

Book Reviews

The Return of Budget Deficits in the United States

Roy T. Meyers is Professor of Political Science and Director of the Sondheim Public Affairs Scholars Program at the University of Maryland, Baltimore County. His publications on budgeting include *Strategic Budgeting* (University of Michigan, 1994; co-winner of the NAPA Brownlow Prize) and the *Handbook of Government Budgeting* (Jossey-Bass, 1999). His most recent work is the article, coauthored with Philip Joyce, "Congressional Budgeting Act at Age 30: Is It Worth Saving?" (*Public Budgeting and Finance*, Silver Anniversary Issue, pp. 68–82, 2005).
E-mail: Meyers@umbc.edu.

Diana Evans, *Greasing the Wheels: Using Pork Barrel Projects to Build Majority Coalitions in Congress* (New York: Cambridge University Press, 2004). 267 pp., \$21.99 softbound, ISBN: 0-521-54532-3.

Jasmine Farrier, *Passing the Buck: Congress, the Budget, and Deficits* (Lexington: University of Kentucky Press, 2004). 284 pp., \$40 hardbound, ISBN: 0-8131-2335-6.

Jacob S. Hacker and Paul Pierson, *Off Center: The Republican Revolution and the Erosion of American Democracy* (New Haven, CT: Yale University Press, 2005). 261 pp., \$25 hardbound, ISBN: 0-300-10870-2.

Dennis S. Ippolito, *Why Budgets Matter: Budget Policy and American Politics* (University Park: Pennsylvania State University Press, 2003). 329 pp., \$22.50 softbound, ISBN: 0-271-02260-4.

Lance T. LeLoup, *Parties, Rules, and the Evolution of Congressional Budgeting* (Columbus: Ohio State University Press, 2005). 250 pp., \$21.95 softbound, ISBN: 0-8142-5144-7.

In November 2005, because of Republican defections, the U.S. House of Representatives refused to accept the conference agreement on the Labor-HHS appropriations bill—the first time the House leadership had lost an appropriations vote in ten years (Swindell, 2005). The timing was likely no coincidence, as (Republican) Majority Leader Tom DeLay had just stepped down after being indicted by a (Democratic) Texas prosecutor. DeLay, even more than his predecessor Newt Gingrich, had been a transformative leader who greatly centralized power. He broke formal and informal rules, such as holding floor votes open for as long as it took to twist a sufficient number of arms (this was done to pass the Medicare prescription drug benefit), depreciated seniority rights so that only close associates of the leaders became committee chairs, and abolished several appropri-

tions subcommittees. No wonder his nickname became "The Hammer." So did DeLay's absence trigger a watershed event for the country's budget policy process and politics?

That would not be the only question that observers would raise about the recent path of federal budgeting. After decades of conflict over mounting deficits, the 1990s saw determined and unexpectedly successful efforts to produce budget surpluses. Then, the first years of the new century produced one of the largest shifts in budgetary outcomes in U.S. history. While exogenous factors contributed (a popped investment bubble, 9/11, Hurricane Katrina), most of the changes were caused by the unified partisan government's policies: huge tax cuts, and an increase in spending, for both entitlements and pork, that would have astonished readers of the 1995 Contract with America. The result was deficits "as far as the eye can see," assuming one ignores the rampant manipulation of scorekeeping rules. Why did this happen?

This is a particularly interesting question because it has often been argued that only with strong leadership could the Congress overcome its collective action disability; otherwise, expect fiscal indiscipline. Yet recently, we have seen an extraordinarily strong leadership that has put in place demonstrably unsustainable policies (on the later, see Rivlin and Sawhill 2004; 2005). The Republicans who used to complain that "tax and spend Democrats" ignored budget constraints have become a "borrow and spend" majority, which has eviscerated many of the discipline-promoting features of the budget process of the 1990s.

Three of the five books reviewed here use historical methods to describe and analyze federal budgeting. Ippolito's *Why Budgets Matter* takes the longest perspective—from the founding of the nation to the present, and briefly beyond. The title will be somewhat misleading to a reader who expects a discussion of the macroeconomic and other impacts of budgetary policies—Ippolito addresses such topics only in their

historical contexts. Instead, budgets “matter” because they are the objects of struggles by competing institutions and politicians. And there is no grand theory here of such conflict; Ippolito’s approach is the resolutely anti-deterministic one more commonly used by historians. To the extent there is a conclusion, it is that complex political forces cause frequent changes in budget outcomes. But even those readers who might prefer more theorizing should find this book a valuable reference on the budget history of the U.S. because of its accessible writing and breadth. And in relation to this essay’s introduction, particularly interesting was the section on Eisenhower’s strong fiscal discipline. If only we could hear a budget policy debate between Ike and “The Hammer”!

LeLoup’s *Parties, Rules, and the Evolution of Congressional Budgeting* relies on a similar historical approach, but only for the period since the 1974 Congressional Budget Act (CBA). Like Ippolito’s book, this one is valuable for its attention to historical detail—its interior chapters provide the most comprehensive description available of the evolution of the congressional budget process since the CBA. Yet like the previous book, the title may advertise a bit more than the book delivers. In his first chapter, LeLoup reviews some important differences within the political science discipline, contrasting the spatial model of Krehbiel (1998) with the party delegation model of McCubbins (1991) and others. To simplify, the former approach suggests that ideological preferences are translated into outcomes by the decision of the “pivotal” voting member who is placed in that position by institutional rules; the model intentionally ignores the independent role of parties. The latter authors see American parties moving toward—but not fully attaining—the status of “responsible parties.” Individual members of Congress delegate internally to their leaders because the party’s public reputation can affect election prospects; the leaders appoint members to committees to accurately represent caucus preferences, and enforce discipline on disloyal members.

LeLoup argues that Congress took a tremendously important step when it supplemented the traditional bipartisan appropriations process with “macrobudgeting”—defined as budget resolutions and other broad bills such as reconciliation and omnibus appropriations. As the process evolved, budgetary partisanship increased, because party leaders used new rules to make their parties more internally cohesive. He concludes (p. 210) that the spatial model has lost the theoretical battle to the party delegation model, but some readers will find this claim to be a bit strong given that the book relies almost entirely on the chronological record rather than adding substantial statistical analysis. And LeLoup argues that “...looking at the big picture, [the budget process] has given Congress a remarkable capacity to

budget” (p. 203), leaving this observer to wonder whether capacity must be reflected in sustainable outcomes.

LeLoup also observes that during periods of divided government the new Congressional budget process empowered the congressional majority party to challenge the president. In contrast, during unified government the president now had a more supportive majority. This argument—that internal delegation by members to leaders led to external delegation from Congress to the president—is made much more strongly by Farrier in *Passing the Buck*. Readers of the public administration literatures on regulation and executive organization will recognize the general argument: When Congress willingly cedes power to the executive branch in the hope of promoting efficiency, it endangers our democracy by reducing citizens’ ability, through a responsive legislature, to check the executive. Social scientists should recognize her other critique—attempting to describe the development of complex institutions with reductionist delegation models is simplistic.

Farrier begins her case studies with a chapter on the CBA—obviously a case where Congress did the opposite of surrendering to a grasping president. But Congress did so not by sufficiently empowering a majority through extreme internal delegation of powers; instead, it layered a new process on top of the traditional decentralized structure of authorizations and appropriations, and hoped that coordination would work. When Congress predictably continued to have difficulty budgeting, in fits of self-loathing it caved in to the temptation to shift authority to the executive.

Three cases are analyzed in the book: Gramm-Rudman-Hollings (GRH), the Budget Enforcement Act (BEA), and the Line-Item Veto Act (LIVA). At first glance, features of these laws indicate surrender—under GRH, automatic spending reductions were to be invoked after a failure to meet strict deficit targets; under BEA, the OMB was given statutory scorekeeping power; and under LIVA the president could strike provisions of appropriations bills rather than having to veto entire bills. Farrier concludes that the reality is a bit more complex. The new procedures under GRH showed ambivalence more than abdication, which was reflected in GRH’s relatively quick revision and ultimate demise. The BEA’s rules constrained the majority as well as the minority. Here I believe Farrier overemphasizes the extent to which the BEA shifted power to the president. For example, there was generally close cooperation between OMB and CBO on scorekeeping.

The LIVA is a tougher case to make: it was never practically effective because of a quick and successful constitutional challenge, which was anticipated by

many in Congress and by President Clinton. But Farrier is right in observing that the LIVA symbolizes an unfortunate congressional acceptance of sole guilt for excessive deficits when presidents are complicit in enacting such policies. When Congress decides it is an inherently irresponsible institution, it is less likely to react when a fiscally prudent leader doesn't exist (Suskind 2004).

A fourth book, Evans's *Greasing the Wheels*, focuses on geographically specified budget allocations (i.e., "pork-barrel" spending, or earmarks). The popular image of pork is that it constitutes most government spending; but this is accurate for only a few appropriations bills. However, pork has clearly increased under Republican governments, despite the party's historical opposition—that is, rhetorical opposition—to pork. Another irony is that while partisanship has increased in the budget process, anecdotal reports suggest that the majority party is not reserving the goodies for distribution to its coalition of just-above-minimum-winning size; instead, near-universalistic access to pork appears to dominate still.

Evans addresses these topics with a tour-de-force study that impressively combines literature review, history, and systematic hypothesis testing; it measures up to Savage's excellent book on academic pork (1999). Evans begins with the hypothesis that coalition leaders use pork to build majority coalitions for general-interest legislation, operationalized very generously as any legislation that provides a collective benefit. Following Arnold (1990), Evans observes that such legislation confronts leaders with a free rider problem, in that defectors on votes for passage can still enjoy the benefits of bills that pass without their support. The leaders' solution to this dilemma is to buy off potential defectors with targeted projects.

The problem with this approach is that these rewards are observed by would-be loyal coalition members, who rationally conclude that perhaps they too should threaten defection in order to share in the bounty. In empirical work, looking at several transportation authorizations, NAFTA, and three years of Senate appropriations bills, Evans finds in most cases that coalition leaders did use pork to hold coalitions together, but that they also spent more over time. That slippery slope is most apparent in the Senate in recent years: As partisanship escalated, minority members raised numerous objections to the majority's bill, but still were entitled to their (slightly smaller) shares.

Increases in pork, though significant, did not cause most of the worsened budgetary position of the United States—tax cuts, war spending, and entitlements did. Hacker and Pierson's *Off Center* describes how the Republican party enacted the tax cuts, and more generally, drove policy far to the right when

voters desired a much different result. To fully benefit from their argument on taxes (they also cover Social Security and Medicare), the book should be read with Pollack's history of the anti-tax basis of Republican mobilization (2003) and Steuerle's explication of tax legislation (2004). But even if read alone, *Off Center* is an extraordinarily interesting book. It draws broadly on the best empirical research that political scientists can offer, but also does something that many modern-day political scientists scrupulously avoid—it lucidly evaluates whether the current process of policy-making lives up to our democratic ideals.

No doubt some Republicans will interpret those ideals as big-D Democratic, for Hacker and Pierson take direct aim at Republican elites. They argue that President Bush has been extremely conservative in his policies if not always in his rhetoric, that Republican legislators have moved far more to the right than have Democratic legislators to the left, and that the centralization of power within the Republican legislative leadership was matched by the strengthening of the party's network of "New Power Brokers" such as the anti-tax zealot Grover Norquist. Together, these forces enacted tax cuts despite the fact that public opinion wasn't clamoring for them. For example, Hacker and Pierson cite public opinion data from 2004 which showed voters preferred cutting the deficit to tax cuts by more than two to one.

How could policies be so unresponsive to public preferences? Hacker and Pierson argue that Republican leaders intentionally overstated the size of the surplus and understated the likely cost of the tax cuts, and were even more disingenuous about their distributional impacts by misleading average taxpayers into believing they would receive substantial benefits. Leaders also exploited their conferee-appointing and agenda-setting powers, particularly using reconciliation's procedural protections against filibusters to pass bills that would increase the deficit—the opposite of the intended function of this procedure. These strategies were enabled by an inter-related web of external forces: partisan gerrymandering, recruitment of extreme candidates through leadership PACs, and skillful conversion by the rich of their increasing share of the country's wealth into greater political influence.

To break this vicious cycle, Hacker and Pierson suggest methods of empowering the political center, such as open primaries and nonpartisan redistricting. Their sole budget-specific proposal is a "citizen's prospectus"—something along the lines of popular budget reports, but here, in a rare exception, they don't cite relevant literature. The obvious barrier to these reforms, they note, is that Republicans would rather not adopt them and risk their political dominance. But Hacker and Pierson also note that

Republicans, despite having structural advantages in elections, are still vulnerable to Democratic challenges. Good evidence is provided by the rejected appropriations bill mentioned at the beginning of this essay. DeLay's absence was not the only reason it failed—Republican incumbents were concerned that their party and its leaders had lost much credibility with the voters.

Casualties and other problems with the wars in Iraq and Afghanistan were the leading causes of the loss of credibility, but the federal government's obvious incompetence in responding to Katrina (excepting the Coast Guard) also contributed. Faced with projections of huge appropriations to help the affected area, the Republican Study Committee, a caucus of the party's most conservative members, insisted on reductions in other appropriations, including earmarks such as the so-called "Bridge to Nowhere" in Alaska. But the few remaining moderates in the party (whom the conservatives called "RINOs," or Republicans In Name Only) also attempted to have more influence on the budget; they wanted to slow tax cuts and prevent the reconciliation bill from serving as a vehicle to permit drilling in the Arctic National Wildlife Refuge. This clash of perspectives was captured well by Congressional complaints that the rejected appropriations bill had both too many earmarks *and* too few.

It seems likely to this observer that the Republican majority will continue to fragment. After all, one of the basic attributes of budgeting is that eventually (in this case, later rather than sooner), the numbers don't lie. If the Republican party leadership wants to make

its tax cuts truly permanent, it will have to convince members to enact enormous spending cuts. But such cuts would surely revert the Republican party to minority status—not a result that would be appreciated by its leaders. When the Congress decides to confront budgetary realities with a combination of tax *increases* and *acceptable* spending cuts, its budget process, flawed as it is, will be available for use.

References

- Arnold, Douglas, *The Logic of Congressional Action* (New Haven, CT: Yale University Press, 1990).
- Kiewiet, D. Roderick and Mathew D. McCubbins, *The Logic of Delegation: Congressional Parties and the Appropriations Process* (Chicago: University of Chicago Press, 1991).
- Krehbiel, Keith, *Pivotal Politics: A Theory of U.S. Lawmaking* (Chicago: University of Chicago Press, 1998).
- Pollack, Sheldon D. *Refinancing America: The Republican Antitax Agenda* (Albany: State University of New York Press, 2003).
- Rivlin, Alice and Isabel Sawhill, eds., *Restoring Fiscal Sanity: How to Balance the Budget* (Washington, DC: Brookings Institution, 2004; 2005).
- Savage, James D., *Funding Science in America* (New York: Cambridge University Press, 1999).
- Steuerle, C. Eugene, *Contemporary U.S. Tax Policy* (Washington, DC: Urban Institute Press, 2004).
- Suskind, Ron, *The Price of Loyalty: George W. Bush, the White House, and the Education of Paul O'Neill* (New York: Simon and Schuster, 2004).
- Swindell, Bill, "House Rejects Costliest Spending Bill," *CQ Weekly* (November 21, 2005, pp. 3133-3134).