Parties, Rules, and the Evolution of Congressional Budgeting

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CHAPTER 9

Conclusion

One of the main challenges facing national policy makers in the next decade is the return of chronic budget deficits. The recession of 2001, the September 11 attacks, the costs of the wars in Afghanistan and Iraq, and the Bush tax cuts have all combined to turn huge budget surpluses into a sea of red ink. Will Congress and the president be able to return to a balanced budget or even shrink the deficits? What have we learned from thirty years’ experience of congressional budgeting? The previous chapters have examined and analyzed the most important budget legislation of recent years, tracing the recent evolution of congressional budgeting. Chapter 1 posed a number of research questions about macrobudgeting and changes in congressional budget rules, the role of parties in budgeting, and the consequences of divided government. This final chapter takes an overview of congressional budgeting by summarizing the impact of budget rules, looking at trends in party cohesion and their significance, examining outcomes associated with divided government, and concluding with implications for the future.

Congressional Institutions and Budget Rules

The congressional institutions and rules resulting in the development of macrobudgeting have profoundly changed the way Congress makes public policy and works with the president. Congressional budget rules facilitate the ability of leaders to steer sweeping taxing and spending legislation through Congress. The most important rules to emerge in the budget process concern reconciliation. It is particularly potent in the Senate where it provides protection from the filibuster. The Byrd rule protects reconciliation bills from nongermaine amendments and provides the Senate with certain bargaining leverage in conference with the House. Congressional Budget Act points of order have been used to enforce budget procedures and substantive provisions of budget resolutions.
Reconciliation is an optional two-step process that has become the means for party leaders to assure compliance with decisions made in the budget resolution. Reconciliation instructions are instructions to committees to change spending and revenue statutes, usually by a stated amount. Committees are bound by the dollar amounts in the instructions. The Budget Committees are responsible for assembling the committee actions into a single omnibus bill. The most important aspects of reconciliation are the special rules for floor consideration which protect the bills from dilatory tactics, extraneous materials, or amendments that would increase the deficit. For more than twenty years, reconciliation bills have had special status. In the Senate, all debate on reconciliation bills is limited to twenty hours. After the twenty-hour limit has been reached, amendments may be considered without debate. The House does not have the same limits but does not need them given the strength of their own Rules Committee. Reconciliation bills are usually considered in the House under a special rule that limits debate and restricts amendments to a few major substitutes. Reconciliation was originally used principally for deficit reduction but, since the mid-1990s, can be used for tax cuts as well.

The Byrd rule has also been an important part of congressional budgeting since 1985. It was made permanent in 1990, amending the Congressional Budget Act. It allows a point of order to be raised against extraneous matter included in a reconciliation bill and can be waived only by a three-fifths vote of the Senate. A matter can be determined to be extraneous if it does not change spending or revenues, if a provision is not in compliance with reconciliation instructions, if a provision is outside a committee’s jurisdiction, if it increases the deficit, or if it changes Social Security. As we have seen, the Byrd rule also provides the Senate with certain advantages in Conference Committee since matter included in conference that was not in the Senate bill will be subject to a point of order when it returns to the Senate floor.

Points of order have also become an important part of congressional budgeting that enforce budget rules and protect substantive decisions. They may be raised against legislation that violates a provision of the budget resolution or against spending or tax legislation before a budget resolution is passed. Of course, these procedures can be waived and have been in numerous cases. As we saw in 2003, for example, the House Republican leadership wanted to pass several tax bills for strategic purposes before the budget resolution was enacted. It is largely the party leaders who determine when the rules will be used as written to enforce the process and when they will be waived for some other reason.

Congressional budget rules help leaders solve a difficult collective action problem in a way that enhances the incentives for party cohesion and voting.
Budget rules have weakened anti-majoritarian institutions. They provide the capacity for Congress to challenge a president of the opposite party or facilitate the program of a president of the same party. They help party leaders overcome the fragmentation and lack of coordination that previously weakened Congress in its negotiations with the presidency. They provide the means for adopting more coherent budget policy—to take actions to increase or decrease the deficit without getting bogged down procedurally. Certainly, rules have been sidestepped, and the list of tricks and gimmicks used to circumvent budget discipline over three decades is long. But the bottom line is that the budget process and budget rules have measurably strengthened congressional majorities, and since 1981 and 1982, those have been predominately party majorities.

Macrobudgeting has become the much more dominant process in Congress than microbudgeting. Appropriations remain essential for making more detailed decisions on what to spend and the specifics of tax changes, but it is not the dominant process that it was for much of the twentieth century until the 1970s. Fundamental differences between the two levels of budgeting are still apparent in terms of the nature of voting alignments, as we will see in the next section. Although the appropriations process too has become more bipartisan, appropriation bills are still primarily adopted by bipartisan majorities. They continue to follow the distributive and universal patterns that were more predominant in the 1960s and 1970s with weaker parties.

The increased utilization of omnibus appropriations is also an important institutional development. Although rank-and-file members dislike such bills, the bills can help overcome gridlock and empower the leadership. As one observer noted:

An omnibus immediately shifts the burden of finishing the budget from appropriators to party leaders, and the act of assembling such a bill gives those leaders an opportunity to decide what stays and what goes. They can exclude provisions that a majority, including members of their own party, voted for once before on the floor, or include provisions that a majority rejected.

Congressional budgeting is characterized by a complex set of rules and procedures that have revolutionized the way taxing and spending decisions are made. Although the process has been frequently criticized for its messiness, its improvisational nature, and the “blue smoke and mirrors” that have been used, looking at the big picture, it has given Congress a remarkable capacity to budget.
Not all changes in rules have been consistent or effective. On several occasions, rules were adopted to produce certain budgetary outcomes and to symbolize legislative commitment to certain budget goals. As record budget deficits grew in the early 1980s, these rules were designed primarily to reduce the deficits. The most extreme example of this is the Balanced Budget Act (Gramm-Rudman-Hollings) in 1985 and its revised version in 1987. Its failure to force a balanced budget through mandatory across-the-board cuts is documented in chapter 4. However, despite the failure to achieve its policy objectives, it achieved certain electoral objectives for both parties in sending the message of Congress’s determination to deal with deficits. John Kerry in the 2004 presidential campaign even touted his support of GRH during the debates as evidence of his resolve to reduce deficits. Other budget rules, such as the Budget Enforcement Act of 1990, were more successful with appropriation caps, pay-as-you-go rules, and enforcement provisions. Reconciliation, as adapted in the early 1980s, became oriented toward deficit reduction. After the Republican takeover of Congress in 1994, however, it became more neutral in its application and could be used for cutting taxes as well as cutting deficits. The budget resolution itself has not always proven effective as a check on spending. Even in recent years under Republican majorities, spending has often exceeded totals passed earlier in the budget resolution.

The Role of Parties in Congressional Budgeting

As discussed in chapter 1, a number of congressional scholars have theorized about the role of political parties in the legislative process. Cox and McCubbins suggested that strong party leaders serve members’ interest in protecting a party’s reputation with the voters. Rohde’s theory of conditional party government suggests that strong majority party leadership occurs when the parties are unified and polarized, characterized by intraparty cohesion and interparty conflict. Under these conditions, members will be willing to cede more power to majority party leaders, and leaders themselves will be willing to act more assertively. On the other hand, Krehbiel and others theorize a spatial model of voting based on member preferences where party plays no independent role in determining outcomes. What do the cases of major budget legislation suggest in terms of the role of political parties in budgeting?

Partisanship or Preferences?

Krehbiel’s “pivotal politics” theory suggests that whether a change in the sta-
tus quo occurs depends on the ideological position of the pivotal median House or Senate member, regardless of majority size, party, or divided government. Partisanship, he suggests, may simply be an artifact of policy preferences bringing “no marginal predictive power to the table.” As he notes, there is no way to determine whether it is simply preferences or whether party exerts an independent effect as suggested by party theorists. Seeking other means to determine a possible effect of party, he posits that party change should result in abrupt and large policy shifts “directionally consistent with the majority party in Congress.” Additionally, to test the partisan electoral connection, he argues that there should be some evidence of loyal party members using the party brand name in subsequent elections.

Krehbiel examined the adoption of the Clinton deficit reduction plan in 1993 as a “particularly tough test” of the pivotal politics theory. He concluded that the pivotal politics theory performs reasonably well. Acknowledging that party theories fit well in terms of partisan rhetoric and voting behavior, he suggests that they perform poorly in terms of explaining budget outcomes and the electoral connection. His conclusion about policy shifts after party change is based on examining changes in discretionary defense and domestic appropriations following the Democrats’ capture of the Congress and the White House in 1992. The results, he finds, are incremental, showing little change over the deficit reduction package produced in 1990. As far as using the party brand name in subsequent elections, he finds instead that many Democrats ran away from Clinton in the 1994 elections.

Some problems exist with this analysis. Krehbiel looks at appropriations as well as budget resolutions and reconciliation, not distinguishing between macrobudgeting and microbudgeting. As we have seen, macrobudgetary decisions such as budget resolutions and reconciliation evoke a significantly more partisan response in Congress than individual appropriation bills. Second, except for noting the removal of the filibuster pivot in the Senate, his analysis does not account for budget rules and institutions that allow party leaders to control the agenda and protect budget packages during floor consideration. Third, it has long been recognized that incrementalism in outcomes may be in the eye of the beholder and depends on the time frame. Over a period of five years, for example, the policy changes wrought in 1993 are more dramatic and in the expected direction. In addition, the content of the deficit reduction package under Democratic government was significantly different from the 1990 deficit reduction package under divided government. In particular, OBRA-93 contained higher tax increases and smaller domestic spending cuts than OBRA-90. Fourth, timing could also be a factor in using the party brand name in elections, and many other issues intervene
in campaigns. In years after 1994, when the budget was moving rapidly toward balance, Democrats were much more likely to trumpet the achievement of OBRA-93 in election campaigns. In 1994, Clinton and the Democratic Party label were tarnished by the health care issue.

**Party Cohesion in Approving the Congressional Budget**

Although measures of party cohesion or party defection may not in themselves prove that partisanship is the underlying causal factor, a wealth of other evidence points to partisanship as an explanatory factor and suggests that party cohesion is a meaningful empirical measure to consider. In the previous chapters, we have examined a number of budget votes in the House and Senate. Systematically compared over time, the overall trend of increased party cohesion is striking. Figures 9–1 and 9–2 examine intraparty cohesion for Republicans and Democrats in the House and Senate between 1975 and
The Rice index of cohesion, a measure developed in the 1920s, is used to measure intraparty unity. In the House, Republicans have been the more cohesive of the two parties over time, but since 1992, both parties have had cohesion scores close to 100 with the exception of 1997 (FY 1998 on figure 9–1), the year of the bipartisan balanced budget agreement. From 1975 to 1990, House Republicans were consistently more cohesive than the Democrats with the exception of the period surrounding Gramm-Rudman-Hollings in the mid-1980s. Over the full twenty-eight-year period, House Democrats have gradually become more cohesive as a voting bloc. Consistent with other evidence of the increased partisanship in the House, with the progressive realignment of the South, there has been a steady reduction of conservative Democrats who vote with Republicans on the congressional budget. Consideration of the outliers is instructive as well. In 1981, as we saw in chapter 3, a number of House

Figure 9–2


Source: Rice Index: House party cohesion. Note: 100 represents complete unity, and 0 represents equally divided party, by fiscal year.

2003 in votes on the congressional budget resolution. The Rice index of cohesion, a measure developed in the 1920s, is used to measure intraparty unity.
Democrats were willing to split with their party in approving a budget resolution in May 1981 along the lines proposed by President Reagan. Recall that on the vote on the crucial reconciliation bill in June 1981, the Democrats were more cohesive than on previous votes but because of election losses in 1980 suffered too many defections to defeat the Republicans. The other low cohesion scores for House Democrats were in 1988 and 1989 and in 1997. The budget resolutions in 1988 and 1989 represented a compromise with the administration in Reagan’s last year and a bipartisan agreement with President Bush in his first year in 1989 that did not make significant policy changes. That period represents the only major exception to Republican Party unity as well. During the rest of the time, average Republicans scores were above 80.

Figure 9–2 confirms the fact that party unity has been less pronounced in the Senate than in the House, but that it has trended upwards. Perhaps most significantly, since 1992, both parties have been consistently more cohesive, and the patterns look very much like those in the House. Unlike in the House, in the period 1975–1992, the Republicans were less cohesive than Senate Democrats. Recall from chapter 2 that during the first five years, a more bipartisan atmosphere surrounded the budget process, with Senators Muskie and Bellmon trying to build bipartisan support. The Senate Republican caucus split nearly evenly over whether to support the budget resolution. That pattern changed after 1980 when the Republicans became the majority party in the Senate for six years. While more cohesive as a party, the patterns were inconsistent. After Republicans lost control of the Senate in the 1986 elections, the party returned to the pre-1980 pattern of dividing over support of the budget resolutions. Senate Democratic cohesion scores from 1975 to 1992 averaged around 60. Once Bill Clinton became president in 1993, however, the two parties in the Senate became more sharply divided and cohesive. The exceptions were again the bipartisan 1997 balanced budget agreement, and for the Democrats, the first budget resolution under George W. Bush in 2001. As they had in 1981, many Senate Democrats chose to support the budget resolution with the popular tax cuts proposed by the Republican president.

The patterns of party cohesion in Congress since 1992 suggest that something similar to Rohde’s conditional party government has evolved in congressional macrobudgeting. House-Senate differences have been reduced in this period in terms of budget resolution votes. The partisan pattern goes back even further for House Republicans and, as we saw in chapter 2, predated 1975 in terms of using debt limit votes to criticize the budget policy of the majority party.
The analysis of voting patterns also provides evidence of differences in congressional voting patterns in macrobudgeting and microbudgeting in Congress. Since the implementation of the congressional budget process in 1975, votes on individual appropriation bills have remained less partisan than votes on budget resolutions and less partisan than votes on all measures. Figure 9–3 looks at the percentage of individual appropriation bills throughout the period that met the minimum criteria as a party vote (a majority of one party against a majority of the other party) between 1975 and 2003. All omnibus bills involving two or more appropriation bills are excluded. In the Senate, a party split on appropriations bills has remained a rarity; at the most, one or two bills may find a majority of Republicans facing a majority of Democrats. In the House, partisanship on appropriations bills has increased since 1982, but, on average, fewer than half of the votes meet the minimum qualification of a party vote.

Impact on Party Leadership

Party leaders have been more assertive and more powerful in the congres-

Figure 9–3

*The percentage of votes on individual appropriation bills where a majority of one party voted against a majority of the other party.
sional budget process since the 1980s. In the House, the Budget and Rules Committees have become important tools of majority party leaders. Leaders influence the selection of members to these key committees. House leaders dominate the budget process, manipulating the floor agenda and the rules to their advantage. Even in the more decentralized, egalitarian Senate, leaders have become much more powerful in budgeting. Although they consult extensively with rank-and-file members, it is leaders or their designees, not committees, shaping the budget resolutions, reconciliation bills, and omnibus budget legislation. Majority Leader Trent Lott fired the Senate parliamentarian in 2001 because his interpretation of reconciliation was unfavorable to Republicans. He and other majority leaders have brought bills directly to the floor of the Senate, bypassing the Finance Committee or other panels. While Republicans complained about their treatment at the hands of the Democrats during the long period they held the majority, since 1994, Republicans have run the House and Senate with a strong hand. Although Senate leaders have made periodic attempts to reach out to minority Democrats, a partisan strategy remains dominant.

The nature of conference committees and the role of majority and minority party members have changed as well. Facing united Republican opposition in 1993, Democratic leaders in Congress held one-party-only conference negotiations over the deficit reduction plan. Since 1995, under the Republican majorities, Democrats have been largely excluded from meaningful participation on major budget conference committees. More House-Senate differences are resolved at the leadership level or are “pre-conferenced” by selected participants. In the 2003 conference on the Medicare reform/prescription drug bill, only two sympathetic Democrats were invited to participate in the negotiations.

Looking at major macrobudgeting legislation since 1975, qualitative and quantitative evidence suggests that the insights of party theorists provide a more satisfactory basis for explanation than the spatial preference models. This is not to say that party government in a parliamentary sense exists or that budgeting fits the responsible parties model. We have seen evidence that median members are important in shaping outcomes, particularly in a closely divided Senate. Recall the influence of moderate Senate Republicans John Chaffee, John McCain, and Olympia Snowe in reducing the Bush tax cuts in 2001 and 2003. The cases we have examined suggest, in general, that party leaders are instrumental in creating stable policy alliances in budgeting and play a role in convincing wavering party members to support the party position, even if it is somewhat at odds with their preferences. We have seen instances, such as with the Clinton deficit reduction plan in 1993, where
party leaders in the House have been able to convince a few members to change a vote already cast to provide the winning margin. Another example occurred with the House passage of Medicare reform in November 2003 in the House of Representatives. The bill contained the most significant changes in Medicare since it was first enacted in 1965, including a prescription drug benefit for seniors that was estimated at the time to cost $400 billion over ten years. This was a Republican bill, pushed by the Republican leadership in the House, with the assistance of the Bush White House. Democrats opposed the bill because provisions requiring competition from private health care providers were seen as a threat to the program. But Republican leaders had to struggle for votes because a dozen or so conservatives were concerned about the cost of such a program expansion at a time when deficits were reaching record levels. At 4:00 A.M. when the final House vote was taken, Speaker Dennis Hastert and Majority Leader Tom Delay could see from the totals on the electronic scoreboard that they were losing 216–218 and the normal fifteen minutes allowed for voting in the House had expired. This result would be a serious setback for the president and the Republican Party.

The Speaker kept the vote open past the deadline while he and Majority Leader Delay sought to get several Republican members to change their vote. Hastert found Representative Nick Smith (R-MI), who was retiring from Congress, put his arm around his shoulder, and said, “I need your help.” Smith stayed firm despite a call on his cell phone from the president at 5:30 A.M. and despite a promise from Delay that he would endorse Smith’s son in an upcoming election if he would support the bill. But a handful of others did succumb to the pressure. Hastert and Delay kept the vote open for a record 2 hours and 51 minutes and finally found enough members to switch their votes to manage a final vote total of 220–215 for the Medicare bill. Democrats were outraged by what they saw as a gross abuse of legislative rules. In the fall of 2004, the bipartisan House Ethics Committee admonished Majority Leader Delay for his actions toward Smith and for linking “support for the personal interests of another member as a part of a quid pro quo to achieve a legislative goal.”

Although policy concessions were made to create a winning party majority on the Medicare bill and tax cut bills, the Republican administration was still able to get the vast proportion of its proposals adopted through the work of the party leaders in Congress. Even in 2003, when the size of the Bush tax cuts appeared to be cut in half, by manipulating the expiration and effective dates of the provisions, the total amount of the tax cuts are likely to be close to what was originally requested.
**Partisanship without Responsible Parties?**

As parties have become more ideologically cohesive and congressional leaders have been more adept at using public relations and media strategies, message politics has become more important in legislative policy making.\(^1^8\) Partisan message politics depends on the cohesiveness of member preferences and the degree of issue ownership with the public.\(^1^9\) That is to say, highly polarized congressional parties do not necessarily act like responsible parties staking out clear and distinctive positions unless their position is favored by the public. If it is not, parties act like rational parties and try to reframe or spin issues where they are disadvantaged. Certainly, the Medicare reform in 2003 was about the high cost of prescription drugs and their impact on seniors. But it was also about majority Republicans hoping to reshape their party image on health care and reduce the Democrats’ historical advantage on this issue.

As sincere reflections of policy preferences, certain party positions have changed over the past generation as the composition of Congress and members’ electoral bases have changed. Since 1981 and the Reagan administration, Republicans have “owned” the tax issue (for cutting taxes or not raising taxes). Although Reagan agreed to several tax increases as president, the main exception to the Republican stance on taxes was George H. W. Bush in 1990. Although his acceptance of tax increases in OBRA-90 allowed a significant deficit reduction package to pass, it splintered the Republican Party in Congress, including the leadership, and reduced Republican cohesion in voting. George W. Bush has featured tax cuts as a dominant theme of his administration. Democrats have adopted a defensive position on this issue, not opposing tax cuts per se, just tax cuts for the rich and tax cuts that make the deficit worse.

For several generations, Democrats have generally been seen by the public as the party with more favorable positions on Social Security and Medicare. The only major stumble by the Reagan administration in 1981 was the ill-fated trial balloon about the possibility of cutting Social Security. Congressional Republicans, sensing the danger to their party, joined with Democrats in passing a resolution against any cuts in Social Security. In the two major deficit reduction packages in 1990 and 1993, Medicare cuts were an important part of the total, but Democrats protected their party reputation by supporting the smallest cuts possible. In the brief surplus years, both parties competed to protect Medicare and Social Security trust funds with largely symbolic plans for “lockboxes,” firewalls, and the like. It is instructive that despite budget surpluses, the two parties remained just as polarized as they had with deficits.
How the 2003 Medicare reform will affect the reputation of the Republicans and Democrats remains to be seen. George W. Bush and the Republicans kept a campaign promise by providing a prescription drug benefit, but anger by seniors over the significant gaps in the coverage and prohibitions against buying “medigap” policies could foil the Republican strategy.

Deficits are the quintessential macrobudgetary issue, but one that has not distinguished the parties in recent years as clearly as taxes and entitlements. The balance between revenues and spending has generated political conflict over the years going back to the nineteenth century. Beginning in the 1930s, with Franklin D. Roosevelt’s acceptance of Keynesian principles of discretionary fiscal policies sanctioning deficits to stimulate the economy, the Democratic Party was identified with favoring deficits when necessary. Deficit spending allowed Democrats to protect benefits to their traditional constituencies and support higher levels of domestic spending. Traditional Republican “fiscal orthodoxy,” on the other hand, advocated a balanced budget and decried deficit spending, at least through the end of the 1970s.

The Democrats’ position on deficits was much more one of cautious tolerance than advocacy because, other things equal, Americans favor a balanced budget and dislike deficits. Yet voters generally do not get very concerned about deficits, and the economics of deficits and debt are rather obscure. Americans’ attention to deficits has usually followed actions by political elites and media coverage. The only time deficits were mentioned by more than 15 percent of respondents in the Gallup Poll open-ended question, “What is the most important problem facing the nation?” was while Congress considered Gramm-Rudman-Hollings in 1985 (17 percent), during the 1990 budget summit (21 percent), after the passage of the 1993 deficit reduction plan (15 percent), and during the government shutdown in January 1996 (28 percent).

The major change in the Republican position on deficits came indirectly as a result of Ronald Reagan’s emphasis on tax cuts as the top domestic priority. The shift caused some discomfort to traditional Republicans, but by the election of George W. Bush in 2000, tax cuts were entrenched as the cornerstone of Republican philosophy. The centrality of tax cutting for Republican has two philosophical sources: “supply-side economics” and “starving the beast,” a phrase attributed to David Stockman, Reagan’s first budget director. Supply-side economics argues that by cutting taxes, the economy will be stimulated and will produce additional revenues to compensate for the cuts. The starve-the-beast philosophy suggests that by cutting off the source of revenues, government will have to stop expanding and possibly shrink. Ronald Reagan seemed to endorse this view when he spoke of “putting government on a diet.”
George W. Bush indicated sympathy for this view when he commented in August 2001 that the disappearance of the budget surplus was “incredibly positive news” because it would put the government in a “fiscal straitjacket.”

The Democratic Party position on deficits changed in response to the deficits of the Reagan administration. The record-level budget deficits in the early 1980s seemed to be one of Reagan’s only potential weaknesses but also constrained Democrats from using government programs to solve societal problems. Democrats became hawkish on deficits because, in the words of the Director of the House Democratic Study Group, “there’s no way you can talk about liberal social programs—there’s no way you can talk about anything—until you talk about deficits.” The result was that both parties publicly opposed budget deficits but blamed them on different causes: Democrats blamed them on the tax cuts while the Republicans blamed them on excessive domestic spending and big government. The actual solutions to the deficits were potentially dangerous to both parties. Raising taxes and cutting defense could be perilous positions for Democrats, and cutting entitlements and certain popular domestic spending programs could be damaging to Republicans. The positions of the two parties against deficits include not just political calculations and economic concerns but fundamental moral values as well. According to White and Wildavsky:

> The whole complex of moral notions surrounding the deficit—household management, trusteeship, care for future generations, good government—spoke to the self-worth of . . . [members of Congress] . . . rather than to that of the public. The politics of responsibility was self-imposed by many of our leaders upon their visions of themselves.

Although sharp partisanship in budgeting has not produced the consistently clear positions of the responsible party model, party differences are distinct on many issues. The positions of the two parties on major budget issues facing the United States have emerged both from electoral calculations and from sincere policy preferences. They are also shaped by the political and economic environment at the time and by party control of Congress and the presidency. It is to that question that we turn in the next section.

**The Impact of Divided Government on Congressional Budgeting**

In terms of presidential-congressional relations, partisanship in congressional budgeting has made divided or unified control of government exceptional-
ly important. Divided government manifests itself not in terms of traditional deadlock, but rather in terms of delay and other manifestations of procedural breakdown, in extra-legislative means of resolution such as summits and bipartisan commissions, and in the policy content of budget packages. In pursuing major budgetary changes, unified government allows a president, after bargaining primarily with members of his own party, to enact budget packages that will normally command cohesive party support (and opposition) in the House and Senate.

Delay, Shutdowns, and Omnibus Appropriations

Divided government makes it more difficult to pass the congressional budget resolution in a timely fashion than under unified government. Sarah Binder found that divided government was associated with delay in enacting the budget resolution. According to the congressional budget timetable, the budget resolution is supposed to be passed by both houses by April 15. Although there is no penalty for not making the deadline, delays cause problems with the authorization and appropriations processes and make it less likely that Congress will be able to enact spending bills on time. Using updated data through FY 2004, table 9–1 looks at the number of days past the deadline that the concurrent resolution on the budget passed. Because failure to pass any budget resolution is a symptom of deadlock, in the two years when no budget resolution passed (1998/FY 1999 and 2002/FY 2003), the number of days remaining in the calendar year were included. Table 9–1 shows greater delays under divided government (an average of 70.9 days late) compared to under unified government (an average of 8.5 days late). Excluding the two years when no budget resolution was passed (both occurred under divided government), the budget resolution still was an average of 50.9 days late.

Divided government is also associated with failure to pass continuing appropriations when needed and the resulting government shutdowns. Since 1980, all appropriation funding gaps and the sending home of nonessential government employees have occurred under divided government. Table 9–2 looks at the dates and duration of funding gaps. Gaps occurred under Ronald Reagan eight times for a total of fourteen days. Under George H. W. Bush, the government shut down once for three days after the original version of OBRA-90 was defeated in the House. The most prolonged government shutdown occurred under Bill Clinton in 1995, his first year to confront the new Republican Congress. The government was shut down for a total of twenty-six full days. The negative political repercussions from that episode seemed
to have discouraged both branches from such showdowns, and to date, the
last appropriation gap and government shutdown occurred during the peri-

Table 9–1
Consequences of divided government: number of days past deadline for
passage of budget resolution

<table>
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<tr>
<th>Fiscal Year</th>
<th>Under Unified Government</th>
<th>Under Divided Government</th>
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<tbody>
<tr>
<td>1978</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>1979</td>
<td>2</td>
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<td>1980</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>1981</td>
<td>28</td>
<td>39</td>
</tr>
<tr>
<td>1994</td>
<td>0</td>
<td>39</td>
</tr>
<tr>
<td>1995</td>
<td>27</td>
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<td>78</td>
</tr>
<tr>
<td>2004</td>
<td>0</td>
<td>73</td>
</tr>
</tbody>
</table>

Average 8.5 days
Average excluding 1999 and 2002 50.9 days


*Republicans maintained control of the Senate until June 2001, making it unified gov-
ernment when FY 2002 budget resolution passed.

*No budget resolution passed; number of days remaining in calendar year reported.

In addition to delays and government shutdowns, divided government is
also associated with the failure to pass regular appropriations bills by the
start of the fiscal year and the resulting need to rely on omnibus appropriations bills. Table 9–3 compares the number of appropriations bills included and the relative size of omnibus appropriations under divided and unified party control of government since 1993.

**Extraordinary Means of Resolution**

Another consequence of divided government is the increased probability of using extraordinary means to resolve presidential-congressional disputes.29 Three main types of extraordinary resolution have occurred under divided government since 1980. First, we have seen many examples of interbranch budget summits—ad hoc negotiating groups of varying size and composition—outside of the normal legislative process. This was particularly true during the twelve-year span of divided government of the Reagan and Bush administrations, 1981–1993. Some sort of budget summit was held in all but a few of those years, including the memorable 1990 budget summit which included a second, smaller group of negotiators who met in secret at Andrews Air Force Base. Summits have the effect of centralizing power in
Congress and strengthening party leaders as a smaller and smaller subset of legislators decide the overall shape of the budget for years to come. Summits do not usually occur during periods of unified government, although informal discussions between majority party leaders and the White House regularly take place.

A second form of extraordinary resolution is the creation of a bipartisan commission to study and recommend solutions to difficult or deadlocked problems. Again, the history of these commissions dealing with budget issues over the past twenty-five years suggests that it predominantly occurs under conditions of divided government. We have seen several examples of these commissions in earlier chapters where some members are appointed by the president and some by congressional leaders. One of the most effective was the Greenspan Commission on Social Security in 1982. It primarily provided political cover for a very difficult compromise agreed to between President Reagan and Speaker O’Neill. More typical is the example of the National Economic Commission which failed to break the deadlock over what to do about the long-term financial viability of Medicare and Social Security. The pattern of bipartisan commissions under divided government

<table>
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<th>Year</th>
<th>No. of Bills</th>
<th>% of Discretionary Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>5</td>
<td>32.5%</td>
</tr>
<tr>
<td>1996</td>
<td>6</td>
<td>74.7%</td>
</tr>
<tr>
<td>1997</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>1998</td>
<td>8</td>
<td>88.6%</td>
</tr>
<tr>
<td>1999</td>
<td>5</td>
<td>65.9%</td>
</tr>
<tr>
<td>2000</td>
<td>3</td>
<td>19.7%</td>
</tr>
<tr>
<td>2002</td>
<td>11</td>
<td>51.6%</td>
</tr>
<tr>
<td>2001*</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>2003</td>
<td>7</td>
<td>48%</td>
</tr>
<tr>
<td>Average</td>
<td>5.4</td>
<td>47.5%</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Bills</th>
<th>% of Discretionary Spending</th>
</tr>
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<td>1995</td>
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<td>0%</td>
</tr>
<tr>
<td>1994</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>1997</td>
<td>6</td>
<td>74.7%</td>
</tr>
<tr>
<td>1998</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>1999</td>
<td>5</td>
<td>65.9%</td>
</tr>
<tr>
<td>2000</td>
<td>3</td>
<td>19.7%</td>
</tr>
<tr>
<td>2001*</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>2002</td>
<td>11</td>
<td>51.6%</td>
</tr>
<tr>
<td>2003</td>
<td>7</td>
<td>48%</td>
</tr>
<tr>
<td>Average</td>
<td>1.75</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Compiled by research assistant James Dukesherer.
*Unified until Democrats took control of the Senate in June 2001.
may have changed under President George W. Bush. In 2001, he created a
presidential commission to reform Social Security, and in 2005 a bipartisan
commission to examine tax reform. Both occurred under unified Republican
control.

A third form of extraordinary resolution is the attempt to use rules to
structure certain budget outcomes. This most prominently took the form of
the Balanced Budget Act of 1985, which attempted to create an “automatic
device” to reduce the deficit. As we saw in chapter 4, Gramm-Rudman-
Hollings created deficit targets and required mandatory across-the-board
spending cuts if targets were missed. Two years later, Congress revised the
deficit targets and repaired the constitutional flaw. The experiment proved
unworkable and was essentially abandoned after five years. The number of
cases of automatic devices such as this is small, but both cases (1985 and
1987) occurred under divided government. Other use of the rules to shape
budget outcomes include the Budget Enforcement Act of 1990 which was
amended in 1997, again both under divided government. These changes did
not try to force a balanced budget but rather attempted to enforce earlier
agreements and set limits on discretionary spending. The ultimate rule
change is to amend the Constitution. It also appears that constitutional
amendments dealing with the budget are more likely to be proposed under
divided government than under unified government. Examples of the
amendments proposed during divided government over the past quarter-
century include proposals to restrict taxation, to limit outlays to a fixed per-
centage of GDP, and to require a balanced budget. Such measures are more
likely to be proposed during times of deficits and are much more popular
with Republicans than Democrats. Thus, if deficits expand significantly
through 2012 as projected, congressional Republicans may resuscitate some
of the constitutional proposals even if unified Republican control remains in
place. In 2004, some Republicans began talking about reviving the balanced
budget amendment.

The Content of Policy

With the predominance of partisanship in budgeting, a significant conse-
quence of divided government is in the content of budget packages that are
enacted. The contents of major budget packages enacted since 1981 are dif-
ficult to compare because of the deficit situation. The major tax cuts of 1981
and 2001 were achieved by Republican administrations with the deficit not
yet a problem (1981) or with the budget in surplus (2001). These two major
reductions in taxes (which were both accompanied by increases in defense
spending) share many similarities, although Reagan’s plan was achieved under divided government and Bush’s under unified government. However, with a Republican Senate and the defection of three dozen conservative Democrats, for two years, Reagan enjoyed a working cross-partisan majority in budgeting that resembled a president with unified party control.

The existence of large deficits, the case for most of the period of this study, allows budget packages to be compared more directly since their purpose was deficit reduction. Although the number of cases is small, the differences are apparent in the expected direction. Under divided party control, deficit reduction packages in 1982, 1987, 1990, and 1997 include fewer tax increases than in the major deficit reduction package under unified Democratic control in 1993. One would imagine that a future deficit reduction package under unified Republican control would overwhelmingly emphasize spending cuts. Deficit reduction packages under divided control are more likely to strike a balance between additional revenues, entitlement cuts, discretionary domestic cuts, and defense reductions. None of the deficit reductions packages in 1982, 1987, 1990, or 1997 included more than one-third of the total reductions in the form of additional revenues. In 1997, with a booming economy, there were actually tax cuts. In 1993, the Democrats were able to narrowly adopt a plan where half of the deficit reduction over five years came in the form of tax increases. This could not have been passed under divided government. These conclusions are important in analyzing the prospects for returning the budget to balance in the coming decade.

**Budget Prospects for the Coming Decade**

Macrobudgetary trends in the United States are heavily dependent on the performance of the economy. Differences between multiyear budget projections and the actual numbers are a result of changes in the economy and technical errors in estimating revenues and outlays; only one-third of the variation comes from policy changes. That third is critical, however, as it is what Congress and the president have the ability to change for policy purposes. What those policy purposes are will depend on election results—which party wins and whether divided government results.

Projections in 2005 showed that deficits over the ensuing decade could add $2 trillion to the national debt. These estimates did not include the cost of the war in Iraq and Afghanistan or the potential cost of reforming Social Security, possibly adding another $2 trillion in costs. How might the two parties address the issue of the federal budget and high deficits over the next
decade? Will macrobudgeting be increasingly partisan? Is the budget more likely to be balanced under unified government or under divided government?

George W. Bush’s victory over John Kerry in 2004 renewed unified Republican control of national government as Republicans extended the size of their majorities in the House and Senate. Given the trend of redistricting to protect incumbents of both parties, fewer and fewer districts are competitive, so prospects for continued Republican majorities look promising for the moment. Does this mean that because of stronger rules and greater partisanship, Congress will increasingly do the president’s bidding? No. Greater partisanship in the American system of separation of powers is still far from a parliamentary system. It does mean that under unified Republican control, negotiations over budget totals in Congress and interbranch bargaining over major budget decisions will be done overwhelmingly within the Republican Party, excluding Democrats. Those negotiations could prove increasingly difficult, however. Several factors could threaten party cohesion and weaken the president’s influence, including the fact that while congressional Republicans faced reelection in the future, President Bush did not.

If members’ incentives for supporting party leaders and the president of their party change, or if party positions pose perceived electoral risks rather than rewards, party unity could disintegrate. Party members might be unwilling to act alone even if they have the votes. An example is the Bush administration proposal to allow younger workers to invest a portion of their Social Security taxes into private or personal accounts. Social Security as an issue has proven politically “dangerous” for Republicans for decades. As a result, many Republicans in Congress believed that Social Security reform could proceed only with some bipartisan support. Even under unified government, certain issues require a sharing of political risks. Restructuring the federal tax code (as opposed to tax cuts) is likely another such issue.

Budget deficits have the potential to chip away at the unity of congressional Republicans in coming years. The division between orthodox fiscal conservatives (deficit hawks) and supply-siders (deficit doves) could cause friction within the party. Even Republican unity over tax cuts could be challenged as efforts are made to make the 2001 and 2003 tax cuts permanent. Perhaps sensing unease among his own party, George W. Bush more explicitly addressed the deficit situation in 2005, promising to cut the deficit in half by the end of his second term. Based on how congressional budgeting has evolved since the 1970s, the Republican path to deficit reduction will certainly emphasize spending cuts over revenue increases.

Democrats, if they return to power, would be more likely to pursue a
deficit reduction strategy that was based on revenue increases and spending cuts. Taxes would likely be shifted toward upper-income groups along the lines of Clinton’s tax changes in 1993. But Clinton’s experience with deficit reduction through new taxes provides a cautionary tale for Democrats. Although OBRA-93 was critical in leading the budget toward balance, the Democrats suffered an overwhelming political defeat in the congressional elections of 1994. What might happen with unified Democratic control concerning entitlement growth and the question of the financial solvency of Medicare and Social Security when the baby boomers begin to retire after 2010? Democrats may be more willing to risk tax increases than to threaten their advantages with entitlements. Domestic spending would also be difficult to cut because of party constituencies. It would be just as difficult for a unified Democratic government to return to a balanced budget as it would be for Republicans.

What if there is a return to divided government in the next decade? Some have suggested that in the 1980s, divided government caused budget deficits. That probably was not the case then and will not be in the future. Under divided government, because of the strength of partisanship in Congress and the capacity to develop and pass a budget, the process might reflect delay and shutdown, omnibus legislation, and a return to budget summits. However, experiences of the past thirty years show that divided government does not preclude serious efforts at deficit reduction. Split control can provide some political cover for unpopular positions on taxes and entitlements and shifting of blame to the other party if deficit reduction is a real priority for both parties. Whatever the future party alignment, congressional budgeting has evolved into a system that allows party majorities to formulate macrobudgetary policies that can support a president’s program or formulate a coherent alternative.