

**Can You Trust a Budget Process Over 30?**  
**Remarks of Don Wolfensberger**  
**Before the American Association**  
**Of Budget and Planning Analysts'**  
**Panel on the 30th Anniversary of**  
**The Congressional Budget Act**  
**Wednesday, April 13, 2005**

When I was first told that this panel was titled, "The 30th Anniversary of the Congressional Budget Act," my mind immediately flashed back to a Peanuts cartoon that first appeared on May 24, 1971. In the first frame, Lucy says, "Charlie Brown, did you know that today is Bob Dylan's 30th Birthday?" There is a long pause of two frames with Charlie Brown having this very perplexed look on his face. Then, in the final frame, Charlie Brown says, "That's the most depressing thing I've ever heard."

For those of you who may be too young to remember, the likely genesis for that cartoon is a saying popularized in the mid-1960s and first attributed to Jack Weinberg, a leader of the Free Speech Movement at Berkeley, who said, "We have a saying in the movement that we don't trust anybody over 30." That makes it a little easier to understand why Charlie Brown was so depressed about Bob Dylan turning 30. Even Charlie Brown, that ageless kid, felt he was getting old.

At the risk of stretching a metaphor beyond its elastic limits, I thought it might be useful to ask, "Can you trust a budget process that is over 30?" My answer would be a qualified, "yes." You can trust it to be as good or as bad, as effective or ineffective, as a majority of members of the House and Senate collectively allow it to be at any given point in time. The process simply reflects how much or how little Congress wants to tackle tough budget issues under existing political and economic circumstances.

The second part of my answer would be that you can always trust that the budget process will never be working as everyone intended it to work, so somebody will always be dissatisfied with it. The reason for that is quite simple, when you think about it. When the Budget Act was enacted in 1974 with large bipartisan majorities in both houses, different members supported it for differing reasons. The fiscal conservatives supported the Budget Act because they thought it would help control runaway spending and deficits. The policy liberals thought it would enable them to establish different priorities than the Administration's budget and thereby increase spending for their pet programs.

Since the original budget act was a neutral process—it could support more spending or less, more deficits or less-- everyone could see it as satisfying their ideological, political, or programmatic needs. In the real world, of course, the budget process cannot be all things to all people at all times because ultimately it is used for making real fiscal decisions on spending, taxes and deficits. So someone will always be unhappy with the results and will tend to blame the process as being misused, abused, unrealistic, or worthless.

Thus, over the last three decades we have heard repeated again and again that the budget process is busted, broken, gutted, unrealistic, unenforced, disrespected, resented, moribund, weak, lying, dying, or dead. It's probably also been bent, folded, and mutilated for good measure. I think you get the picture: It's a convenient horse to flog, whether it's dead or not.

I offer these observations as one who spent a good part of my three decades on the Hill working on all manner of proposed budget reforms--from markup of the original act in the Rules Committee in 1974 to the budgetary peregrinations of the Republicans in the mid-nineties. The budget process today is not your mother's 1974 model budget process; nor was it the same in 1981, 1985, 1987, 1990, and so on. It was always being modified by new rules, procedures, enforcement mechanisms, spending gimmicks, deficit fixes, revised fixes, and so on.

After Ronald Reagan's budget juggernaut in 1981, majority Democrats in the House became worried that its congressional budget process really wasn't working to the advantage of the Congress; it seemed as if the President had hijacked it and was using it to his advantage. And there was some truth in that.

So, in 1982 House Rules Committee Chairman Dick Bolling appointed Congressman Tony Beilenson of California to head-up a task force to look into what might be done to strengthen the budget process. The task force was extended in the 98th Congress, and, after hundreds of hours of hearings and deliberations, it issued a set of recommendations that went nowhere. Why? Because the powerful chairmen of the authorizing, appropriations, and taxing committees didn't want a stronger budget process which would further weaken their authority.

The Democratic Leadership then was not strong enough to override the resistance of the committee chairs so it opted to do nothing in 1984. Lo and behold though, the Senate, which was under the control of the Republicans, adopted something called the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act as an amendment to the debt limit bill in 1985. The heart of the measure was to set forth in law a specified declining deficit level over the next several years until a balanced budget was achieved. If Congress did not meet its deficit targets then an across-the-board percentage cut, or sequestration, would occur in all discretionary accounts.

One of the sponsors, Warren Rudman of New Hampshire, called it "a bad idea whose time has come." Another sponsor, Fritz Hollings, a few years later, would try to divorce himself from his handiwork, asking that his name be removed from its popular title. But it was too late. It will be tied to his name to the grave and beyond.

What the House did in Conference with the Senate, was to enhance the Gramm-Rudman-Hollings magic deficit reduction machine by reviving the Beilenson task force recommendations for strengthening and updating the budget process in other respects. Because this was done on a bipartisan basis, the once powerful House committee chairmen were no longer in a position to block the initiative.

Gramm-Rudman-Hollings would later be found to be unconstitutional and have to be rewritten, and the deficit targets adjusted because Congress could not meet them. And finally, the deficit reduction schedule was abandoned altogether because Congress was always so far off in projecting actual spending and revenue levels.

G-R-H was replaced in 1990 with the Budget Enforcement Act (BEA) which established discretionary spending ceilings plus a pay-as-you-go requirement for entitlements and taxes. It has been hailed as a great success, but that's mainly because the economy was improving, due in part to the spending and tax decisions Congress, Bush I and Clinton took in 1990 and 1993-- not so much because of the changes in the budget process.

Let me underscore the point I am trying to make by calling your attention to a little book issued by the American Enterprise Institute commemorating the tenth anniversary of the Budget Act. The book is entitled, "Crisis in the Budget Process," and subtitled, "Exercising Political Choice." Half of the book is written by Allen Schick, who was present at the creation of the congressional budget process; while the other half is the transcript of a symposium held at AEI in June 1985 which featured David Stockman, Rudy Penner, Trent Lott, Leon Panetta, and Norman Ornstein.

Schick writes that, "It is not hard to conclude that the budget process has been a procedural policy failure." From a procedural standpoint, Congress has seldom met the self-imposed timetable set by the act; and from a policy standpoint it has seldom kept within its spending targets. Schick takes a more balanced view of things, citing accomplishments and shortcomings of the process. But he concedes that the budget process has not countervailed against the economic and political forces that have produced massive deficits--rising interest rates and defense spending, tax reductions, increasing entitlement spending, etc.

But as Schick concludes, "It is unreasonable to hold the budget process culpable for all the malfunctions in appropriations, authorization and tax processes," since the Budget Act "did not significantly alter the established processes in Congress for raising and spending money." David Stockman, the former OMB director, agreed with Schick that the fiscal situation had "deteriorated radically since 1974 in spite of the Budget Act, not because of it."

Trent Lott at the 1985 symposium likened the budget process to a sacred cow because "it is associated with the highest of all political virtues--fiscal responsibility." Yet there are plenty of committee chairmen who don't like the fact that the cow is wandering through their backyards, trampling their turf, munching their gardens. At least one of these landowners wants to make steaks out of the sacred cow. But the cow is still alive, Lott added. Why is that? Because, as Lott explained it, members like to use the budget process to give the impression they are doing something about deficits and dealing with the budget, even though they end up using it as political cover for continuing to be fiscally irresponsible in their spending behavior.

Leon Panetta opined in 1985 that the budget process is certainly in need of a tuneup but more than anything the engine depends on fuel. And the fuel of the budget process is the "will, courage,

and leadership of both the Administration and Congress in making the tough decisions that are essential to develop a budget.”

Norm Ornstein noted that the main effect of the budget process has been the crowding out of regular policymaking—the authorization process. He was skeptical that any budget process reforms would make a significant difference in outcomes. In fact, he predicted, and I quote, “It is unlikely that we will see significant reforms in the next few years.” Ironically, just six months later Congress enacted the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act of 1985—a radical departure from a neutral process.

My point is that it should not be surprising that today you hear the same things being said of the congressional budget process as have been said throughout its history. Once again we are hearing that familiar refrain, the budget process is broken and needs to be fixed. Everything is all messed up, deficits, debt levels, and interest on the debt are all rising, and Congress cannot seem to curb its voracious appetite for spending.

My reaction to all this, having been through so many of these budget crises and budget reform wars is, let Congress be Congress. Yes, to many of us, what Congress seems to be doing is stupid, shortsighted, and even fiscally disastrous. But I’ve heard all that before. I have concluded after all these years that the budget process today is what Congress wants or at least is willing to live with until it is really pressed by the people and economic circumstances to change its ways.

In the meantime, there will be those who will be urging on the Congress the adoption of all manner of new gimmicks, bells, and whistles in the form of budget process rules, procedures, laws and even constitutional amendments to force Congress to act responsibly. We have already had some votes on some of these ideas over the last couple of years and all have gone down in flames.

I harken back to former CBO Director Rudy Penner’s wise words spoken back in the early 1980s when he said, “the process is not the problem, the problem is the problem.” When Congress wants to play games, it will have votes on these budgetary gimmicks, and maybe even adopt some of them now and then. When it wants to get serious it will vote on real policy changes in the form of spending cuts, tax increases, or a combination thereof.

Or, it will wait around a little bit more for a new economic bubble to lift us out of the pits with new revenues, without having to make any tough policy choices. As we have seen, procedural and process changes are very limited in getting you where you want to go if Congress doesn’t have the will and courage to fuel its own vehicle. The map alone won’t get you from point A to point B.

When you look at the ever-changing, still-evolving budget process over the last 30 years, with all its ups and downs, you can take the approach of Thomas Edison who once said, “I have not failed. I’ve just found 10,000 ways that won’t work.” Until the people and economic circumstances demand real decisions and meaningful action, Congress will continue to devise ingenious new processes and procedures that won’t work absent the will to make them work. Thank you.