aligned on substance and diverged from each other, politics has begun to supersede substantive policy debates, and the public is unhappy with that development. Theriault argues that the “divide between the political parties in Congress can increasingly be characterized as a disagreement about procedures.”<sup>237</sup> When members start disagreeing on procedure, they signal that they are divided on strict, enforced party lines, not just on policy. According to an interview with Budget Committee Minority Chief of Staff Marcus Peacock, the controlled release of budget proposal bill language by leadership is one procedural tactic that leads to bad blood and discourages future cooperation.<sup>238</sup> Theriault concludes that the various factors feed each other: “The more control major parties assert on the agenda, the more the legislative process exacerbates party polarization.”<sup>239</sup> This effect is especially

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<sup>234</sup> Haskell, *Congress in Context*, 375.

<sup>235</sup> Frank Newport, “Most in U.S. Say Politics in Washington Cause Serious Harm: Slight majority optimistic that things will improve over next 10 years,” Gallup Politics, January 7, 2013, <http://www.gallup.com/poll/159728/say-politics-washington-cause-serious-harm.aspx> (accessed April 23, 2013).

<sup>236</sup> Frank Newport, “Americans More Likely to Criticize Parties for Approach Than Substance,” Gallup Politics, April 3, 2013, <http://www.gallup.com/video/161621/americans-likely-criticize-parties-approach-substance.aspx> (accessed April 23, 2013).

<sup>237</sup> Theriault, *Party Polarization in Congress*, 3.

<sup>238</sup> Marcus Peacock, Budget Committee Minority Chief of Staff, interview by Anna Eames, telephone interview, 28 March 2013.

<sup>239</sup> Theriault, *Party Polarization in Congress*, 53.

noticeable in a system of comprehensive budgeting, in which each party stands to lose ground on several issues that are central to the party's existence in American politics.

A few things are important to keep in perspective in closing this chapter and starting to explore the post-1974 budget reforms. First, democracy is a system that is intended to celebrate the benefits of conflict. As Kettl reminds us, "Spending issues have for centuries been the central focus of conflict between executives and legislators," and our system of government "envisions conflict as the critical element in preventing the abuse of power."<sup>240</sup> But recent conflicts have been debilitating, and recent deficit issues and the forces underlying them have been played a major role in partisan deadlock. Second, the electorate is the main driver of what goes on in Washington. Lawmakers act based on their anticipation of constituent reactions. Today, lawmakers are organized into distinct parties that act as giant interest groups, attempting to reconcile and meet the needs of as many constituents of the group as possible. Finally, the CBA has contributed to polarization only because of how individual leaders have utilized and reacted to the CBA. The broad influence of this reform on the role of government and the level of partisanship is an amalgamation of a large combination of judgments and decisions on the part of hundreds of representatives—and their constituents—over nearly 40 years. Looking at a few key institutional reactions to the CBA and the problems the budget presented over the next few decades is the next step to understanding the impact of the comprehensive budgeting on the American political system.

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<sup>240</sup> Kettl, *Deficit Politics*, 149.

## **5 COMPREHENSIVE BUDGETING IN PRACTICE AND SUBSEQUENT REFORMS: 1980 – PRESENT**

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In the mid- to late 1970s, the nation was developing an ideological self-awareness—embodied through the party system—that had not existed since the Civil War. Demographic shifts and broader cultural issues, primarily centered on civil liberties, had been brewing since the 1960s, revealing new coalitions and cleavages that did not match the existing party structure. Evolving social issues altered the political landscape and turned into new divisions over policy. Without necessarily being fully aware of the extent of party reorganization that had begun, Congress claimed its role in the ensuing debate over the role of government by implementing the CBA, thereby reasserting its role in the budget process and creating a forum through which to advance its view of the role of government. But as Congress would soon find out, an often fierce internal battle must precede the budget resolution. In response to unsatisfactory results with the budget process under the CBA, Congress has passed several subsequent reforms, some of which build on the principles of the CBA and some of which divert from them.

Congress in the 1970s was aware of impending decisions on deficit control, and it certainly wanted a role in those decisions, as the CBA's primary goal was to reclaim congressional power in budgeting. So, just as the cultural shock waves of the civil rights movement, Watergate, and the Vietnam War reverberated through the country and new rifts arose, deficits were on the rise. At that moment, Congress passed legislation requiring the annual development of an overarching budgetary framework, forcing

Congress and, therefore, the nation, to confront the debate over the role of government. The broader changes of the 1960s almost certainly would have proven strong enough to revise party lines on their own. But in politics, nothing is so strong an incentive as money—particularly, the distribution of a limited supply of money. So, nothing is as strong a catalyst for conflict creation and coalition-building—and political parties are the largest coalitions in American politics. Putting all of that money in one pot and weighing budget items against each other seems to be the only logical thing to do when government spending cannot keep up with revenues—but it also seems to be a recipe for party-line conflict in Washington. The application of the CBA in practice, as well as further budgetary reforms that either built on or diverted from the principles of the CBA, are crucial to understanding the role of comprehensive budgeting in party polarization.

In the first two years under CBA procedures, Congress passed the budget resolutions fairly easily; FY1976 and FY1977 remain two of only six years in which Congress has met the entirety of the budget process on schedule.<sup>241</sup> Deficits for FY1976 and FY1977, however, came to \$73.7 billion and \$53.7 billion in current dollars, respectively—the largest deficits on record besides a \$54 billion deficit during WWII.<sup>242</sup> Going into the 1980s, Republicans found themselves with an unexpectedly strong role in the new budget process, as they had taken control of the Senate and placed an ally in the White House. Further, fiscal conservatives have always had an easier time arguing for

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<sup>241</sup> At the time, Congress had to pass two budget resolutions per year. That practice ended after 1982. Bill Heniff Jr. and Justin Murray, “Congressional Budget Resolutions: Historical Information,” Congressional Research Service (2012), <http://www.fas.org/sgp/crs/misc/RL30297.pdf> (accessed April 26, 2013).

<sup>242</sup> White House Historical Tables, “Table 1.1.”

limited government in times of budgetary crisis; the GOP thus had the ticket to a unifying party message if it hoped to become the party of fiscal conservatives: the deficit.

## I. GRAMM-RUDMAN-HOLLINGS AND THE FIRST BUDGET SUMMITS

Congress attempted several budget reform and deficit control measures from 1985 to 2002 while functioning under the basic structures and institutions of the CBA. According to the CBO, these measures “sought to supplement and modify the existing budget process, and also added statutory budget controls.”<sup>243</sup> The string of reforms started with the Balanced Budget and Emergency Deficit Control Act of 1985, better known as Gramm-Rudman-Hollings (GRH).<sup>244</sup> GRH set statutory deficit limits in response to massive deficits in the early 1980s and established sequestration, or across-the-board spending cuts, as the enforcement mechanism.<sup>245</sup> The Omnibus Reconciliation Act of 1990 contained the Budget Enforcement Act (BEA), which replaced the ineffective GRH deficit limits with 1) discretionary spending caps and 2) the pay-as-you-go (PAYGO) rule for entitlements and taxes, whereby all increases in mandatory spending or decreases in revenues had to be offset, or “paid for,” with decreases in mandatory spending or increases in revenue elsewhere in the budget. BEA numbers were also subject to

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<sup>243</sup> Megan Suzanne Lynch, “Statutory Budget Controls in Effect Between 1985 and 2002,” Congressional Research Service (2011), <http://www.fas.org/sgp/crs/misc/R41901.pdf> (accessed March 7, 2013), 1.

<sup>244</sup> Bill Summary & Status, “Balanced Budget and Emergency Deficit Control Act of 1985,” Thomas, <http://thomas.loc.gov/cgi-bin/bdquery/z?d099:HJ00372:@@L&summ2=m&> (accessed March 7, 2013). “Final Sequestration Report for Fiscal Year 1999,” Congressional Budget Office, October 30, 1998, <http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/10xx/doc1022/seq1098.pdf> (accessed March 7, 2013).

Lynch, “Statutory Budget Controls.”

<sup>245</sup> Slaying the Dragon of Debt: Fiscal Politics & Policy from the 1970s to the Present, “1985 Balanced Budget and Emergency Deficit Control Act,” University of California, Berkeley, <http://bancroft.berkeley.edu/ROHO/projects/debt/1985grammrudmanhollings.html> (accessed March 7, 2013).

sequestration. The 2010 debt ceiling increase included a modified version of PAYGO. Finally, the Budget Control Act of 2011 (BCA) reestablished caps on discretionary spending and created the Joint Select Committee on Deficit Reduction, tasked with reducing the federal deficit by \$1.5 trillion over ten years.<sup>246</sup>

By 1985, federal budget deficits had climbed to \$212 billion.<sup>247</sup> Stalemate between Congress and the executive had led to the development of “a statutory framework to force political action.”<sup>248</sup> The legislation that resulted was GRH. The House approved the GRH conference report 271 – 154, and the Senate approved it 61 – 31.<sup>249</sup> The legislation’s sponsors were Senators Phil Gramm (R-TX), Warren Rudman (R-NH), and Ernest Hollings (D-SC). GRH largely amplified and reinforced the principles behind the CBA. As such, it had similar effects. Continued partisan conflict and budgeting trouble were unsurprising results for five main reasons, four of them directly building on the polarizing effects of the CBA. First, GRH built on the ideological sorting of partisans because it confronted lawmakers with the question of the fundamental role of government *within tight deficit targets*. Not only did GRH reinforce the pressures of comprehensive budgeting, but it sought to determine a key factor of budgeting that the CBA had left to the budget committees: the appropriate level of debt considering the political and economic environment of the time. That factor gave lawmakers less flexibility on future budgetary decisions and created more pressure on lawmakers to debate the *relative* importance of government programs. Further, once deficit reduction is set in law, members have no choice but to stake out a clear position on whether it fits

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<sup>246</sup> Levit and Labonte, “The Budget Control Act of 2011,” 2.

<sup>247</sup> White House Historical Tables, Table 1.1.

<sup>248</sup> Fisher, “Federal Budget Doldrums,” 697.

<sup>249</sup> Bill Summary & Status, “Balanced Budget and Emergency Deficit Control Act of 1985.”

their vision of government to address deficits with spending cuts (limit the role of government) or with tax increases (expand the role of government).

Second, GRH built on the institutional misunderstandings of the CBA. Instead of changing tactics and reevaluating its own strengths and weaknesses as an institution, Congress adhered to the assumptions inherent in the CBA. The added rigidity of deficit caps was an attempt to “fix” Congress’s slow nature and inability to plan by motivating it to perform as a coordinated body capable of moving towards a stated goal. As discussed earlier, Congress is not intended to move towards a specific goal, as the Founders designed it to be deliberative, collegial, and cumbersome rather than hierarchical and efficient. The added parameter of deficit reduction with GRH set part of that goal for Congress—the size of the deficit each year for several years—but the reform did not alleviate difficulty. It did not provide an answer to the question of the size and shape of government that the next several budgets would produce; requiring a certain level of deficit does not specify the level of GDP at which Congress should balance the budget, nor does it solve for Congress the question of which competing priorities would be subject to cuts or where new revenues would come from. Instead, GRH helped split Congress and the nation into two opposing camps with regard to what constituted responsible budgeting. The architects of the CBA expected that forcing members to “face up” to budget aggregates would encourage more “responsible” budgeting.<sup>250</sup> That misunderstanding leads to the third reason.

Third, and most importantly, GRH gave the appearance of heightening budgetary control and providing sufficient incentives to compromise without actually

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<sup>250</sup> Fisher, “Federal Budget Doldrums,” 696.

accomplishing either of these tasks. While GRH altered the federal budget process created by the CBA in some ways, it advanced the 1974 legislation's primary budgeting tactics: review the entirety of the budget, determine a framework, and enforce that framework. But under GRH, that framework had to meet specific deficit targets, and the enforcement mechanism became stronger—sequestration if Congress failed to meet its mark instead of points of order on the House and Senate floor.<sup>251</sup> The main idea behind the legislation in the eyes of primary architects Gramm and Rudman was that Congress could not control itself without severely limited options and strict external controls.<sup>252</sup> The architects of GRH expected that placing statutory deficit requirements on top of the comprehensive budget requirement would force Congress to budget responsibly when the CBA had not. In purely procedural terms and lacking any language that actually reduced the deficit, the legislation required the gradual elimination of the deficit by 1991.<sup>253</sup> In the 1980s, the parties' messages had become stronger. At that critical point, neither one was interested in sacrificing its political foundation for deficits.<sup>254</sup> But deficits had become an issue of their own. So, Congress implemented a “gun behind the door” approach. Sequestration, which the Congressional Research Service defines as “the cancellation of spending by executive order,” would go into effect as the enforcement mechanism if Congress did not meet its deficit targets in any given year.<sup>255</sup> The sequester cuts were to be split evenly between domestic discretionary spending and defense spending.<sup>256</sup> Large direct spending programs such as Social Security, Medicare, various welfare programs,

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<sup>251</sup> Lynch, “Statutory Budget Controls,” 1.

<sup>252</sup> Congress and the Nation, “The Federal Budget, 1989-1992 Legislative Overview,” CQ Press Electronic Library, <http://library.cqpress.com/catn/document.php?id=catn89-0000013470> (accessed March 7, 2013).

<sup>253</sup> Lynch, “Statutory Budget Controls,” 3.

<sup>254</sup> Ippolito, *Why Budgets Matter*, 186.

<sup>255</sup> Lynch, “Statutory Budget Controls,” Summary.

<sup>256</sup> “Final Sequestration Report for Fiscal Year 1999,” Congressional Budget Office, 1.

and interest on the debt were exempt, even though mandatory spending had grown to 42.4 percent of total outlays from 26.9 percent in 1965 (the first year Medicare was administered, and the year right before mandatory spending climbed drastically as a share of total outlays).<sup>257</sup> Therefore, cuts to domestic programs would be drastic in the case of sequestration. Neither party wanted thought that outcome to be wise or good policy, so lawmakers should have been able to compromise instead of accepting an outcome they knew was poor governance. In this way, GRH enhanced the false sense of order and security that came with the CBA, further diminishing genuine efforts to address the deficit. But the added pressure was insufficient to force action and instead only added to growing partisan conflict.

GRH not only sought comprehensive budgetary evaluation—it sought to control the timeline of comprehensive budgetary change. To the extent that deficit reduction was a stated goal of the CBA, deliberating the relative merits of funding priorities had been unsuccessful at moving towards that goal. GRH attempted to use across-the-board cuts as a way around deliberation. In that sense, GRH was an attempt at what some scholars have called “magic bullet” reforms. To Wildavsky, GRH showed that a “deliberately unintelligent” budget that made sweeping cuts to discretionary programs, precluded revenues as a partial solution, and spared entitlements and other selected programs was all lawmakers were capable of agreeing on.<sup>258</sup> Congress is not subject to punishment if it

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<sup>257</sup> “Final Sequestration Report for Fiscal Year 1999,” Congressional Budget Office, 7. Historical Tables, “Table 8.1—Outlays by Budget Enforcement Category: 1962–2018,” The White House, <http://www.whitehouse.gov/omb/budget/Historicals> (accessed March 6, 2013).

<sup>258</sup> Ippolito, *Why Budgets Matter*, 237.  
Wildavsky, “If You Can’t Budget,” 327.

does not follow the laws it sets for itself, save electoral or other political forms of punishment.

GRH symbolized Congress's acknowledgment that the CBA was unable to cope with early 1980s-level deficits.<sup>259</sup> It also revealed a partial recognition on the part of Congress that *internal* self-control mechanisms are insufficient. What Congress had yet to realize was that external deficit control or what Yale law professor calls an "extralegislativemechanism" (in this case, the threat of executive sequestration) does not work, either.<sup>260</sup> GRH protected roughly 70 percent of the budget from sequestration, therefore subjecting just 30 percent to potentially very deep cuts.<sup>261</sup> This restriction should have created sufficient motivation—but sequestration remained an empty threat. Institutionally, Congress has just as much power to unbind itself as it has to bind itself; as we saw again in the spring of 2013, sequestration continually proves itself no more potent in producing deficit reduction than points of order. In Stith's words, "As the threat of sequestration becomes greater, the plausibility of the threat decreases because Congress can always repeal, amend, or suspend GRH."<sup>262</sup> Lawmakers put sequestration in place as a "gun behind the door," thinking it would force action since they all disliked the idea of across-the-board cuts. But, just like the "requirement" of a budget resolution, sequestration was not really a gun behind the door because noncompliance held no real consequences—Congress could change the rules of the game at any time, and the members were well aware of their power to do so. They did just that with the Balanced

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<sup>259</sup> Fisher, "Federal Budget Doldrums," 697.

<sup>260</sup> Kate Stith, "Rewriting the Fiscal Constitution: The Case of Gramm-Rudman-Hollings" (1988) Faculty Scholarship Series Paper 1266. [http://digitalcommons.law.yale.edu/fss\\_papers/1266](http://digitalcommons.law.yale.edu/fss_papers/1266) (accessed April 27, 2013), 595.

<sup>261</sup> Kettl, *Deficit Politics*, 112.

<sup>262</sup> Stith, "Rewriting the Fiscal Constitution," 595.

Budget and Emergency Deficit Control Reaffirmation Act of 1987 (GRH II), which softened the original GRH target and sought to eliminate the deficit in 1993 instead of 1991, partially to allow the deferral of tough decisions to after the critical 1988 election and partially because attention had been diverted to sorting out constitutionality issues with the first GRH attempt.<sup>263</sup>

According to Fisher, GRH “has been far more effective in sowing confusion and deception than in controlling budget deficits.”<sup>264</sup> Lawmakers used tricks to defer decision making by manipulating the deficit targets in GRH, producing false “savings,” or continually shifting deadlines down the road.<sup>265</sup> LeLoup argues that a main part of the reason GRH failed was because, without the tool of multiyear projections, “Congress could simply shift additional spending or revenue-losing measures to future years.”<sup>266</sup> LeLoup is noticing is that lawmakers’ knowledge that they could change the rules of the game largely nullified the usefulness of the deficit reduction timeline and the incentive effect of sequestration, which was supposed to provide the incentive that the CBA lacked. In American politics, the next election is always more important than long-term policy planning. To have a hope of impacting long-term policy planning, a lawmaker must first ensure his reelection. That reality of electoral politics is precisely the reason that both internal and external controls have been insufficient to control the federal budget process.

While it seems logical to conduct a comprehensive review of a rapidly growing budget, compromise has no chance when decision makers fundamentally disagree over

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<sup>263</sup> Kettl, *Deficit Politics*, 110-1.

Unless otherwise specified, the term “GRH” will henceforth refer to GRH and GRH II together because they are equivalent for the sake of this analysis; they were effectively the same reform with the same guiding principles but enacted in different years.

<sup>264</sup> Fisher, “Federal Budget Doldrums,” 693.

<sup>265</sup> Kettl, *Deficit Politics*, 112.

<sup>266</sup> Lance T. LeLoup, *Parties, Rules, and the Evolution of Congressional Budgeting*, 130.

what the federal budget should accomplish. Lawmakers know very well that the political consequences of ceding ground on policy priorities can be much worse than failing to compromise. They prefer to extend the battle and win the “blame game.” Especially for Republicans with regard to GRH, winning the deficit battle means they lose their best political bargaining chip; Haskell says “winning a legislative battle is not always good politics” because the party might lose a “useful issue” for the next election.<sup>267</sup> Legislative activity often ends up paralyzed under such circumstances, with the parties unable to compromise and comply with the statutory requirements but bound to go through the motions if they hope to be able to claim political victory. The added pressure of deficit controls simply created more frantic interest group activity and therefore more public mobilization. Polarized rhetoric sailed through the media, contributing to the electoral partisanship that is the basis for congressional partisanship. Going back to the basic directional forces of party polarization, recall that members either shift to more extreme positions to satisfy voters (adaptation), or voters simply oust their current representatives in favor of more extreme members (replacement). Either way, electoral concerns are central if a member wishes *not* to be replaced, and lawmakers must tailor budgetary rhetoric and decisions to that reality.

Fourth, the pressure of GRH and the increasing frequency of continuing resolutions prompted the first “budget summits” between the president and legislative leaders. These summits further elevated leadership’s power but because of the legislative emphasis of GRH, the summits did not allow Congress to cede much responsibility to the president. The budget committees took a back seat in constructing the budgetary

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<sup>267</sup> Haskell, *Congress in Context*, 347.

framework with which they were tasked.<sup>268</sup> Congressional party leadership, which began to rise in power in the 1970s as a result of other changes and reforms, began to step in on budgetary policy in the latter half of the 1980s. Comprehensive budgeting did not come easily to a disjointed body, and the inability of the budget committees to lead left a power vacuum that leadership—after steadily gaining power since the legislative reforms of the 1970s—began to fill. The benefit of budget summits is that they provide some political cover because both parties are at the table. But at the 1987 budget summit, facing the pressure of the revised GRH automatic cuts, leaders still avoided the most controversial choices. Many of the rank and file had hoped that the recent economic crash might encourage compromise, but upon learning the terms of the deal, lawmakers viewed the summit as a lost “opportunity to make real changes in the budget ... the sense of urgency generated by the crash had quickly dissipated into politics as usual.”<sup>269</sup> It was not an exciting or inspiring budget, and the rank and file members on both sides were furious that their negotiators had given up too much ground.<sup>270</sup> Surprisingly, both chambers went along with the summits’ decisions in 1988 and passed a concurrent resolution without incident.<sup>271</sup> But as the deal ignored the driving forces of the debt, it failed to help keep the government on track toward the deficit targets. Leadership’s power had grown in place of that of the budget committees, contributing to the expectation and enforcement of party unity. Upset as rank-and-file lawmakers were, they were happy to allow the leadership to keep the burden of responsibility.

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<sup>268</sup> Deals reached through budget summits still have to make their way through the budget process and become concurrent budget resolutions in order to become enforceable.

<sup>269</sup> "An Introduction to the Federal Budget Policy of 1985-1988," in *Congress and the Nation, 1985-1988*, vol. 7, 33 (Washington, DC: CQ Press, 1989) <http://library.cqpress.com/can/can85-10-8323-462741> (accessed March 7, 2013).

<sup>270</sup> Ibid.

<sup>271</sup> Ibid.

Unlike the CBA, GRH raised the political stakes of budgeting by making an explicit promise regarding deficit reduction, heightening the difficulty of comprehensive budgeting. This factor largely contributed to the distancing of the parties. Placing a deficit reduction requirement—a performance gauge, as far as the public was concerned—on budget negotiations and votes made it politically difficult for either party to cede ground. The deficit caps also made it very strategically necessary for both sides to engage in criticism and finger-pointing when Congress fell short of its goals. For partisan lawmakers, missing a deficit cap deadline is not defeat, but giving up a key policy platform could mean political ruin or a major setback for the party. Ensuring the other party takes the fall in the public eye is thus much more important than complying with deficit targets. A party might then declare political victory without a single policy advance or substantive compromise. That political success trumps policy success is a core element of the American political system, and GRH was so difficult to comply with that lawmakers were constantly concerned with political success.

Many experts have observed that the shrinking of the portion of the budget that is subject to annual review each year has an amplifying effect on partisan conflict in budgeting. Recall the earlier graph that showed the rising share of outlays that go to mandatory spending. Such rigidity rarely serves the budget process well. Schick argues that entitlements impede the budget process's ability to self-correct.<sup>272</sup> Specifically, if Congress is seeking a path towards deficit reduction, the rise of mandatory spending makes that task markedly more difficult. According to Kettl, the joint effect of deficits and budget rigidity (referring to the growth of entitlements) during the 1980s “made the

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<sup>272</sup> Allen Schick, *The Federal Budget: Politics, Policy, Process*, (Brookings Institution Press: 2000), 281.

game all the more dangerous. The possibilities for missteps multiplied as the room for maneuvering shrank.”<sup>273</sup> GRH shrunk the room for maneuvering even further by requiring that deficit reduction occur on a specific timeframe. In doing so, GRH may have ensured the opposite. As long as entitlement reform stayed off the negotiating table and out of the path of sequestration, lawmakers had limited options from which to make the required cuts, resulting in more conflict and fewer results.

Again, all of these factors contribute to degrading rapport across the aisle, priming the 1990s for an unprecedented rise in partisanship. After all this, deficits climbed again in the early 1990s. If sequestration would have gone into effect, defense programs would have faced a 34.7 percent cut, and non-defense programs would have faced a 31.6 percent cut (\$41.7 billion from each).<sup>274</sup> Experts later argued that deficit reduction had actually *decreased* as a result of GRH.<sup>275</sup> Partisanship was also on a steep climb moving into the 1990s, with party unity growing by 6.5 percent from 1990 to 1993—3.7 times its growth in the previous six years combined, but not an unprecedented growth, as party unity grew 7 percent from 1978 to 1981.<sup>276</sup> But the 1980s did not experience the same party *distancing* that the 1990s experienced.<sup>277</sup> Further, perhaps as a result of increasing partisanship, multiple disappointing deficit reduction attempts, or psychological distancing from the recession of the early 1980s, the political will to reach deficit targets was softening.<sup>278</sup>

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<sup>273</sup> Kettl, *Deficit Politics*, 145.

<sup>274</sup> Lynch, “Statutory Budget Controls,” 8.

<sup>275</sup> LeLoup, *Parties, Rules, and the Evolution of Congressional Budgeting*, 130.

<sup>276</sup> “Table 5-10 Party Unity in Congressional Voting, 1954–2010 (percent),” *Vital Statistics on American Politics* 2011–2012, ed. Harold W. Stanley and Richard G. Niemi (Washington, DC: CQ Press, 2011), [http://library.cqpress.com/vsap/document.php?id=vsap11\\_tab5-10](http://library.cqpress.com/vsap/document.php?id=vsap11_tab5-10) (accessed March 30, 2013), 207–8.

<sup>277</sup> McCarty, Poole, and Rosenthal, “Polarized America.”

<sup>278</sup> Kettl, *Deficit Politics*, 110.

## II. THE BUDGET ENFORCEMENT ACT OF 1990

Despite these factors, President George H. W. Bush's first budget summit concluded in the fall of 1990 with a \$500 billion deficit reduction plan. The deal met staunch and active opposition in Congress, rather than grumbling acceptance like the 1987 budget summit deal, indicating increasing pressure on leaders to please the rank and file. The BEA agreed on even lower targets than GRH II had sought, but with a new tactic: spending caps instead of deficit targets. The BEA also created a "pay-as-you-go" (PAYGO) rule, meaning tax cuts or mandatory spending increases must be offset or "paid for" by one or a group of mandatory spending cuts or tax increases, in an effort to control new legislation that would further expand mandatory spending. The BEA made budget resolution and reconciliation bill totals binding over a period of five years, subject to a "mini-sequester" within a category of spending that breached the spending caps.<sup>279</sup> According to LeLoup, the BEA created a genuine increase in enforcement capacity in congressional budgeting institutions, as opposed to the false sense of security that GRH provided. He argues that the BEA succeeded where GRH failed by applying PAYGO rules to revenue bills and entitlement spending changes, including changes in entitlement eligibility. The only protected programs under the BEA were emergency spending and Social Security, whose surpluses remained locked behind a "firewall."<sup>280</sup> Schick agrees, saying that GRH was valuable in the sense that it led to the less rigid BEA.

The BEA was less closely based than was GRH on the CBA's conflict-inducing tendencies. The main provision of the BEA, spending caps, proved far less conflict-inducing than deficit targets (in general, preventing program expansion is much easier

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<sup>279</sup> LeLoup, *Parties, Rules, and the Evolution of Congressional Budgeting*, 127.

<sup>280</sup> LeLoup, *Parties, Rules, and the Evolution of Congressional Budgeting*, 128.

politically than cutting existing funding). Instead of seeking to force future deficit reduction, the string of BEA legislation sought to protect the deficit reduction in the reconciliation instructions that accompanied the budget.<sup>281</sup> The second provision of the BEA, PAYGO, proved effective at preventing new mandatory spending growth and preventing tax cuts. The BEA also revised and extended the deficit targets and sequestration threats from GRH, but the new *spending* caps, if adhered to, would keep Congress well within the deficit targets.<sup>282</sup> The importance of the budget committees continued to decline during the 1990s; the growing frequency of budget summits rendered the committees—which were created to fulfill the primary function of the congressional budget process—largely irrelevant for many years. But the influence of the CBA and the subsequent pressure of the GRH reforms remained strong.

The solidification of a new role for party leaders in budgeting became very important in the late 1980s and moving into the 1990s. The 1993 budget summit produced the Omnibus Budget Reconciliation Act of 1993, which continued the framework of the BEA. The Budget Enforcement Act of 1997 then revised and prolonged the spending caps until 2002. The deficit actually started heading in the right direction. But in between these two events, budgetary conflict was so high that the government shut down—twice. In 1994, a Republican majority gained the House for the first time in twenty years, on the promise of implementing the deficit-cutting promises of the Contract with America. Newly elected Speaker of the House Newt Gingrich “led a strategy of GOP confrontation with Clinton” that today is often charged with the gridlock that

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<sup>281</sup> Lynch, “Statutory Budget Controls,” 8.

<sup>282</sup> *Ibid.*

characterized the 1990s to the extent that it led to a government shutdown.<sup>283</sup> But the legislation was brazen and politically infeasible, and by virtue of signing a “contract,” the new lawmakers had bound themselves to stick to its terms. Partisanship feeds back into the budget process and jams up the gears. The real problem arose when the GOP demanded extensive entitlement and other non-defense cuts in the 1996 budget. The president clearly retained importance in budgeting because of his power to veto spending bills. Congress, which lacked the majority needed to override a veto, had little hope of moving forward without some presidential support. A continuing resolution kept government running for a while, but it expired without a replacement bill in November 1995, and the government shut down for five days. The Republican leadership had a zealous rank and file and many new members who were energized by the party’s new majority status. The leadership could not back down on its demands. Another continuing resolution passed, but government shut down again for roughly three weeks over the New Year. The deal that resulted from talks during that shutdown has largely been deemed a Democratic win (primarily a win for Clinton) politically, as the public largely blamed Republicans for the impasse. But Republicans were a force in Congress again, and their issues were on the table.

Fiscal year 1998 experienced the first budget surplus in three decades. Despite the reputation that the decade gained for stalemate and growing partisanship, it has also gained a reputation for leading towards the deficit surpluses of 1998 to 2001. Supporters of both Speaker Gingrich and President Clinton have been quick to claim that the

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<sup>283</sup> John F. Harris and Eric Pianin, “Bipartisanship Reigns at Budget Signing,” *Washington Post*, August 6, 1997, <http://www.washingtonpost.com/wp-srv/politics/special/budget/stories/080697.htm> (accessed March 29, 2013).

Balanced Budget and Taxpayer Relief Act of 1997 deserves the credit. It was a deal that happened in a high-stress environment under divided government, yes, but it depended on discretionary reforms and a booming economy while leaving the tough issues—namely, entitlements—for another generation to solve. One of the primary goals of the architects of the CBA was to put mandatory spending in conversation with the rest of the budget and establish sustainable priorities; it had only managed to place them in conflict. Ippolito argues that the surpluses proved the effectiveness of reconciliation as a tool to grease the slides of political budgetary friction.<sup>284</sup> LeLoup credits the effectiveness of spending caps in the BEA as enforcement mechanisms—as opposed to the failure of deficit targets under GRH. But Pitney pointed out in an interview that rapid economic growth characterized the 1990s and argues that the dot com bubble and the end of the Cold War were the more likely causes of rising revenues and falling deficits.<sup>285</sup> The continued growth of party polarization during this time of deficit reduction suggests that the economy was more the cause than some grand political bargain or success. In a time of purported inter-party cooperation, from 1991 to 2001, party unity grew by 22.75 points, accounting for nearly 29.7 percent of the increase in overall party unity from 1974 to 2010.<sup>286</sup> So, roughly 29.7 percent of party unity growth occurred during 27.8 percent of the timescale, indicating that party polarization sped up, if anything, during this period.<sup>287</sup> Further, FY1999 and FY 2002—two of the four years that experienced a budget surplus—are also two of the six fiscal years from FY1999 to FY2012 that did not

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<sup>284</sup> Ippolito, *Why Budgets Matter*, 242.

<sup>285</sup> John J. Pitney, Roy P. Crocker Professor of American Politics at Claremont McKenna College, interview by Anna Eames, Claremont, California, March 29, 2013.

<sup>286</sup> “Table 5-10 Party Unity in Congressional Voting, 1954–2010 (percent).”

<sup>287</sup> *Ibid.*

see a budget resolution. In 1998, while in talks over the FY1999 budget, the chambers (both Republican-controlled) could not reconcile due to institutional differences that changed the nature of the proposed budgets in each chamber. The House was able to pass a more extreme proposal that adhered to the Contract with America because the lower chamber is built to execute the will of the majority, while the Senate had to accommodate more liberal views.<sup>288</sup> All history leading up this point has suggested that lack of resources creates conflict. That is what makes budgeting contentious; it is a fight over scarce resources. So the growth of resources, like we saw in the 1990s, should have partially alleviated that conflict, all else equal. Perhaps polarization had already taken such a hold at this point that the ideological sorting was largely complete, and contention over the deficit did not need to exist in order for two solidified political parties to have difficulty reconciling comprehensive budgeting desires.

Starting in 1999, Congress began experiencing increasing difficulty passing a budget resolution. For the FY1999, FY2003, FY2005, and FY2007 budgets, each chamber reached an agreement but could not reconcile with the other.<sup>289</sup> For FY2011 and FY2012, the budgets did not reach the conference stage.<sup>290</sup> The increasing difficulty of complying with the requirement of a comprehensive legislative budget corresponds well with increasing partisanship. It is easy to see that partisanship contributes to the breakdown of the budget process, but the relationship goes the other way as well: the harder it is for the parties to reconcile each year, the more the comprehensive budget

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<sup>288</sup> U.S. Congress, House, *Concurrent Resolution on the Budget for Fiscal Year 1999 – Hon. Constance A. Morella (Extension of Remarks)*, 105th Cong., 1st Sess., *Congressional Record*, (June 4, 1998), <http://thomas.loc.gov/cgi-bin/query/z?r105:E05JN8-217:/> (accessed April 27, 2013).

<sup>289</sup> Heniff and Murray, “Congressional Budget Resolutions: Historical Information,” 9-10.

<sup>290</sup> *Ibid.*

becomes a procedural relic that worked temporarily in a certain set of circumstances for a specific purpose. Kettl asked: “Why can’t the president produce a budget that is not declared ‘dead on arrival’ immediately on its release?”<sup>291</sup> In divided government, the president’s budget resolution is useful only inasmuch as it is a rhetorical tool for partisan competition. (Keep in mind that Kettl wrote those words in 2003, before the 2010 midterms, before the debt ceiling standoff, and before the fiscal cliff crisis; he would be even more perplexed today.)

### III. CONTEMPORARY BUDGETING PRACTICES

The surpluses of the late 1990s did not last long. Many factors, including defense spending in Iraq and Afghanistan, rising entitlement spending, and the Economic Growth and Tax Relief Reconciliation Act of 2001 (better known as the “Bush tax cuts”) have been cited as deficit-driving forces in the early 2000s. Recession and stimulus spending were additional driving forces in the latter half of the decade. The 2010 midterm elections brought in a new, young class of reform-minded Republicans as the national discussion centered on the budget once again. In talks over the 2011 debt ceiling crisis, top congressional party leaders and the president agreed on the largely procedural BCA as a set of mechanisms to work towards deficit control. The BCA took a page out of the Congress’s first attempt at comprehensive budgeting in the Legislative Reorganization Act of 1948, which created a committee with representation from both chambers and varied areas of expertise within the realm of budget-related issues. The BCA created the Joint Committee on Deficit Reduction, a higher-profile, higher-pressure version of the

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<sup>291</sup> Kettl, *Deficit Politics*, 2-3.

budget committees, failed to reach a deal, and Congress ultimately failed to meet the deficit-reduction targets by the deadline. Congress forestalled sequestration for two months and then allowed it to go into effect. The BCA was another example of how added rigidity and controls in the budget process only add to polarization while failing to create results because the threat (sequestration) is not sufficiently motivating. Reforms such as the BCA are especially damaging because they signal a desire for control on the part of Congress and then fail to follow through, forcing both parties to avert blame and adding to public disillusionment about the institution, particularly the party with which they do not identify. The core component of the BCA, the BEA, and GRH was comprehensive budgeting—the BEA the least so. All sought comprehensive solutions with various added controls, and the more polarized Congress gets, the more divisive that concept will be.

In recent years, the Democrat-dominated Senate has chosen not to pass a budget because the Democrats deemed it politically imprudent, and the Republican-dominated House has passed budgets knowing they would be “dead on arrival” both in the Senate and on the President Obama’s desk. Congress has always found meeting the annual budget schedule trying, but the past three years have seen heightened gridlock. In the earlier years of the new process, the budget committee met its requirement every year. Congress had only completely missed a budget resolution six years out of 37 as of April 2013, but all six fell in the last fourteen budgets, with increasing frequency: fiscal years 1999, 2003, 2005, 2007, 2011, and 2012. Still, Congress has passed the concurrent resolution by the deadline only six times (the deadline is April 15 now, but it was May 15 until the passage of the 1985 Balanced Budget Act), showing that producing the budget

proposal was never an *easy* task. In the early 2000s, right after a short period of surpluses, defense spending, mandatory spending, and the Bush tax cuts combined to make deficits a bigger problem than ever. During these years of unprecedented deficits, from 2002 to 2012, that Congress failed to pass a budget resolution every other year. As the 1990s revealed, shrinking deficits do not ease partisanship; but more recent history suggests that climbing deficits certainly increase party conflict. Deficits are higher than ever, and Congress and the president have barely escaped government shutdown a handful of times.

The breakdown of the budget process has reverted the process back to an increasingly ad hoc process, thrown together with continuing resolutions, omnibus bills, and temporary committees. When Ellwood uses the term “ad hoc budgeting,” he is referring to the pre-1974 disjointed, uncoordinated decision making that characterized in congressional budgeting. His opinion is that the pre-1974 budget process was an effective way to budget, as it did not force choices on one option or another. Kettl applies the term “ad hoc” to the modern budget process, with a very different meaning. Today (and going back to the 1980s, not long after the passage of the CBA) budgeting is again happening on an unpredictable schedule. A handful of power brokers make ad hoc decisions in conjunction with the president rather than in the halls of Congress with the input of each individual member and the pressures of each individual’s separate constituency. The process today is ad hoc in the sense that Congress does not follow “predictable procedures set by a regular calendar”—but the process is still comprehensive in the sense that any negotiation or deal is conducted with the whole government in mind.<sup>292</sup>

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<sup>292</sup> Kettl, *Deficit Politics*, 154.

Although the process is unpredictable, Congress is still dealing in comprehensive budgeting, and, what is more, it is dealing in comprehensive budgeting with powerful congressional leadership. Furthermore, Congress finds itself in a political environment that is hyper-focused on deficits, with interest groups that are hyper-aware that their programs are on the chopping block. Entitlements are consuming a larger and larger portion of the federal budget and leaving less and less for discretionary programs, and a strong countermovement against any tax increases has risen in the past three to four years. The new budget process has helped to make special interests more important.<sup>293</sup> That development, as Olson said, makes the nation ungovernable.<sup>294</sup> In a budget process that does not follow a strict timeline, powerful and well-connected lobbies are more capable of exerting influence than those without connections.<sup>295</sup> This is a form of public participation, but it is “even more dominated than usual by those with an inside access to the process” because of the rise of *comprehensive* ad hoc budgeting.<sup>296</sup>

The clearly delineated annual budget process has broken down into budget summits and closed-door sessions. Kettl describes the phenomenon: “With authorizations made for longer periods, appropriations covering less of the budget, and budget resolutions rendered meaningless by last-minute summits, congressional budgeting is scarcely a textbook example of an ordered process. The result has been growing power for congressional leaders in hammering out the agreements.”<sup>297</sup> Budgeting today does not

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<sup>293</sup> Ibid.

<sup>294</sup> Rauch, “Demosclerosis.”

<sup>295</sup> Kettl, *Deficit Politics*, 154.

<sup>296</sup> Ibid.

<sup>297</sup> Kettl, *Deficit Politics*, 147.

“For Democratic leaders who have tended to control both houses of Congress, this means standing up to the White House, which has tended to be under Republican control. It also means negotiating carefully with Republican leaders, since the Democrats can rarely deliver the votes of all of their party members. For

sound very different from lawmaking on the rest of Capitol Hill. In *Unorthodox Lawmaking*, Barbara Sinclair argued that federal lawmaking is increasingly relying on summits and grand bargains rather than on the traditional bottom-up model of lawmaking through introduction, committee assignment, mark-up, etc.<sup>298</sup> She explains how the “Textbook Congress” was the point at which lawmaking began to transform into a new “unorthodox” style of lawmaking. The same is true for budgeting—perhaps on an even grander scale than authorization legislation. Doing anything in American politics is inherently a disjointed and multifaceted process; the Founders created three branches, two chambers of Congress, and multiple members per state within each chamber so that the interests of all Americans would be both represented and checked. Further, budgeting is an even more disjointed process, as it must address and prioritize the needs and desires of every element of government. Budgeting in American government cannot be streamlined; it cannot accommodate comprehensive review, and comprehensive budgeting cannot survive in a bottom-up fashion for long. By instituting a budget process that is wholly contingent upon internal discipline, Congress created a budget process that does not fit the institution—and then built on it.

The House Budget Committee is regaining its position as a budgetary leader, but it uses the budget resolution as a rhetorical tool for launching the majority party’s agenda, producing budgets that are politically infeasible in the upper chamber. In an interview the day House Budget Committee Chairman Paul Ryan’s 2014 budget came out, congressional scholar John Makin called the fundamentally opposed budgets of Ryan and

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Republican leaders, this means working with the White House to establish a unified party position, embarrassing the Democrats when possible, yet treading carefully to avoid appearing obstructionist.”

<sup>298</sup> Barbara Sinclair, *Unorthodox Lawmaking: New Legislative Processes in the U.S. Congress*, (Washington, D.C.: CQ Press, 2012).

the president the “opening salvos” of the next year’s budget fight.<sup>299</sup> After watching budget proposals for 25 years, Makin says he only looks at them in order to gauge where each side is starting negotiations for the year.<sup>300</sup> Despite the development of the budget resolution into a party tool, the CBA has a valid place in American politics. If not for the CBA, budgetary power may never have returned to its rightful place, and if not for the many factors that caused party polarization, the U.S. might still be seeking “clarity” in its political system. Regardless of opinions on the pros and cons of these developments, the explanation of party polarization in American politics is incomplete without an understanding of comprehensive budgeting.

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<sup>299</sup> John H. Makin, “Makin: Ryan budget a starting position for negotiation,” American Enterprise Institute, March 12, 2013, <http://www.aei.org/media/economics/fiscal-policy/federal-budget/makin-ryan-budget-a-starting-position-for-negotiation/> (accessed April 28, 2013).

<sup>300</sup> Ibid.

## 6 CONCLUSION

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*“The budget is...more than a story of decision making. It is a unique window into the very core of American democracy.” – Donald F. Kettl*

Partisanship and deficits characterize American political life today. The federal budget process is not wholly responsible for either phenomenon, but it guides interaction between the two. The goals that it sets also establish public expectations, and the extent to which lawmakers comply with those goals has bearing over public faith in government. Partisanship is not all that matters to constructive political interaction, and deficits are not all that matter to good governance. Many budget and general political reforms focus their attention toward these two issues. But such reforms are misdirected.

In a way, the CBA came the closest out of any of the reforms discussed in this study to shifting budgeting back to its constitutional place. But in doing so, it placed the weight of the largest budget conflicts in the nation’s history on the shoulders of the branch least equipped to find solutions quickly. But that impediment to fast action is precisely why the Founders placed budgetary power in the legislature’s hands. Fast action in budgeting would make for rapid changes in the size and scope of government with every change in government control. Insufficient deliberation might allow for bad policy. Deliberation on the full scope of government might have been a requisite of the congressional reclamation of budgetary power from the president in 1974. But at the same time, leadership’s power rose, the incidence of divided government increased, social issues changed, mandatory spending grew, interest groups multiplied, and the

availability of public information swelled. Comprehensive budgeting quickly became a divisive annual task in Congress. The dilemma is, if Congress were to relinquish budgetary power again, it is very possible that a branch built to function hierarchically and rapidly would resume precedence over budgeting at the precise moment when the nation is most in need of deep contemplation of its priorities.

The negatives of party polarization are well documented. A certain degree of friction is arguably a positive thing because it helps ensure that lawmakers and voters continue thinking about the perennial question of the role of government. Two-party gridlock, on the other hand, presses pause on forward movement, allowing pressure to mount and leaving decisions unmade. But that very pressure can push the system past gridlock, likely producing a better, more lasting policy outcome than a swift decision would have produced. A handful of budget scholars, including Schick and LeLoup, have reached the conclusion that the rising political pressures associated with deficits and gridlock will eventually compel compromise or the triumph of one party over the other. In a strange cycle of interaction, budget concerns—the very force that has so often created conflict—will likely help the American governmental system surmount conflict.

But that analysis is unsatisfying to a broader audience—especially to a public that is understandably disillusioned with Congress. So, the discussion of future reform remains important. The three general camps of opinions on budget process reform are, 1) budget reforms are meaningless without strong leadership and political will, 2) the view that Congress had tended to follow, that process can provide results in a polarized system, and 3) Fisher's view, that "a good process may not guarantee success, but it is a

prerequisite for acceptable results.”<sup>301</sup> The first fits in with the conclusion that pressure will eventually force action; sufficient political will to make controversial choices cannot arise unless the consequences of *not* compromising exceed the consequences of giving up ground on the party agenda. But emphases on lawmakers’ need to show leadership in the face of controversy tend to dismiss the difficult realities that members face in an electoral system. The second camp of opinions on budgetary reform represents the problem that this paper largely dealt with—the tendency of Congress to try to control itself, to no avail. The third group is the most reasonable and is largely a good guiding principle in the abstract. But Fisher’s conclusion with this guiding principle is that Congress should return budgetary power to the president. Fisher argues that a budget process in which the President presents budget aggregates to Congress and Congress acts within those numbers, maintaining the ability to shuffle spending priorities, would play to the strengths of both branches and improve budgeting practice in contrast to today’s environment in which Congress views the president’s budget as “dead on arrival.” Not only would Congress today refuse to adhere to such a process, but moving in this direction would return the process to the dilemma that the Founders gave Congress the power of the purse for a reason.

Seeking budget process reform is problematic for the same reason that budgeting is problematic for Congress: there is no clear definition of success, no stated goal. Is the goal to enact the will of the majority? Is it ensuring that the budget is balanced? Is it seeking long-term good governance? If so, what constitutes good governance? These are questions that are both unanswerable and widely disputed.

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<sup>301</sup> Fisher, “Federal Budget Doldrums,” 693.

But the situation is not hopeless, as we can attempt to draw on past budgeting experiences and apply them to an understanding of the current political environment. Recall political scientist Sarah Binder's commentary that "pears don't unripen." The analysis that current polarized conditions are permanent takes a somewhat insular view; the history of political parties in America has involved far more than two lines, and hyperpolarized conditions have existed before only to be broken down and reorganized. But the current system does not have time to wait for a new political realignment, as the contemporary party lines will not likely undergo a major shift for quite some time. If the current ideologically polarized environment is here to stay, at least for a while, even the best process and the best leaders would not be able to reconcile the fundamental conflict between the two veins of thought in American government. If polarization is somewhat permanent, then any attempt at budget process reform should keep that reality in mind. Such reforms should shift away from comprehensive budgeting, as counterintuitive as that seems, in order to lower the threshold at which pressure might force decision making. Congress needs more "space for maneuvering" without having to cede power to the president. Further, Congress needs to be able to address the driving forces of the deficit, most importantly Medicare and Social Security; the remainder of the budget, for the time being, is a distraction that impedes decision making on the most pressing issues. Therefore, a forum for discussing reforming entitlements to sustainable structures (focusing only on how to make entitlements sustainable, not on their relationship to the overall budget) might help Congress take a step towards a solution without the political consequences of a whole-of-government approach.

Unfortunately, the vast majority of reform proposals on the table right now are largely superficial. Lengthening the budgeting period to biennial budgeting would give

Congress more time, but Congress showed with its inability to comply with the BCA in a year and a half that more time does not help solve partisan differences. A balanced budget amendment would fail to establish relative spending priorities, potentially increasing conflict. Providing the president with a line item veto, whereby he could recommend that specific budget lines be sent back to Congress for an up or down vote, would not solve the driving forces of the debt. Future research might be well served to explore reforms that provide Congress with tools—such as reconciliation—rather than restricting Congress's options. Also, future research into reconciliation itself with regard to partisanship might be useful because reconciliation is simultaneously a tool for party warfare and a mechanism for producing real policy results. But perhaps the most important area for future research is the relationship between the executive and the post-1974 comprehensive budget process. Specifically, studying the ways in which different presidents have interacted with the new budget process in relation to partisan politics would help provide a more complete understanding of how comprehensive budgeting fits into the over political system.

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