residents reasonably anticipating an eight-year term, the president is in a etter position than Congress.

12. For a formal treatment of the conditions that lead to successful com- ıitment, see Ingberman and Yao 1986, 94–96.

13. The three-year course of Ronald Reagan's dealings with the partially emocratic Congress is described in Kernell 1986, 111–114.

14. This remark was reportedly made in a meeting between Reagan and ⁊e congressional leaders. It is described in Goldman 1981b, 26–27, and in ɿurch 1981, 10–12. See also Goldman 1981a, 40.

15. Historically, Democratic presidents have surrendered much of their ɔntrol over these nominations to party members in Congress in order to recruit ficials who will work well with the party in both institutions.

6

Government on Lay-Away: Federal Spending and Deficits Under Divided Party Control

Mathew D. McCubbins

Budget deficits have held a prime spot in the news for over a decade. Everything from a decline in private investment and personal savings to trade imbalances with Japan has been laid at the feet of the deficit, but Congress and the president seem unable or unwilling to find a solution to this problem. Why? Why have national policymakers so consistently defied the down-home logic of budgeting recognized by every family in the United States: that we have to live within our means?

Federal budget deficits are not exactly new, despite the attention they have received of late. Every president in the postwar period has run on a platform that included a promise to bring federal spending under control. Indeed, in only ten of the last sixty years have current-dollar federal revenues exceeded current-dollar expenditures.

Tree-spiking environmentalists must shudder at the thought of the millions of trees sacrificed to print analysis after analysis of the causes and consequences of the runaway deficits of the 1980s. Two explanations for these deficits have received widespread currency. First, many analysts have observed that the plunge into the deficit abyss that followed Ronald Reagan's entry into the White House was a clear break from the four-bit deficits of the late 1970s. Reagan administered over one record deficit after another. From these facts, some analysts have inferred that the runaway deficits of the 1980s were the by-product of the Reagan revolution, which combined tax cuts with sizable defense spending increases.

Others have seen the deficits of the 1980s as a consequence of a trend begun in the late 1970s. To them, these budget deficits arose from a breakdown in congressional restraints on spending. The Congressional Budget and Impoundment Control Act of 1974 established a budget process in Congress that delegated authority to newly created budget committees in the House and Senate. But the congressional budget process, instead of balancing the budget as was its promise, actually unleashed the spending profligacies of Congress from the restraints of the appropriations process and the discipline of the House Appropriations Committee (HAC).

Spending decisions, these scholars said, had been disciplined by the HAC, whose members believed their role was to guard the Treasury from the expensive tastes of their colleagues (Fenno 1966). The 1974 Budget Act, by reducing the role of the Appropriations Committee in determining spending, ruined the incentives for members of that committee to police the spending of their colleagues: Members of the House committee no longer sought to cut executive spending requests but instead tried to secure their own portion of the federal largess.

These explanations represent two fairly common perceptions of U.S. politics. The first is premised on the widely held belief that the president, in the twentieth century, has come to dominate policymaking. The second is premised on a similar belief that congressional committees dominate policymaking. With both explanations skewed toward one branch or the other, neither is attentive to the implications that divided party control of these institutions has for spending policy and the deficit. In this chapter, I reexamine the logic of spending decisions to show that divided partisan control of Congress in the 1980s was the principle cause of the rapid growth in budget deficits seen during that decade.

OF CHECKS AND BALANCES: THE THESIS OF PRESIDENTIAL ASCENDANCY IN AMERICAN POLITICS

The Constitution provides the House, Senate, and president each with a check on the others' abilities to take action. Careful consideration was given to balancing these checks, to ensure that each department had "the necessary constitutional means and personal motives to resist encroachments of the others" (Hamilton et al. 1961, 321–322). This careful balance, however, has been seen at various times in the republic's history to tilt from one branch to the other. Years with dominant presidents have been interspersed with periods of congressional ascendancy.

But for much of the twentieth century, Congress has been seen to be the declining branch. The greater efficiency of the executive branch and the inability of members of Congress to overcome their diversity of interests led these members of Congress to "abdicate" their responsibilities in many key policy areas (Sundquist 1981, 28, 35–36). However, Congress bounced back in the early 1970s, passing new, important constraints on executive discretion, including limitations on the president's ability to involve U.S. troops in armed conflict in the War Powers Act of 1973 and limitations on the president's ability to impound appropriated funds via the 1974 Budget Act. But Ronald Reagan's election in 1980 quickly reestablished the dominance of his office over a fissiparous Congress. The budget for fiscal year 1982 seemed to set the tone.

Shortly after entering office, Reagan submitted a budget asking for spending of $695 billion, which included $36.6 billion in "cuts," and an *increase* in spending of nearly $100 billion over the last budget submitted by Jimmy Carter.[1] To pass this budget, Reagan needed to wrest control of the budget process from the House Democratic leadership. Though the House Budget Committee rejected Reagan's budget when first offered by Representative Delbert Latta (R–Ohio) in April 1981, presidential pressure and public opinion persuaded sixty-three Democrats (largely conservative southerners) to join with the Republicans on the House floor in defeating the committee's recommendation in favor of Reagan's budget. And though the House Democratic leadership threatened to stop passage of the legislation (termed reconciliation legislation) required to implement the "cuts" mandated in Reagan's budget, twenty-nine Democrats again voted against their party to pass this reconciliation legislation.

The Reagan administration hoped that the large tax cut it also won in 1981 ($100 billion in constant, 1972 dollars) would, by creating unpalatable deficits, cause Congress to go along with its desired cuts in domestic and social spending. The key question I ask here is this: If Reagan was in control of the budget process, why did spending increase so much during the decade? Taxes fell, so why didn't spending?

The presidential ascendancy story, in its strongest form, argues that "strong" presidents can dominate the legislature. But if Reagan—widely regarded in his first term as a strong president—dominated the legislative process, why did this Republican strategy of dragging down domestic spending with a large tax cut fail? If the president controls the political agenda, why was Reagan unable to cut spending or even, simply, to propose balanced budgets via large cuts in domestic and social programs?

Abdication or Delegation?

It is now part of the lore of U.S. politics—a stylized fact—that the president has come to dominate national politics. This thesis is not without merit (see, for example, Binkley 1962; Bryce 1924; Burns 1965; Edwards 1980; Laski 1940; Milton 1965; Neustadt 1980; Schlesinger 1973; and Sundquist 1981). The thesis of executive domination argues that in delegating, Congress actually has abdicated its authority to make decisions. The distinction here between delegation and abdication is a significant one.[2] Congressional abdication implies that members of Congress neither make the policy choices nor even affect the choices being made.

The evidence for this proposition is that policy decisions made by the president are rarely, if ever, challenged in Congress and that policy recommendations made by the president to Congress "are not seriously reviewed" (Sundquist 1981, 12). The complaints of members of Congress with regard to apparent executive usurpations of legislative authority have also been cited as evidence for this interpretation.

But what can we actually infer from these stylized facts? They are entirely consistent with an interpretation that Congress, in delegating, actually has retained all of its authority over policymaking. The argument is as follows: Congress delegates its authority to make public policy to the executive. Members of Congress agree to do so because it is a more efficient way for them to make policy and, therefore, it allows them to make policy on many more areas than they otherwise could. Congress then uses direct and indirect means to discipline those in the executive branch charged with carrying out this delegated authority (Kirst 1969; McCubbins 1985; McCubbins and Schwartz 1984; McCubbins and Page 1987; McCubbins, Noll, and Weingast 1987 and 1989; Weingast and Moran 1983). Through these means, as Congress manages policymaking, members indirectly shape executive decisions as they are being made, thus largely relieving themselves of the need to intervene directly or to challenge executive decisions at a later point. Here, focusing on the nominal decisionmakers in the executive, without considering the incentives and constraints those decisionmakers face in an institutional context, mystifies the policymaking process. Executive branch actors may appear powerful when members of Congress who hold the formal right to direct the executive on policy fail to do so. But inferring that those executive actors are powerful is often a mistake.

Second, because Congress holds the power to veto or amend executive recommendations—such as the president's budget—the executive likely will anticipate members' reactions and accommodate their demands in his proposals before submitting his recommendation. Thus, members are rarely seen to "seriously" review presidential proposals for their demands have already been met. The absence of evidence with respect to congressional influence, again, should not be mistaken for evidence of congressional weakness.

Lastly, as Sundquist noted, forebodings on Capitol Hill with respect to executive ascendancy are most marked when the president comes from a different party than the one that controls Congress. Complaints of executive usurpation, then, may reflect more of a mood toward decreased delegation in the face of partisan conflict than actual foreboding about the collapse of U.S. democracy. Indeed, delegations to the executive seem to expand when both branches are controlled by the same party and to contract when control is divided (Kiewiet and McCubbins 1991). The efforts by Congress to restructure discretion in the 1970s are prominent examples.[3] Members of Congress take on the mantle of responsibility most often when the president is from a different party than the one that controls Congress. This mantle of responsibility, it seems, is delegated only when the president and the majorities in Congress share the same party label.

Although Congress may not have abdicated its authority to the president, its delegations have indisputably expanded the president's authority. Many analysts contend that the delegation of policy initiation, as in the budget, to the president has had a more subtle effect, tilting the balance between the branches toward the president.[4] Thus, Sundquist, for one, argues that the establishment of legislative clearance at the Budget Bureau, created by the Budget and Accounting Act of 1921, has been the principal source of presidential dominance in this century.[5]

But even with an explicit delegation of authority to the president, as in the 1921 Budget Act, Congress need not even consider the president's proposal. Referring to his troubled budgets at a press conference on October 22, 1987, Reagan observed that "every year under the law I submitted a budget program—and as they've done every year I've been here, they've put it on the shelf and have refused to even consider it" ("President Faces Questions" 1987). In response to another question at the news conference, Reagan, though admittedly trying to shirk the blame for the persistent budget deficits of his administration, accurately portrayed the circumstances facing presidents in attempting to influence policy.

> The President of the United States cannot spend a nickel. Only Congress can authorize the spending of money. And for six years now I have repeatedly asked the Congress for less money and they have turned around and given more—given more to spend, and done it in such a way that I can't veto it when they put it all together, instead of appropriations, in a continuing resolution—we haven't had a deficit—or, a budget since I've been here. No—the Congress is the one that's in command, and we have to persuade them that what we've asked for is enough to support the programs, as determined by the people who work those programs and who run them. And every budget I've sent up there has been put on the shelf and I've been told that it's dead on arrival ("President Faces Questions" 1987).

As Sundquist observed, "When the delegation is not a power to act but only responsibility to recommend—the executive budget, for instance—the Congress explicitly retains not only its full authority but also its responsibility to act" (1981, 12). If we are to believe Sundquist in this respect, then delegations such as the ones contained in the 1921 Budget Act have not tilted the balance between the two branches.

What must be remembered is that Congress created the Budget Bureau (now the Office of Management and Budget or OMB), that Congress funds the Budget Bureau, and that Congress manages the activities of the Budget Bureau (Kiewiet and McCubbins 1991; Wilmerding 1943). As a former general counsel to the clerk of the House remarked, "Congress created OMB. Congress can uncreate it—or change it" ("Budget Office Evolves" 1985).

Through all the usual means, Congress has striven to manage its delegations to the president and the Budget Bureau. Nonetheless, presidents do gain some influence over outcomes through the recommendations they make. The president and members of his party in Congress run for reelection based, in part, on how well the party does at implementing its platform. Because their electoral fates are partially linked, the president and his party in Congress will find it in their best interests to cooperate on passing the party's platform. Policy initiation, then, is for them a cooperative process. How much influence is shared by the president in this process is open to debate, particularly when his party is in the minority in both houses of Congress.

Congress generally takes no independent action on an issue prior to the president's request. And on budget, tax, and economic policy, Congress typically enacts legislation that, in its broad outlines at least, is similar to the president's proposal. This does not, however, imply congressional abdication or presidential ascendancy. If presidential proposals are to succeed, the president must anticipate the reaction of members of the House and Senate to his proposals and accommodate their demands and interests. Presidents know this, so they rarely submit proposals that are likely to fail. Those who overlook this lesson have their proposals ignored in lieu of congressional proposals, as happened to Reagan's budgets. Further, if Congress has delegated authority to initiate legislation to the president and thus requests a proposal from him and if the president accommodates congressional interests in his proposal, then members of Congress should be expected to wait for that proposal and to enact something once they get it.

Presidential Power and the Veto

In contrast to the powers delegated to the president by Congress, the veto gives the president a strong position in the legislative process. The president's proposal may matter on some occasions and not on others, but the veto applies to all acts of Congress. Moreover, coming last in the sequence of legislation, the president's veto will affect decisions made in all the previous stages.

Some people, in analyzing presidential vetoes, have inferred that the veto power is ineffective because it is rarely used. Again, in the case of congressional responses to executive proposals in the thesis of presidential dominance, this is a mistaken inference. Members of Congress logically anticipate the president's reaction to their proposals. Their proposals, then, usually are designed to avoid a veto by accommodating the president's demands. Indeed, if members of Congress have good information as to what is and what is not acceptable to the president, there should never be any vetoes!

The influence that the veto gives the president is, however, asymmetrical. The chief executive can use the veto to restrain Congress, to some extent, when he prefers to spend less than do its members. In contrast, the veto gives the president no means of extracting more appropriations from Congress when he prefers to spend more than its members do.[6]

This asymmetry derives from inherent limitations in the veto power. The veto gives the president only the power to reject acts of Congress; it does not provide him with the power to modify these acts. Thus, Congress submits take-it-or-leave-it offers to the president, who is then faced with choosing between the bill and, at best, some future legislation that may or may not be better for him than the current congressional offer.

On spending bills, the president's position is even more precarious: On receiving a bill from Congress, he can either accept the appropriations contained therein or veto it and let Congress write a continuing resolution.[7] Because of the emergency nature of continuing resolutions, they are virtually veto proof. Also, because continuing resolutions almost always contain aggregate spending that is less than that contained in the corresponding appropriations bills, the president is able to reduce spending (to the level in the continuing resolution) through the use or threat of the veto, but he cannot get increased spending from a Congress that does not favor it.

The limited and asymmetric influence conveyed to the president by the veto is illustrated by the budget debates in Reagan's second term. In his budget request for fiscal year 1985, Reagan proposed a 13 percent, inflation-adjusted increase in defense spending for fiscal year 1986. He coupled this with a proposal to slash Social Security and domestic spending and to eliminate cost-of-living adjustments (COLAs) for federal pension payments (including Social Security).

House and Senate forces on Capitol Hill, however, did not favor a package of defense increases and domestic spending cuts. Recognizing that the president's budget was "dead on arrival," Senate Budget Committee Chairman Pete Domenici (R–N.M.) stated his expectation that defense spending would be held to less than a 6 percent inflation-adjusted increase for 1986. Reagan then reduced his defense request to a 5.9 percent inflation-adjusted increase. But he requested steep cuts in domestic spending totaling $34 billion.

The package of domestic spending cuts and defense increases was still unacceptable to Democrats and liberal Republicans. Then, in March 1985, the Senate Budget Committee voted to recommend an inflation-adjusted freeze on defense spending and a freeze on Social Security.

Reagan promised not to compromise on the requested defense increase. However, faced with a projected deficit exceeding $200 billion for 1986 and trying to unite a fractured party, the Senate Republican leadership negotiated with Reagan a 3 percent inflation-adjusted increase in defense spending. The package also included an elimination of cost-of-living adjustments, deep cuts in domestic spending, and some increases in federal pensions. In announcing this new deal, Reagan stated that a 3 percent inflation-adjusted increase was the "rock-bottom level" he would accept (Wehr 1985, 771).

But Reagan was holding the wrong end of the veto stick. Despite his veto threat, the Senate rejected the Republican leadership's package and voted to cut defense and to restore pension COLAs. Ultimately, the Senate approved a budget resolution that reduced but did not eliminate COLAs and boosted defense spending only enough to offset the projected rate of inflation for fiscal year 1986 (4 percent).

On the other side of the Capitol, the House Budget Committee, on a party-line vote, recommended more spending for domestic programs and less for defense than was stipulated in the budget passed by the Senate. The Committee's recommendation sought to freeze defense authorizations without the increase for inflation that the Senate allowed. The House Budget Committee's recommendation also cut defense outlays, but it left Social Security unchanged. The House passed the resolution on a party-line vote. In conference, the House and Senate settled on the higher defense budget authority proposed in the Senate's bill but accepted the House's cut of $27 billion in defense outlays. Moreover, the compromise accepted much of the domestic spending increases advocated by the House, including a (reduced) cost-of-living adjustment for federal pension and Social Security recipients. As expected, Reagan accepted the bills passed under this resolution.

When Congress again slashed his requests for defense in favor of increases in domestic expenditures in 1986, Reagan threatened to veto any bill that contained less than the increase in defense spending that he had requested. In response to a query on this veto threat, Representative William Gray (D–Pa.), chairman of the House Budget Committee, recognizing the asymmetry of influence offered by the veto, countered, "What's he going to do, veto the defense bill because it's too low?" (Bettinger 1986, 1261). Ultimately, again, the answer was no.

The Reagan Revolution and the Determinants of Federal Spending Policy

Though Reagan sought to increase defense spending and decrease taxes, he also wanted to decrease social and domestic spending. Why was he so unsuccessful? If we are to believe that the president dominates Congress, then why did the deficit grow so large under a fiscally conservative president?

The budget for fiscal year 1982 was heralded (or decried) as a victory by a powerful president over an institutionally-weakened Congress. But what sort of victory was this for Reagan? In the first place, the much ballyhooed budget "cuts" of $36.6 billion did not actually reduce spending from fiscal year 1981 levels; rather, they represented reductions relative to Carter's proposed budget for fiscal year 1982 (in which he requested a whopping 17 percent increase in spending relative to that in fiscal year 1981). Although there was much talk of budget cuts in the 1980s, spending nearly *doubled* from fiscal year 1981 to 1989. And, whereas the gross national product, valued in 1972 dollars, grew only 15 percent from 1981 to 1987, spending grew 40 percent.[8] Congress had, in fact, slashed a larger percentage from Carter's previous four budget proposals than the amount cut from the 1982 budget by this action. Indeed, Carter's budget for fiscal year 1981 was smaller than the total appropriations for fiscal year 1980; Reagan's budget, by contrast, requested a spending increase of over 8 percent.

Second, a vast majority of the programs and agencies that suffered cuts in Reagan's budget had previously been cut by the Democrats and Jimmy Carter. Moreover, almost half of these agencies had their budgets reduced not only by Reagan and Carter but also by Democratic congresses when Gerald Ford was president. And those items that were expanded under Reagan's budget (such as defense) had been expanded in Carter's previous two budgets. Thus, though the 1982 budget may have accelerated the spending reallocation, it did not represent a radical change. It largely continued trends of the previous two Democratic budgets.

Third, where Reagan did try to depart from the budgetary consensus of the previous administration, he was rebuffed. In the reconciliation legislation, Senate Minority Leader Robert Byrd (D–W. Va.) successfully offered amendments to keep alive several dozen programs scheduled for termination under the president's budget.[9] Indeed, almost all of the programs scheduled for termination by Reagan survived his tenure in office.

Fourth, due to the recession of 1981–1982, spending for fiscal year 1982 actually exceeded Reagan's budget by $35 billion, thus wiping out his cuts. Finally, Congress chipped away at Reagan's cuts by passing a $4.5 billion supplemental spending bill to fund programs for the Environmental Protection Agency (EPA) that had been cut in the earlier reconciliation legislation and by passing a $14.2 billion supplemental funding bill for agricultural and social programs, as well as a pay raise for government employees. In fact, Congress overrode Reagan's veto to enact the second supplemental bill.

What responsibility, then, does Reagan bear for the runaway deficits of the 1980s? Table 6.1 compares the average change in budget requests for 63 domestic agencies, relative to the preceding year's appropriation, for each president from Truman to Reagan. The table shows that, on average, most presidents (other than Reagan) had requested at least a 10 percent *increase* for these 63 domestic programs. Reagan, in his first three budgets (fiscal years 1983–1985), requested almost an 8 percent *decrease,* on average, for these programs. Moreover, Reagan requested spending cuts for nearly half of the agencies in this sample. Nixon, by contrast, had requested cuts for only 16 percent of these

TABLE 6.1 Average Percentage Change in Budget Requests and Appropriations by Administration for Domestic Agencies, 1948–1985

President	*Mean Percentage Change in President's Budget Estimates*	*Mean Percentage Change in Appropriations*	*Number of Observations*
Truman	17.4	8.2	260
Eisenhower	11.5	8.2	373
Kennedy/Johnson	11.8	8.0	401
Nixon/Ford	11.1	11.5	386
Carter	10.7	10.3	214
Reagan	−7.7	0.6	215

TABLE 6.2 Change in Appropriations by Party Control of Congress

	Republican	*Democratic*	*Split*
Appropriations greater than or equal to previous year	57.6% (102)	83.2% (1310)	69.8% (164)
Appropriations less than previous year	42.4% (75)	16.8% (264)	30.2% (71)

agencies, and Eisenhower had requested cuts for 19 percent of these programs.[10]

Nonetheless, Table 6.1 does show that spending growth, for this sample of programs, was slower during Reagan's administration than during any other presidential administration since World War II. Spending growth (in real-dollar terms) for the 63 domestic agencies in my sample was held to less than 1 percent under Reagan. But he did not have to contend with large Democratic majorities in both chambers of Congress, as did Eisenhower, Nixon, and Ford. Indeed, the Republicans owned a majority of seats in the Senate for the first time in over two decades during Reagan's first six years in office.

Table 6.2 demonstrates the differences in spending policies enacted by Republican, as opposed to Democratic, congresses. When the Republicans controlled both houses of Congress (1947–1948 and 1953–1954), they cut appropriations for over 42 percent of the items in my sample of 69 agencies (which includes 63 domestic and 6 defense agencies). When control was split in the 1980s, with the Republicans controlling the Senate and the Democrats controlling the House, spending was cut, on average, for only 30 percent of these 69 agencies. Democratic control of both chambers led to only 17 percent of these agencies, on average, having their appropriations reduced. In fact, the Republican Congress of 1953–1954 cut spending for almost two-thirds of the programs in this sample, more than twice the rate of cuts garnered by Reagan.

Should Reagan have done better? Because most of the programs of the federal government in the postwar era were instituted and supported by the Democratic party (Browning 1986), it is reasonable to expect that Republican control of Congress would bring about reductions in many of these programs. Further, it seems reasonable to expect that a divided Congress would reduce spending for more budget items than would a Democrat-controlled Congress but that it would not reduce spending on as many items as would a Republican-controlled Congress. With the Republicans gaining a majority in the Senate, we would thus expect more and larger cuts, especially in domestic spending, in comparison to the Democratic congresses of the previous two decades, regardless of who occupied the White House. Reagan and the Republicans in the Senate, then, did about as expected, cutting roughly 30 percent of the budget items in my sample (for fiscal years 1982 to 1985). This rate of reductions falls almost dead center between the reduction rate of 17 percent for Democratic congresses and the 42 percent rate for Republican congresses (in fiscal years 1948, 1949, 1954, and 1955).

A roughly similar pattern is evident if we look at presidential success in Congress generally. Democratic presidents facing Democratic congresses win roughly 85 percent of their votes; Republicans facing Republican congresses succeed at roughly the same rate (on average). Republican President Reagan, facing a Democratic House and a Republican Senate (1981 to 1987), won roughly two-thirds of the key votes; whereas Republican administrations facing Democratic congresses won only between 36 and 60 percent of these key votes.[11] During his first year in office, with a Republican majority in the Senate, Reagan won an impressive 85 percent of the votes on which he took a stand. This percentage declined during the next five years to roughly 60 percent in 1986, then dropped dramatically to 36 percent in 1987 (an all-time low for any postwar president), which was the first time he faced Democratic majorities in both chambers of Congress. (His success rate rebounded somewhat in his last year in office, to roughly 47 percent.) Presidential success rates thus appear to be closely associated with the partisan balance in Congress.

The question becomes what was the net effect on spending of Reagan's occupancy of the White House? Certainly, he was no more successful, under the circumstances in Congress, than expected. And, as shown by Table 6.3, Reagan was actually *less* successful than any other postwar president at pushing his spending cuts through Congress. Truman, Kennedy, and Johnson each succeeded in getting Congress

TABLE 6.3 Change in Appropriations by Congress by Presidential Administration, 1948–1988

	Truman	Eisenhower	Kennedy/ Johnson	Nixon/ Ford	Carter	Reagan
PRESIDENT REQUESTED A CUT IN SPENDING						
Congress appropriates more than previous year	0.0% (0)	16.4% (12)	3.3% (2)	26.8% (19)	31.6% (12)	40.4% (40)
Congress appropriates less than previous year	100.0% (27)	83.6% (61)	96.7% (58)	73.2% (52)	68.4% (26)	59.6% (59)
PRESIDENT REQUESTED AN INCREASE IN SPENDING						
Congress appropriates more than previous year	86.7% (202)	90.0% (280)	91.3% (348)	96.1% (347)	96.9% (190)	91.2% (124)
Congress appropriates less than previous year	13.3% (31)	10.0% (31)	8.7% (33)	3.9% (14)	3.1% (6)	8.8% (12)

to enact nearly all the cuts they requested, and Eisenhower succeeded 84 percent of the time. Reagan, by contrast, succeeded less than 60 percent of the time. More generally, his success rate in key congressional votes for each of his eight years in office was less than that of Eisenhower in each corresponding year (Stanley and Niemi 1988, 220–221). Indeed, Reagan's success rate against Democratic congresses in 1987–1988 was less than Nixon's success rate even during the period of the Watergate scandal (Nixon won roughly 60 percent of his key votes that year). Thus, by comparison, Reagan was a weaker president than his predecessors.

What, then, accounts for the budgets of the 1980s? Expenditures on the Great Society programs and the regulatory activities of the federal government started declining under Gerald Ford, and their decline accelerated under Jimmy Carter. The reduction of these programs was therefore begun under a Congress in which both chambers were in Democratic hands and was accelerated when both branches were controlled by the Democrats.

This pattern can be seen in Table 6.4. Spending declined in Reagan's first budget (relative to the budget for 1981) for eight departments and programs: Commerce, Education, Energy, EPA, Housing and Urban Development, Transportation, Interior, and the Post Office (the latter two not shown in table). In two of these departments—Energy and the Post Office—the reduced spending continued declines begun under Carter's 1981 fiscal year budget. Of the other six spending categories, Carter had requested spending cuts for three of them: Commerce, Housing and Urban Development, and Transportation. The remaining

TABLE 6.4 Appropriations for Federal Departments by Fiscal Year, 1947–1986 (in billions of current dollars)

Fiscal Year	*Agriculture*	*Commerce*	*Defense*	*Education*	*Energy*	*Environmental Protection Agency*
1947	0.73	0.19	11.42	0.00	0.00	0.00
1948	0.75	0.19	8.75	0.00	0.00	0.00
1949	0.73	0.18	10.49	0.00	0.00	0.00
1950	0.86	0.27	13.09	0.00	0.00	0.00
1951	0.90	0.71	25.11	0.00	0.00	0.00
1952	1.00	0.87	60.86	0.00	0.00	0.00
1953	0.94	0.80	49.56	0.00	0.00	0.00
1954	1.06	0.86	34.65	0.00	0.00	0.00
1955	0.94	0.97	29.66	0.00	0.00	0.00
1956	1.17	1.27	33.11	0.00	0.00	0.00
1957	2.39	1.43	36.21	0.00	0.00	0.00
1958	4.11	0.60	35.35	0.00	0.00	0.00
1959	3.91	0.98	41.01	0.00	0.00	0.00
1960	4.44	0.90	40.60	0.00	0.00	0.00
1961	4.58	0.69	40.99	0.00	0.00	0.00
1962	6.64	0.79	47.65	0.00	0.00	0.00
1963	6.15	0.79	49.57	0.00	0.00	0.00
1964	6.96	0.80	48.92	0.00	0.00	0.00
1965	5.94	0.73	48.43	0.00	0.00	0.00
1966	7.17	1.29	48.75	0.00	0.00	0.00
1967	7.88	1.27	59.15	0.00	0.00	0.00
1968	5.99	1.03	72.12	0.00	0.00	0.00
1969	6.82	1.11	73.70	0.00	0.00	0.00
1970	8.89	0.96	71.28	0.00	0.00	0.00
1971	9.53	1.16	68.72	0.00	0.00	0.00
1972	12.69	1.40	72.64	0.00	0.00	2.45
1973	13.44	1.72	76.79	0.00	0.00	13.42
1974	11.77	1.51	76.53	0.00	0.00	0.64
1975	14.66	1.72	85.22	0.00	0.00	0.85
1976	14.84	2.29	94.14	0.00	4.50	0.77
1977	13.57	3.91	107.77	0.00	6.34	1.45
1978	15.49	2.33	112.98	0.00	6.82	0.85
1979	25.85	2.61	121.33	0.00	10.80	5.40
1980	21.76	2.46	134.76	0.00	28.66	4.66
1981	24.83	2.92	164.77	14.24	11.29	4.75
1982	26.61	1.84	206.66	12.97	9.31	1.36
1983	36.29	1.83	238.56	15.09	10.65	3.72
1984	39.69	2.05	255.98	15.38	11.58	4.00
1985	37.64	2.20	282.74	17.97	12.12	4.39
1986	45.88	2.23	289.56	18.45	12.38	4.79

Fiscal Year	*Health, Education, and Welfare*	*Health and Human Services*	*Housing and Urban Development*	*Labor*	*National Aeronautics and Space Administration*	*Transportation*
1947	0.00	0.00	0.00	0.14	0.00	0.00
1948	0.00	0.00	0.00	0.09	0.00	0.00
1949	0.00	0.00	0.00	0.01	0.00	0.00
1950	0.00	0.00	0.00	0.02	0.00	0.00
1951	0.00	0.00	0.00	0.21	0.00	0.00
1952	0.00	0.00	0.00	0.25	0.00	0.00
1953	0.00	0.00	0.00	0.22	0.00	0.00
1954	1.82	0.00	0.00	0.26	0.00	0.00
1955	1.70	0.00	0.00	0.39	0.00	0.00
1956	1.99	0.00	0.00	0.42	0.00	0.00
1957	2.22	0.00	0.00	0.43	0.00	0.00
1958	2.51	0.00	0.00	0.40	0.00	0.00
1959	2.97	0.00	0.00	0.54	0.00	0.00
1960	3.47	0.00	0.00	0.55	0.00	0.00
1961	3.82	0.00	0.00	0.55	0.00	0.00
1962	4.58	0.00	0.00	0.64	0.00	0.00
1963	5.12	0.00	0.00	0.34	0.00	0.00
1964	5.23	0.00	0.00	0.35	0.00	0.00
1965	6.70	0.00	0.00	0.57	0.00	0.00
1966	9.18	0.00	0.00	0.70	0.00	0.00
1967	12.11	0.00	0.00	0.64	0.00	0.00
1968	12.75	0.00	1.02	0.63	0.00	1.58
1969	52.64	0.00	2.68	4.79	0.00	7.16
1970	60.58	0.00	7.63	4.90	0.00	7.75
1971	68.16	0.00	3.37	6.35	0.00	11.12
1972	78.33	0.00	3.94	9.01	3.31	8.55
1973	89.97	0.00	4.39	9.60	3.42	7.11
1974	107.39	0.00	4.38	9.18	3.00	23.14
1975	117.50	0.00	50.98	13.87	3.23	19.01
1976	129.39	0.00	27.25	18.71	3.54	7.72
1977	152.91	0.00	19.55	26.14	3.69	12.92
1978	171.51	0.00	38.76	22.88	4.02	13.48
1979	187.26	0.00	32.15	19.88	4.35	16.87
1980	213.94	0.00	33.59	27.66	4.92	17.63
1981	0.00	236.55	37.16	32.16	5.54	25.92
1982	0.00	271.35	22.83	32.86	6.19	19.08
1983	0.00	290.11	12.10	35.12	6.81	34.21
1984	0.00	318.78	13.48	51.64	7.20	27.07
1985	0.00	359.02	12.83	34.10	7.49	28.42
1986	0.00	380.30	16.68	33.61	7.66	26.77

Data for Department of the Interior and Post Office not included.

three departments and programs that declined in Reagan's first budget—Education, EPA, and Interior—constituted new spending reductions and could fairly be attributed to Reagan and the Republicans in Congress. For each of these three departments, however, spending rose quickly in fiscal years 1983 to 1986, undoing much of the reallocation of 1982.

The budget story of the 1980s, then, was not the fiscal contractions so often advertised by Congress and the president. Indeed, the thesis of presidential power suggests that Reagan should have brought down the deficit, but he did not: Evidently, he was not as powerful as has been suggested. To explain the budgets of the 1980s, I must turn elsewhere—to Congress. I will first discuss congressional politics and the effect of the budget process on spending decisions.

COMMITTEE POWER, THE 1974 REFORMS, AND PARTY GOVERNANCE IN CONGRESS

To some analysts of U.S. politics, the runaway deficits of the 1980s were not the unintended result of the Reagan revolution but rather a consequence of a change in congressional procedure. This perception is based on a widely accepted view that Congress is not so much a democratic institution as a "pluralistic leviathan" (Freeman 1955). Central to this view is the thesis, more than a century old, that congressional politics is committee politics.[12]

The "interest group liberalism" (Lowi 1979) that purportedly dominates congressional politics, if it exists, has profound implications for budgeting, as well. As Kenneth Shepsle and Barry Weingast argued:

> The omnipresent electoral imperative induces members of Congress to target expenditures to their electoral constituents or to those who can provide electorally relevant resources. This implies that legislators invent programs, seek funding, and are especially attentive to policy areas that create or maintain jobs within their electoral constituency. . . . Expenditure programs are, as a consequence, biased away from least-cost methods of production so as to favor those methods that yield greater electoral support (1984, 335).

If each subgovernment pursues its policies in the way Shepsle and Weingast describe, the end result could be that the government outspends its receipts.

To mitigate the effects of "interest group liberalism," members of Congress purportedly relied on the members of the House Appropriations Committee to guard the federal Treasury, to make the hard choices between supporting their colleagues' programs and the need to economize spending (Fenno 1966). As David Mayhew concluded, "By cutting budgets they work against the diffuse and primal danger that Congress will spend more money than it takes in. They lean against particularism and also against servicing of the organized" (1974, 153). This system was supported by rules and procedures in Congress that separated authorization from appropriations. And the system appeared to work reasonably well, producing small but manageable deficits through the 1950s and 1960s.

This all changed with the Congressional Budget and Impoundment Control Act of 1974. Many viewed the new budget process established by the act as a way to coordinate spending and revenue decisions between the various subsystems in order to cut the deficit. But by transferring authority for establishing overall spending limits to the budget committees, the budget process so weakened the House Appropriations Committee that it could no longer act to guard the Treasury. Instead, its members seemingly became claimants on the federal Treasury, rather than its protectors. And because the budget process itself failed to work, there has been no restraint on spending in Congress.[13]

Two assumptions underlie this explanation of the deficit crisis. First is the belief that "power in Congress has rested in the committees or, increasingly, in the subcommittees," and thus, as a consequence, "throughout most of the postwar years, political parties in Congress have been weak, ineffectual organizations" (Dodd and Oppenheimer 1977, 50). Second is the belief that the House Appropriations Committee, once the "guardian of the federal Treasury" (Fenno 1966, 353), is now only a subdued guardian. I will examine these assumptions in turn, arguing that congressional parties and party leaders exercised more control and greater influence in congressional politics—and in budgeting, in particular—than commonly has been perceived. I will then seek to explain the budgetary decisions of the 1980s in light of this new understanding.

The Institutions of Agency: Parties and Committees

The common view of weak parties and autonomous committees in Congress, in its logical form, is identical to the view of presidential dominance presented earlier in this chapter. The membership of each house has delegated to the committees in each house wide-ranging authority to write legislation, hold hearings, and oversee the executive branch. But this delegation, as was the case in interpreting delegation to the executive, has been mistaken for abdication.

This view of committee and subcommittee power was developed to explain a set of generalized observations on congressional behavior. It explains, for example, why coalitions within Congress are seemingly universal and nonpartisan: The reason is that all members face the same necessity to bring home particularistic benefits, and the institutions are geared toward establishing and enforcing vote trades across projects and benefits. It also follows, for the same reason, that party discipline will be very lax—the vote trades cross party lines. Committees also use their powers, particularly their ex post veto (Shepsle and Weingast 1987), to ensure that amendments rarely get offered to their bills; when they are offered, few, if any, are successful. Further, committees can withhold legislation from consideration even in opposition to concerted floor majorities. Lastly, because committees are central to the policy-making process, committee members spend most of their time and effort in their committee work.

But again, are not these observations consistent with party control of committees? If congressional party organizations controlled committee decisionmaking, we would expect to observe all of the things typically recounted in support of the subgovernment model of congressional politics. Indeed, none of the things listed above discriminates between the two views.[14] And, in fact, we do observe obvious violations of this cozy view of subcommittee autonomy. Multiple referrals, where legislation is sent to several subcommittees, are increasingly common in the House.

The influence of congressional parties and their leadership may be indirect rather than direct and overt. It is important to consider how congressional majorities retain their authority to make decisions: Members of Congress design their institutions to fit their purposes. Students of U.S. politics have tended to focus on those aspects of congressional institutions that enable members to bring home private goods (projects or programs for their own districts). And studies of congressional behavior have focused largely on how members secure water projects, military bases, roads, and post offices for their districts and on the consequences of these activities for their political survival. These studies, of course, assume that voters appreciate projects in their district and that members can build reputations as good providers of the federal pork.

But party affiliations are also an important ingredient in voters' decisions: Party labels signal information that is otherwise very expensive for voters to obtain about the policy positions of candidates. As a result, politicians, in seeking office, also establish reputations as partisans and, moreover, have an incentive to enhance the collective reputation of their party. Thus, politicians adopt a mixture of collective (i.e., partisan) and individual (i.e., district-oriented) activities in seeking reelection.

It follows that members will seek to structure Congress in a way that will facilitate both of these activities. Party organizations, their leadership, and the committees that serve them provide the institutional means for pursuing the collective goals of party members. This leads to the enactment and implementation of policies that affect a large proportion of congressional districts for which the members of the majority party can claim credit.

But these pursuits do not preclude individual, district-oriented benefits. It is in the interest of all members of the majority party to establish a system that enables party members to secure the individual, district-oriented benefits they need to enhance their own reputations. Thus, the majority party leadership uses its agenda powers, in concert with the agenda powers assigned to committees, to secure the omnibus pork-barrel logroll so familiar to congressional scholars.

The congressional parties, of course, delegate much of the authority to make these kinds of decisions to the leadership and to committees, though the Democratic caucus has, at times, sat down as a whole and made policy for the Democratic majority. In delegating, the congressional parties encounter the agency problems ubiquitous to human experience: For a variety of reasons, intentional or not, the persons to whom authority is delegated may not carry out their authority in the best interests of those doing the delegating. So pernicious are these problems that their existence has led many scholars to conclude that the congressional parties have, in fact, abdicated their authority to the standing committees and subcommittees of Congress.

The abdication conclusion, however, ignores both the efforts by the congressional parties to mitigate these delegation problems and the effects their efforts have on structuring choices and outcomes. Those in authority, holding positions of trust within the party organization, are compensated for their efforts. Sanctions, of course, can also be applied to those who misuse the authority delegated to them. Further, one often-noted feature of the legislative game as it is currently structured is the multiplicity of veto points. Both authorizing and appropriating committees, as well as the party leadership, have a say in the passage of legislation. This system can be viewed as follows: Both committees and leaders are agents of the majority caucus; one of the techniques used to control these agents is to give them mutual checks on each others' actions. In essence, like the separation of powers designed into the structure of the federal government, party organizations—in particular, the party leadership—and the system of standing committees form a separation of powers—a system of checks and balances—that protects members of Congress from opportunistic behavior on the part of their agents.

Another important avenue through which parties mitigate these problems with respect to standing committees is appointments. Both parties have committees that appoint their members to standing committees. It does not seem likely that those in the party responsible for making committee assignments would merely sell committee posts to the highest bidders. Rather, we should expect that they would use committee assignments to further their substantive interests. Indeed, appointments to the control committees—Appropriations, Rules, and Ways and Means—and transfers from the lesser committees to the major committees are strongly affected by the leadership's desires and are determined, to an extent, by past party loyalty (Rohde and Shepsle 1973; Shepsle 1978; Cox and McCubbins 1991).

Another common means of constraining committee activities is through procedural restrictions. In this regard, procedures can have two effects. First, reporting requirements make it difficult for committees to hide information relevant to the evaluation of their recommendations. For example, the Government in the Sunshine Act opened up committee hearings so that committee members could no longer have access to information that others did not; committees are also required to report their findings when submitting major legislation to the floor. Second, procedures can establish access points for selected representatives and constituencies to have input into committee decisions, and moreover, they can be used to establish a system of checks on committee decisions.

Some standing committees, of course, will receive greater scrutiny of their activities via appointments and procedures than will others. A few committees have jurisdiction over issues that are encompassed, at least implicitly, in the meaning of the party label. Because the party's label is a collective good for its members, the actions of these committees affect everyone in the party, and, collectively, the party and its leaders have a greater interest in mitigating the agency problems that arise vis-à-vis these committees. Social Security, for example, has been a core Democratic program since the New Deal, and the Committee on Ways and Means, which was delegated jurisdiction over this program, has been an important committee for the Democrats.

Not all committees, however, have jurisdiction over areas for which their actions have large external effects on other members. Some standing committees have jurisdiction over issues unrelated or only minimally related to the issues that voters identify with the party. These are usually committees whose jurisdiction covers topics affecting only a minority of members, such as Post Office (since World War II), Interior,

or Merchant Marine and Fisheries. The legislation proposed by these committees has few external effects: The effects are primarily limited to those members whose districts are targeted for projects or benefits in the bill.

The majority party caucus will treat these various committees differently. Those committees whose jurisdictions overlap with the issues that identify the majority party will be subject to greater scrutiny and more careful screening: The appointment committee will seek to ensure, through the appointments it makes, that these standing committees will pursue the majority party's agenda. Committees like Ways and Means, Appropriations, Rules, and Budget will be subject to the greatest control efforts because of their policy jurisdictions. Committees like Agriculture (since 1960 at least) or Merchant Marine and Fisheries, on the other hand, may escape serious efforts to "stack" their assignments.

Sanctions against committees and their chairs are, of course, rare because they are a clumsy and very expensive form of discipline and because a word to the wise (or an occasional public hanging, as demonstrated by the removal of Wright Patman, W. R. Poage, Edward Hebert, and Mel Price and the threatened removal of Les Aspin) is usually sufficient. But party caucuses do take measures to ensure that committees act in a manner responsible to the will of the majority party, especially on issues that will affect the collective reputation of the party.

Again, in the conventional view of committees, delegation (in this case, from the majority party caucus to the standing committees of Congress) has been mistaken for abdication (Cox and McCubbins 1991; Kiewiet and McCubbins 1991). If committees are agents of party caucuses, then we expect that most of the decisions in Congress would be made in committee—that is, after all, their function—and that committee members would acquire expertise in the committee's jurisdiction (which is why, after all, they were delegated the jurisdiction in the first place). We don't expect these functions to be uncontrolled, however, and we witness many and varied attempts by majority party caucuses and their leadership to control committees. Further, having anticipated the reaction of the majority party to its proposals, the committee can expect that few of its bills will be amended or rejected on the floor. The absence of amendments to committee bills by floor majorities is, in fact, equally good evidence that committees are efficient and responsible agents of the majority party. We also expect members to spend most of their time in Washington, attending to their committee duties—it is their job, as delegated by the majority party caucus.

The Role of the House Appropriations Committee

In Richard Fenno's classic account, the House Appropriations Committee was depicted as a budget-slashing "guardian of the federal Treasury" (1966, 353), protecting the House from the budgetary excesses of its own committees and from budget-maximizing bureaucrats. This model of the committee was based upon Fenno's interviews with members of Congress and on a comparison of committee decisions and presidential requests for the period from 1947 to 1962. For the 36 bureaus on which he collected data, Fenno reported that the amount recommended by the House Appropriations Committee for a given bureau was less than the amount requested by the president in 73.6 percent of the 575 cases in his data set (1966, 353, Table 8.1). For a set of 69 agencies and programs (including almost all of Fenno's 36 bureaus) during a period extending from 1948 to 1985, I found that the House Appropriations Committee cut the president's requests for 70.4 percent of the 1,983 cases in my data set.[15]

But do these statistics constitute evidence that the "dominant pattern" (Fenno 1966, 353) for the HAC is to guard the Treasury? What would be expected of the committee's recommendations were it not guarding the federal Treasury? If the procedural restrictions on the Budget Bureau work to constrain the bureau's ability to revise agency budget estimates and if agencies compile estimates in accordance with the legislation that authorized their activities, then presidential requests will reflect, to a large extent, the level of funding preferred by the authorizing committees in Congress.[16] These figures, of course, are often revised according to the president's policy guidelines. If many committees can be expected to prefer more spending on items within their jurisdiction than would be preferred by the House as a whole or by the majority as a whole and if the HAC is relatively representative of the House and the majority party,[17] then the members of the HAC will often prefer to spend less than the members on the committee that authorized the item. Consequently, the HAC will often cut the spending requests made for agencies by the president. Thus, even if they are not guarding the federal Treasury, the members of the HAC can be expected, in most years, to cut most executive budget requests.

In Fenno's account of the HAC, party politics plays essentially no role. I have argued here and elsewhere (Cox and McCubbins 1991; Kiewiet and McCubbins 1991) that the partisan contingents on the committee are agents of their parties and that, as a result, the committee functions as an agent of the majority party, pursuing the collective goals of that party's membership. These goals may sometimes be to cut the budget, but they are not necessarily so. Consequently, the

varying goals of the parties controlling the White House and the House of Representatives determine, for example, the treatment afforded the president's budget requests by the HAC, with Democratic majorities favoring higher spending on domestic programs than do the Republican majorities. As shown in Table 6.5, how often the committee cuts the president's requests is determined by partisan factors.

In the table, the committee's treatment of the president's request for an agency or program (whether the committee's recommendation is less than, equal to, or greater than the president's request) is tabulated against partisan factors (a cross-match of the partisan control of the executive branch by the partisan control of the House). The table shows that the House committee is most likely to cut the president's requests when the president is a Democrat and the House is controlled by the Republicans (cuts amount to 93 percent of actions taken); that the committee is somewhat less likely to cut the executive's requests when the same party controls both bodies (whether controlled by Democrats or Republicans, the committee cuts nearly 80 percent of the requests in my sample); but that a Democratic committee is far less likely to cut a Republican president's requests (only 57 percent of requests were cut by the committee under these circumstances). Further, when the Democrats hold a majority in the House but the president and a majority of the Senate are Republicans (as in Reagan's first six years), the committee ends up cutting only 38 percent of the president's requests and actually proposes *increases* for 55 percent of the items. Fenno described such changes as "mood" swings, where the committee would shift from an "economy mood" to a "spending mood." The pattern in Table 6.5 suggests that the mood toward executive budget requests by the House Appropriations Committee is determined in partisan differences between the House, the Senate, and the executive.

Further, if the guardianship hypothesis were correct, I would never expect the House, in its amendments, to decrease the committee's recommendations. The committee, after all, is supposedly holding back spending. What I find, however, is that for the spending recommendations made by the committee for individual agencies and programs, more than 58 percent of those recommendations that were amended by floor action were decreases, and only 42 percent were increases. Of the appropriations bills amended by the House that I examined, 106 (or 43 percent) reduced the totals recommended by the House Appropriations Committee.

Has the 1974 Budget Act changed the House Appropriations Committee from the Treasury guardian it once was to the subdued guardian who now seeks its own claims on the federal Treasury? Actually, there is no evidence that it ever was a guardian or that its function has, in

TABLE 6.5 House Appropriations Committee (HAC) Treatment of Presidential Budget Requests by Partisan Control of Government

	President—Republican *Congress—Republican*	*President—Republican* *Congress—Democratic*	*President—Republican* *House—Democratic* *Senate—Republican*	*President—Democratic* *Congress—Republican*	*President—Democratic* *Congress—Democratic*
HAC<Pres	73	486	90	80	667
	(80.2)	(67.1)	(38.5)	(93.0)	(78.7)
HAC=Pres	12	104	14	4	70
	(13.2)	(14.4)	(6.0)	(4.7)	(8.3)
HAC>Pres	6	134	130	2	111
	(6.6)	(18.5)	(55.6)	(2.3)	(13.1)
Column Total	91	724	234	86	848
	(4.6)	(36.5)	(11.8)	(4.3)	(42.8)

Chi-square (8 df) = 270.3

Chi-square test is a statistic used for a general "goodness of fit" test, which compares (in this case) the observed cell frequencies to expected cell frequencies (where the expectation is that observations occur with equal probability in each row).

HAC<Pres=HAC appropriation bill calls for less than presidential request
HAC=Pres=HAC appropriation bill equal to presidential request
HAC>Pres=HAC appropriation bill calls for more than presidential request

fact, changed. It was and still is a check upon the authority of the other standing committees in the House, a check used by the majority party leadership to ensure that the policies pursued by the other standing committees in the House reflect the collective goals of the membership of their party (Kiewiet and McCubbins 1991). This suggests that it is not a change in the behavior of members of the HAC nor is it a change in the spending process that wrought the deficits of the 1980s.

The Congressional Budget Process in the 1980s

The budget process created by the act has three key components. First, it creates budget committees to draft a budget policy, which sets guidelines for all aspects of federal spending and revenue. Second, it requires authorizing committees to "reconcile" policy in their respective jurisdictions with the budget guidelines. Third, if a committee fails to offer sufficient reconciliation legislation, the act empowers the budget committees to write their own reconciliation bills.

Members of the budget committees are hand picked by the party leaderships and do not accrue seniority on these committees, nor do they gain secure tenure. The party leaderships, by these procedures, have relatively greater control, year in and year out, over the composition of their partisan contingents on the budget committees than they do over the composition of any other committee, which allows the majority party leadership to use the budget process to inject its priorities into the decisions of every committee.

Indeed, from the perspective of floor majorities in the House and Senate, the budget process was strikingly effective in the 1980s. In 1981, a coalition of House and Senate Republicans and some conservative Democrats used the budget and reconciliation process to cut some $36.6 billion in spending authority for fiscal year 1982.[18] The first budget resolution called for the House Agriculture Committee to write legislation bringing about cuts of $2.2 billion in fiscal year 1982 budget authority; it required the House Banking and Urban Affairs Committee to cut budget authority in its programs by $12.9 billion; and it required Education and Labor to reduce authority by $13.5 billion, Energy and Commerce, by $6.4 billion, and Public Works and Transportation, by $6.6 billion. This "conservative coalition" outmaneuvered the House Democratic leadership in the budget process, forcing the HAC to work within the spending parameters set by these budget limits. Its success demonstrated how effective the new process could be at subjecting congressional committees to the will of floor majorities. It also marked the only time since the passage of the act that the House Democratic leadership was defeated.

The first budget resolution in 1982 for fiscal year 1983 required cuts of only $2.2 billion in budget authority, compared to the previous year's $36.6 billion. This time, as the amount indicates, the House Democratic leadership, using inventive procedures, such as the King of the Mountain rule,[19] reasserted itself.

The House Democratic leaders then used the budget process in 1983 to draft their own budget blueprint as an alternative to the Republican budget submitted by Reagan. The Democrats' budget added $33 billion in domestic spending to Reagan's proposal, requested $30 billion in new revenues, and cut Reagan's defense request by $16 billion. The final conference agreement added $5 billion to the House's defense proposal and reduced, usually by small amounts, most of the House's domestic spending recommendations.

Whereas the Senate Republican leadership used the budget process to give direction to the Senate committees, the House Democrats used it to unite the party behind a common program, with the House Budget Committee holding hearings with the entire Democratic caucus.[20]

Ultimately, the result of these efforts by caucuses to control the product and actions of committees was to make spending policy reflect the desires of the majority party in each chamber. Indeed, the single best predictor of changes in spending policy for almost the whole range of federal programs and agencies is party control of Congress and the White House (Kiewiet and McCubbins 1991). This analysis suggests that policy is influenced, to a far greater extent than commonly believed, by party politics.

THE PARTISAN ROOTS OF DEFICIT SPENDING

Having rejected the two most common explanations of the spending growth of the 1980s, how then, can I account for this growth? To explain deficits, I first need to explain federal spending policies and how they are affected by divided government.[21] The approach I take to explain budget deficits is quite different from the course set by Robert Barro, whose explanation assumes that government spending is exogenous and fixed and that taxpayers are indifferent between debt and tax financing of public spending (Barro 1979).

With regard to federal spending decisions, it can be shown that, at every stage of the spending process, such decisions reflect party politics (Kiewiet and McCubbins 1985a, 1985b, 1988, and 1991, Chapter 8). Indeed, in the appendix to this chapter, I demonstrate that there is, in fact, a strong relationship between party control of government and spending policy. Domestic agencies, for example, do better under Democratic administrations and Democratic congresses than under Republicans. Defense and high-technology programs, on the other hand, do better under Republican administrations and Republican congresses than under Democrats.

When the president is a Republican and both houses of Congress are in Democratic hands, spending on domestic and social programs is somewhat restrained but is close to the levels that would have been adopted had the Democrats controlled the White House as well. In such instances, though the Republican presidents act as a restraint on domestic spending, the ability of Congress to package various spending items into an omnibus bill makes it difficult for even the most ardent Republicans to restrain spending (Kiewiet and McCubbins 1988 and 1991, Chapter 8).

But what happens when control of Congress is divided—when a Democratic majority controls the House and a Republican majority controls the Senate? This has happened several times, for example, from January 1981 to January 1987.

The Constitution established a bilateral veto game between the two chambers, with each chamber holding a check on the actions of the other. But the cooperation and coordination necessary to overcome these constitutional checks and balances is frequently inadequate.[22] Policies that have a large collective component are frequently adopted by the congressional parties and serve to define their collective reputations. Neither congressional party is likely to go along with a solution to a problem such as the deficit for which the other party can claim credit, and each will use its institutional position and the veto granted it by its control of one house of Congress to defeat the other party's attempts to solve the problem. What is implied by divided control, then, is that the cooperation to solve collective problems, like the deficit, will largely be nonexistent.

What, then, will be the equilibrium to this bilateral veto game? In an effort to model this game, I make a simplifying assumption about the preferences of the members of each party. I assume that there are two types of programs—domestic programs favored by the Democrats and defense programs favored by the Republicans. The preferences of the two parties over budgetary allocations to these two goods is given in Table 6.6. The Democrats, I assume, prefer most that spending on their programs be increased, while spending on the Republicans' programs be decreased (denoted *D,r* in the table). Further, Democrats next most prefer that spending on all programs be increased (denoted *D,R*). Democrats are then assumed to prefer decreases in both their own programs and the Republicans' programs (denoted *d,r*) to a decrease

TABLE 6.6 Party Ranking of Spending Allocations, Most Preferred to Least Preferred

Democrats	Republicans
D, r	d, R
D, R	D, R
d, r	d, r
d, R	D, r

D = increased spending on Democratic programs
R = increased spending on Republican programs
d = decreased spending on Democratic programs
r = decreased spending on Republican programs

in their programs with an increase in the Republicans' programs. I assume that Republican preferences are similar with respect to their own programs.

In bilateral veto games, the reversionary outcome if no solution is adopted determines what, if any, cooperative solution will be an equilibrium. (The reversionary outcome is that which obtains if no agreement is reached between the players in the game—i.e., the level of spending to which appropriations revert.) The spending reversion point for most federal programs is zero. Congress must enact legislation annually to appropriate money for most of these activities if they are to continue. Typically, however, Congress will pass a continuing resolution that pegs spending at some low baseline level (the "Fenno Rule") if no appropriations bill is enacted. Continuing resolutions typically yield little or no growth in spending and may even entail a modest decrease in spending (adjusting for inflation) for the programs covered by the resolution. Thus, the reversion, if no spending policy is agreed to by the two parties, is to decrease appropriations for all programs (i.e., the outcome denoted ***d,r*** in the table is the reversion point).

The only alternative in the table that is preferred by both parties to the reversionary outcome (and thus will not be vetoed by one or the other party) is the outcome in which spending for the programs of both parties is allowed to increase (denoted *D,R*). Thus, under conditions of divided control, I expect overall spending to increase. In the appendix, I offer a test, in a study of postwar budgetary policy, that supports this proposition.

Fiscal year 1984 reconciliation legislation, for example, did not cut budget authority in any area. And Fiscal year 1986 reconciliation legislation passed by Congress and signed by the president, though requiring cuts in agriculture, defense, energy, Medicare, and ten other programs, increased spending for the EPA's Superfund, income and

Social Security programs, veterans' affairs, and three other programs. The following year, there again were no significant cuts in any area.

Throughout the decade, the Democrats in the House and the Republicans in the Senate forged a union that enacted policies contrary to the basic tenets of Reagan's budget policy. In his second term, as was seen in Table 6.4, this "coalition" enacted increases in social and education programs and cuts in defense spending, despite Reagan's strenuous opposition.

I have already noted that spending increased during Reagan's two terms in office—nearly doubling in current-dollar terms during these eight years. Though some areas of domestic spending were reduced (primarily those that were under pressure in earlier decades), other areas increased tremendously. Defense spending also increased during Reagan's first term. As expected, this spending compromise was abrogated once the Democrats regained control of the Senate. With unified party control of Congress, the Democrats could undertake to cut back on those programs favored by the Republicans, namely, those tied to defense.

Taken together, the effect of divided government on revenue (Cox and McCubbins, Chapter 7 in this volume) and on spending decisions and the effect of the tax cut of 1981 produced the runaway deficits of the 1980s. The pattern was not new; it has recurred throughout the twentieth century. Since 1929, divided government has yielded sizable increases in the national debt (a test of this hypothesis for fiscal years 1929 to 1988 is provided in the appendix). Indeed, the increase in the debt attributable to divided government exceeds the effects of national unemployment and inflation by an order of magnitude. If the Democrats continue to hold majorities in the House and Senate and the Republicans continue to occupy the White House, then little progress will be made toward reducing the national debt.

CONCLUSION

Drawing from the literature on U.S. national government, two explanations for the runaway deficits of the 1980s have received widespread comment. The first is that the president did it—that Ronald Reagan, on his way to forging a revolution in U.S. politics, put into place policies that pushed the nation over the deficit precipice. The second has its roots in Congress—finding that the Congressional Budget and Impoundment Control Act of 1974 led to the unraveling of fiscal restraints in Congress and unleashed the spendthrift, committee-centered, policy subgovernments. Both of these explanations have, at their core, a perception that congressional parties are merely shells within which policy is bartered and to which no control over policy is granted.

Congressional majorities, in these models, are believed to have abdicated their collective responsibilities over national policy to the president, on the one hand, and to congressional committees and subcommittees, on the other.

Evidence cited for this abdication includes the apparent neglect of oversight and policy review by congressional majorities. In one case, although Congress cuts presidential budget estimates for nearly every item in the budget, the policy priorities of the president seem to emerge from Capitol Hill little changed. In the other case, on most legislation, the House and Senate rarely amend the work of their committees, and most members are unaware of and unconcerned about the activities of committees other than the ones to which they are assigned.

What appears to be a neglect of oversight and review, however, is really a preference for a more effective form of delegation, a form in which the structure of the delegation—through fire-alarm oversight, procedural restrictions, and checks and balances—in fact alleviates the necessity for active oversight and review. The absence of oversight and review, then, is not evidence of abdication; rather, once the structure of the delegation is understood, it is evidence that the delegation is serving the purposes of those who structured it (in this case, congressional majorities). Thus, contrary to the presumption common to the scholarship on presidential power and on policy subgovernments, delegation need not be abdication, so long as delegates are properly constrained and disciplined.

The rapid spending growth of the 1980s was the consequence of a structural problem: divided government. Just as the framers of the Constitution intended, the divided partisan control of the executive and legislative departments has created a kind of stalemate. The compromise required to overcome the mutual checks held by the House Democrats and the Senate Republicans over each other's spending programs led to increased spending on nearly every function of government. The Democrats' return to unified control of Congress in 1987 meant that the stalemate on spending was weakened—defense spending was slowed and likely will stay close to zero or negative growth, barring a major war—and the Democrats' domestic programs will continue to grow, albeit at a slower rate than would be expected under unified Democratic government.

APPENDIX

The central thesis of this chapter is that parties exert substantial control over the policymaking apparatus in Congress. It follows that divided government will lead to increased budget deficits. In this appendix, I examine the effects of party politics on federal spending allocations in the postwar period and on the level of the deficit for the period from 1929 to 1988.

On Measuring Changes in Spending and Deficits

Before describing my test and results, however, it is important to discuss some measurement issues. The first has to do with choosing baselines in comparing fiscal policy from one year to the next. For example, is it possible to compare the defense budget in the 1950s to the defense budget in the 1980s? There are many potential pitfalls. Several data transformations are commonly used to facilitate this comparison. Budget figures are deflated to account for price increases; changes in budgets are described as a percent of total spending or of gross national product (GNP). Each transformation serves a purpose, and each introduces errors, distortions, and biases into the comparison. Using data transformation willy-nilly, especially in making comparisons across many years, can introduce more confusion than clarity (Muris 1989).[23]

On a more abstract level, without explicating a specific theory of the demand for government goods and services, we can make use of the general properties of demand functions as an approximation and apply the Slutsky equation. It states that changes in the demand for a commodity can be decomposed into a substitution or price effect and an income effect.[24] To avoid these problems in the text, I compare spending figures over time for federal programs in constant (1972) dollars.

The second measurement issue concerns how to measure the deficit. It may seem odd that this is problematic. The deficit, it seems, should just be the difference between how much the government spends and how much it takes in. Something akin to this is the measure commonly reported by the government as the deficit.

But this measure of the deficit minimizes its apparent size. The current surplus in the Social Security trust fund is used to offset the deficit in spending on other items. Doing so, however, ignores the obligations created by the Social Security system. The surpluses in the Social Security trust fund are not treated as tax revenue for general obligations—the Social Security administration uses them to purchase Treasury bonds. Yet, these bonds must be repaid if the Social Security system is to remain solvent. Thus, although the deficit measure commonly used by the federal government treats Social Security contributions as general revenue, in actuality the surplus in contributions just adds to the debt that, in this case, the government owes to the Social Security trust fund.

Another measure that treats the bonds held by the Social Security trust fund (and other federal agencies) as debt instead of revenue examines changes in the national debt from one year to the next. This measure captures all government borrowing from private and public sources, and it gives an indicator of how far government expenditures exceed general revenue. I examine both measures here.

On the Determinants of Spending

I will only outline the logic of my model of spending decisions here (for details, see Kiewiet and McCubbins 1985a, 1985b, 1988, and 1991). My model has two stages: First, I model how changes in voters' preferences alter the activities of officeholders; second, I model how the individual choices of officeholders are mapped into a collective choice over spending. In this model, I assume that the incentives of political actors are forged through the electoral connection and that different politicians confront different reelection problems, so that their incentives and actions will be shaped somewhat differently. I also assume that the organization of Congress—the rights and authority granted party and committee leaders—induces an equilibrium over policy choices (Shepsle 1979) and that this equilibrium is responsive to the changing preferences of members of Congress.

In this model, parties play a key role. In the first place, candidates within each district and state are franchiseholders for one of the two major parties. Much like manufacturers' brand names, party labels allow candidates to convey complex information about their issue positions to voters—information that might otherwise be unavailable or too expensive for voters to acquire. Candidates affiliated with one of the two major parties, then, have a competitive advantage relative to someone who has no such affiliation and must therefore bear the full costs of informing voters about his or her issue positions. Parties also organize Congress. The majority party in each chamber appoints members to standing committees, writes the rules and procedures of collective choice within the chamber, and schedules debate and votes over legislation. Through these actions, the parties enforce their franchise rights and make public policy that reinforces the informational value of their party label (for a full discussion of this model, see Kiewiet and McCubbins 1991; Cox and McCubbins 1991).

If there are appreciable differences in the policy platforms of the two parties, then it will matter which parties organize the upper and lower houses of Congress. Because most programs of the federal

government were created by Democratic congresses, I assume that the Democrats prefer to spend more on these programs than do the Republicans. The Republicans, on the other hand, have an alternative spending strategy, which largely entails cutting the Democratically created programs and supplanting them with their own (primarily in the realm of national defense). Thus, domestic programs will expand more quickly when the Democrats control Congress, and they will contract or expand more slowly when the Republicans hold majorities in both chambers, all else constant. The same comparative static holds with respect to presidential budget estimates and party control of the White House. Under conditions of divided control, as I hypothesized in the text, spending should increase across virtually every program in the federal budget.

Factors other than the collective reputations of the two parties that affect voters' evaluations of incumbents (i.e., that affect the personal reputations of these incumbents) should also affect policy decisions. Variables representing these factors are included in my regression below. The electoral calculus underlying these variables can be found in Kiewiet and McCubbins (1985b).

To test these hypotheses, I examined data on federal spending for 69 agencies and programs (see Kiewiet and McCubbins 1991 for a list of these agencies and programs).[25] I estimated the equation described in Table 6.7, pooled across the agencies and programs in my sample, for changes in congressional appropriations. Virtually all accounts of the appropriations process stress that key decisionmakers within both branches consider proposed budgetary figures primarily in terms of the changes such figures represent over the previous fiscal year (Fenno 1966; Wildavsky 1974). I therefore performed a transformation that is roughly equivalent to percentage changes. In this transformation, I divide the current-dollar spending choice for each agency by the real-dollar appropriation it received in the previous fiscal year and then take the logarithm of this division (multiplying the result by 100).

Decisionmaking in the appropriations process is sequential: The executive branch (since the Budget and Accounting Act of 1921, the president) submits budget requests to the committees on appropriations in each chamber; the two chambers of Congress then use these requests as a baseline for their spending decisions. In this process, the outcome at each stage is a function of the outcome at the previous stage. And because actors at each stage are assumed to be sophisticated, the choices at each stage reflect expectations about what will happen at later stages. In each case, spending choices, when they enter an equation as independent variables, are endogenous, and some sort of instrumental variables technique must be employed to ensure that my estimates are

TABLE 6.7 Two-Stage Estimation of Final Congressional Appropriations Pooled Cross-Sectional Time Series of Sixty-nine Agencies, 1948–1985

Regression of $\Delta CONG_{it}$ by: Dependent Variable	*Estimated Coefficient*	*Standard Error*
Constant	−4.743	2.105
$\Delta PRES_{it}$*	0.612[a]	0.107
$\Delta DEBT_{it}$	−0.061	12.913
E_t	1.732[a]	0.628
U_{t-1}	1.238[a]	0.445
I_{t-1}	−0.099	0.103
DEM_t	6.291[a]	1.466
$DIVIDED_t$	5.779[a]	3.087
$KOREA_t$	−2.702	1.755
$VIETNAM_t$	0.570	0.984

N = 1980
Adjusted R^2 = 0.637
Standard error of the regression = 13.696
[a]the coefficient is significant with the probability greater than or equal to .99

$\Delta CONG_{it}$ = log of the appropriation received by agency *i* in fiscal year *t* as a proportion of the appropriation that agency received in the previous fiscal year.
$\Delta PRES_{it}$* = an instrumental variables estimate for the appropriation requested for the same agency as a proportion of what the agency received the previous fiscal year.
$\Delta DEBT_{t-1}$ = partial log of the total federal debt (reported in the Department of Commerce's *Historical Statistics, Historical Tables, Budget of the United States Government* for fiscal 1990, and the *Economic Report of the President* for 1989) in year *t−1*, i.e., if $DEBT_t$ is the debt in year *t*, then $\Delta DEBT_{t-1} = \log[DEBT_t/DEBT_{t-1}]$.
E_t = a dummy variable that takes on a value of 1 in congressionsl election years and 0 otherwise.
U_{t-1} = the average rate of unemployment during the six months prior to the end of the fiscal year, as reported in the Department of Commerce's *Survey of Current Business.*
I_{t-1} = the (annualized) percentage change in the consumer price index during the six months prior to the end of the fiscal year, as reported in the Department of Commerce's *Historical Statistics* and *Survey of Current Business.* For FY 1965, for example, this measure would register the rate of inflation during the last half of calendar year 1963.
DEM_t = a dummy variable that takes on a value of 1 when the Democrats control both houses of Congress and a value of 0 otherwise.
$DIVIDED_t$ = a dummy variable that takes on a value of 1 when the House is controlled by the Democrats and the Senate is controlled by the Republicans, 0 otherwise.
$KOREA_t$ = a dummy variable that takes on the value 1 for fiscal years in which the United States was engaged in armed conflict in Korea (fiscal years 1952 to 1954), 0 otherwise.
$VIETNAM_t$ = a dummy variable that takes on the value 1 for fiscal years in which the United States was engaged in armed conflict in Vietnam (1967 to 1974), 0 otherwise.
The instrument for $\Delta PRES_{it}$ was derived in a regression of that variable against all of the exogenous variables in this equation and a similar equation, not reported here, estimating $\Delta PRES_{it}$ (for details, see Kiewiet and McCubbins 1991).

consistent and efficient. The model I specify for congressional appropriations is overidentified, and I thus used two-stage least squares to construct instruments for the endogenous choice of presidential request. This method permits consistent and efficient estimates.

One further econometric note: My full time series is thirty-eight years; for some programs, the number of observations is less than that. For this reason, I pooled the data across my sample of programs. Pooling creates additional diagnostic problems and requires special care in estimation; for example, test statistics on the residuals for the equation described in Table 6.7 indicated a significant degree of heteroskedasticity. To correct for heteroskedasticity, I used the heteroskedasticity-consistent covariance matrix procedure of Halbert White (White 1980; MacKinnon and White 1985). A battery of tests did not suggest any other significant violations of the Gauss-Markov assumptions, leading me to believe that considerable confidence can be placed in these results.

The results are reported in Table 6.7. I report the variables, their definitions, the estimated coefficient for each, and the standard error for each coefficient. The results support most of the comparative static hypotheses, relative to domestic agency appropriations, that I outlined at the beginning of this appendix. Importantly, the dummy variables for Democratic control of Congress and for divided party control of Congress are large, positive, and significant. This regression also supports the hypothesis of an electoral appropriations cycle; Congress appropriates nearly 2 percent more in election years than in nonelection years to this set of agencies. Though there appears to be no response to changes in the inflation rate in the spending decisions here, increasing unemployment leads to sharply increased spending for my sample of programs. Wars and budget deficits, however, seem to have no impact on congressional spending patterns. A complete test of the divided government spending model described in the text would require me to test a specification similar to the one above, with changes in defense spending as the dependent variable. I will not undertake such a test here; however, given the above results on domestic spending, I can extend my empirical examination of the theoretical model by estimating a model of changes in the deficit. Such a test is offered below.

On the Determinants of the Deficit

In the 1980s, the annual increments to the national debt (i.e., the budget deficit) became larger than the entire budget of just a few years earlier. To test my hypothesis that divided government leads to increased budgetary imbalances, I estimate a model of the choice of the deficit, derived from models of spending and revenue developed elsewhere

(Kiewiet and McCubbins 1991; McCubbins 1990). The estimation involves income effects (modeled as GNP and unemployment) and substitution effects (various political variables, including dummy variables corresponding to periods of divided government, wars, and inflation). The model is represented by the independent variables listed in Table 6.8.

The estimation in Table 6.8 was affected by a few econometric problems, the most serious of which was autocorrelation. In each case, I included a set of lagged dependent and independent variables to correct for potential inefficiencies. Other details of the estimation can be found in McCubbins (1990).

In Table 6.8, I estimate a model of deficit determination using three different measures of the deficit. In column 1, I estimate the model using the common definition of the deficit that is reported each year by the federal government (measured in constant dollars). This measure is simply the difference each year between federal expenditures and federal revenues from all sources (including, for example, Social Security). In column 2, I estimate the model using as a measure of the deficit the percentage change from one year to the next in the size of the (constant-dollar) federal debt. This measure has the advantage of including purchases of Treasury Notes by Social Security, which, in fact, must be repaid by future taxes, as part of the debt and therefore as part of the deficit.

From previous research on spending decisions, I expected increasing unemployment to lead to increased spending. I therefore expect increases in the unemployment rate, all else constant, to lead to increased deficits and thus, *U* to have a negative coefficient in column 1 (deficits are measured as negative numbers; surpluses as positive numbers) and positive coefficients in column 2. I have no prediction about how changes in the rate of inflation, *I*, will affect budget deficits. Wars increase defense and related spending and seem to have a mixed effect but no net decrease on domestic spending. Consequently, I expect the wartime variables (*WWII* and *KOREA*), all else constant, to yield negative coefficients in column 1 and positive coefficients in column 2. A dummy variable for the Vietnam war was dropped from the specification; all tests showed that its effect was insignificant.

If spending has increased faster than revenue as the economy has grown, then the coefficients for the two GNP measures will be negative in column 1 and positive in column 2. My model of party politics implies that deficits will not increase (Republican majorities might decrease spending and therewith the deficit) when both houses of Congress are controlled by the same party (the majority party in Congress will control the agenda over spending and taxes), even when the

TABLE 6.8 On the Determination of the Federal Budget Deficit, 1929–1988

	Dependent Variables	
Independent variables	*DEFICIT* Estimated Coefficient	*ΔDEBT* Estimated Coefficient
Constant	28.69	−0.06
WW II$_t$	−84.39[a]	0.45[a]
KOREA$_t$	−9.40[a]	0.02
PRES DEM/CONGRESS REP$_t$	2.81	−0.08[a]
PRES REP/CONGRESS DEM$_t$	−2.68	0.01
PRES REP/CONGRESS DIVIDED$_t$	−26.99[a]	0.09[a]
U_t	0.50	0.01[a]
I_t	0.07	−0.00
GNP$_t$	−0.17[a]	
POSTWAR GNP$_t$	0.12[a]	
ΔGNP$_t$		0.29
POSTWAR ΔGNP$_t$		0.13
DEFICIT$_{t-1}$	0.09	
DEFICIT$_{t-2}$	−0.09	
ΔDEBT$_{t-1}$		−0.02
Number of observations	58	58
Adjusted R^2	0.89	0.68
Sum of squared residuals	6945	0.22

Note: Throughout this analysis, where possible, data were collected as reported by government sources in constant 1972 dollars. However, constant-dollar data reported during the 1980s generally is expressed in a different base year (1982, for example). These data were adjusted algebraically to base-year-1972, constant-dollar data in order to maintain comparability.

[a]Indicates that the coefficient is significant with probability greater than or equal to .95.

DEFICIT = the constant-dollar (1972) federal budget deficit, calculated from the current-dollar figures (reported in the Department of Commerce's *Historical Statistics of the United States* and summary tables in OMB's *Budget of the United States Government*) and the Implicit Price Deflator for federal government purchases of goods and services (reported in Commerce's *Survey of Current Business*).

ΔDEBT = the percentage change in the constant-dollar (1972) federal debt (expressed in partial log format, as was *ΔCONG$_{it}$* (in Table 6.7), using the Implicit Price Deflator for federal government purchases of goods and services to deflate the current debt figures (reported in Commerce's *Historical Statistics, Historical Tables, Budget of the United States Government* for fiscal 1990, and the *Economic Report of the President* for 1989).

WW II$_t$ = a dummy variable that takes a value of 1 for the fiscal years of World War II (1943 through 1945) 0 otherwise.

KOREA$_t$ = a dummy variable that takes on a value of 1 for the fiscal years 1952 and 1953, 0 otherwise.

PRES REP/CONGRESS DEM$_t$ = a dummy variable that takes on a value of 1 when the presidency was held by a Republican and the Congress was controlled by the Democrats (fiscal years 1956–1961, 1970–1977, and 1988), 0 otherwise.

PRES DEM/CONGRESS REP$_t$ = a dummy variable that takes on a value of 1 when the president was a Democrat and the Congress was controlled by the Republicans (1948–1949), 0 otherwise.

PRES REP/CONGRESS DIVIDED$_t$ = a dummy variable that takes on a value of 1 when the president was a Republican and control of the two houses of Congress was divided (fiscal years 1932–1933 and 1982–1987).

U_t = the unemployment rate during the fiscal year, as reported in *Survey of Current Business.*

I_t = the rate of inflation during the fiscal year, calculated as a change in the consumer price index, as reported in *Historical Statistics* and *Survey of Current Business.*

GNP$_t$ = the constant-dollar (1972) *GNP*, as reported by *Survey of Current Business.*

POSTWAR GNP$_t$ = a variable that is equal to *GNP$_t$* for fiscal years after the end of World War II (1946–1988), 0 otherwise.

ΔGNP$_t$ = the percentage change in real GNP (in partial log form).

POSTWAR ΔGNP$_t$ = a variable that equals *ΔGNP$_t$* for 1946–1988, 0 otherwise.

president is of a different party, all else constant. Thus, *PRES DEM/CONGRESS REP* and *PRES REP/CONGRESS DEM* should be nonnegative in column 1 and nonpositive in column 2. Importantly, however, divided control of Congress should yield higher deficits: That is, *PRES REP/CONGRESS DIVIDED* should be negative in column 1 and positive in column 2.

The results here strongly support the hypothesis that divided control of Congress leads to increased deficits: In both equations, the coefficient on divided control of Congress was significant and in the predicted direction. We have had two occurrences of divided congressional control in this century, once in the latter half of the Hoover administration and then for the first six years of the Reagan presidency. In an auxiliary regression, I estimated two dummies (one for each occurrence), which both yielded significant estimated coefficients. Otherwise, divided control of government, holding constant the effect of divided control of Congress (and the tax act of 1981), either shows no effect on deficits or confirms that Republican control of Congress produces decreased spending and therewith decreased deficits. The coefficients for unemployment and GNP had the predicted sign, but they were not always significant. The war dummies always had the right sign, and the dummy for World War II was always significant.

NOTES

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1. The federal government has an unusual way of defining a cut. Though claims that tens of billions had been "cut" from the budget were made during the Reagan presidency, the budget actually increased from $600 billion to $1.2 trillion. Indeed, rarely was spending actually reduced; "cuts" referred to changes in authorization, so that spending was less than it would have been had the law not been changed. This was true even if spending ultimately was greater than it had been the year before. For example, "cuts" in Medicare were said to exceed $50 billion for the 1980s, but Medicare outlays actually grew from $32 billion to $94 billion (Muris 1989).

2. For a contrary view, see Sundquist (1981, 12), who described the difference between delegation and abdication as merely semantic, saying that any delegation by Congress is abdication.

3. Measures included the impoundment controls of the 1974 Budget Act, a requirement that heads of OMB be confirmed by the Senate, and the War Powers Act, among others. See, for example, Sundquist's 1981 discussion of congressional "resurgence," Kiewiet and McCubbins 1991, and Aberbach 1990.

4. A different explanation for why members of Congress delegated the authority to propose legislation to the president was explored in Kiewiet and McCubbins 1988. Essentially, they argued that Congress will always delegate to someone the jobs of fact-finding and drafting legislation. The choice is between an executive agency or department, which will be heavily influenced by congressional committees, or the president, who is independent of such "iron triangles." When the members want to establish a check on their own committees, they must secure information from sources independent of those committees. Only one official in the federal government satisfies the requirements—the president.

Though the president has a vague constitutional mandate to present proposals to Congress, most successful proposals arise as a result of congressional delegation. Compare, for example, the success rate on proposals for executive reorganization, which are not requested by Congress and which are almost never approved, against the success rate for spending or tax proposals, on which Congress almost always passes a bill.

5. As Louis Fisher pointed out (1975), it was the House Appropriations Committee that first requested the Budget Bureau to undertake legislative clearance. And, as Kiewiet and McCubbins noted (1991), the extent of clearance exercised by the Budget Bureau was limited and structured in several pieces of legislation.

6. For a theoretical development and some empirical validation of this point, see Kiewiet and McCubbins 1988.

7. Continuing resolutions are joint resolutions that may provide temporary funding for affected agencies when Congress fails to complete action on one or more regular appropriations bills before the start of a fiscal year (Oleszek 1989). Disputes over program funding levels in continuing resolutions are resolved by application of what Kiewiet and McCubbins (1991) have called the "Fenno Rule," a conventional solution that pegs line items to the lowest amount available from appropriations bills passed by the House and Senate or from the previous year's appropriation.

8. Defense spending grew by almost 30 percent (in 1972 dollars) and accounted for roughly one-quarter of the spending increase during the period. Social Security spending roughly matched the growth rate of defense. Another large chunk of the increase in spending resulted from a near doubling (in real terms) of interest payments on the national debt. The remaining growth in the budget, accounting for 30 percent of the total budget growth, came in other domestic programs.

9. In each of his budget requests, Reagan sought to terminate several dozens of programs. In 1985, for example, he sought to end 26 programs, ranging from the Job Corps to Amtrak to the Small Business Administration to urban mass transit subsidies and Rural Water and Waste Disposal Grants. But such cuts were not part of the Democratic-Republican compromise on spending: Congress voted to terminate only the U.S. Travel and Tourism Agency and to sell Conrail. Indeed, of those programs Reagan sought to terminate, only half even had their budgets reduced.

10. In Table 6.7 in the appendix, I present results that compare the effects of all postwar presidents on budget requests. The regression reported there shows that Reagan, on average, requested far deeper spending cuts than any postwar president, all else constant. Further, Republicans requested greater cuts in spending, all else equal, than did Democrats, with the exception of Carter.

11. The figures are based on the number of votes for which the president announced a position. See Stanley and Niemi 1988, 220–221.

12. Woodrow Wilson first said it in *Congressional Government* (1885).

13. The purpose and function of the 1974 Budget Act have been greatly misunderstood. If the budget process was created to reduce the budget, it is hard to explain the special rules devised for the selection of committee members, as well as the unprecedented prohibitions against members being granted tenure on the committee and against the use of seniority in the leadership succession on the budget committees. An alternative interpretation of the 1974 Budget Act sees its budget committee provisions as part of a larger context with other committee reforms enacted in the early 1970s. Two schools of thought have emerged in the literature: One sees the committee reforms as part of a process of strengthening the democratic caucus and the party leadership as the party became more homogeneous—as southern Democrats became more like their northern comrades (Rohde 1991). The other sees the reforms as part of a much longer trend of party decline and a process of decentralization of power on the floor of the House (Steven Smith 1989; Smith and Deering 1984; Davidson and Oleszek 1977). This second view suggests that out-of-control spending was an unforeseen—or unavoidable—consequence of transferring power away from the House Appropriations Committee.

In my view, as elaborated later in this chapter, the budget committees were created to be (and have operated as) new "control" committees, dominated by the majority party leaderships in the two chambèrs. The new budget process was tied to new congressional prohibitions against presidential impoundments of funds; by creating new leadership committees with extraordinary powers to "reconcile" authorizing legislation with party budget policy, congressional Democrats significantly increased their ability to manage spending policy against the contrary wishes of a president. Far from weakening the House Appropriations Committee, the act strengthened the leadership's oversight of authorizing committees. By encouraging firm leadership parameters for spending, the act should, in fact, have made the HAC's job easier.

14. For some critical tests, see Kiewiet and McCubbins 1991; Cox and McCubbins 1989.

15. The obverse, of course, is that the committee increased spending for over 19 percent of the budget items that came before it, and they granted an amount equal to the president's request in almost 10 percent of the cases. The proportion of times the committee recommended an increase for one of these items over the president's request ranged from 0 percent in fiscal year 1947 to over 13 percent in fiscal years 1959–1961 to a high of 51 percent in 1984.

16. This, of course, is implicitly Mayhew's (1974a) model of agency estimates. If we are to believe that the committee is protecting members from themselves, the estimates the committee deals with must be a reflection of the members' own desires. If they were not, then the committee would be protecting members from the executive branch, not from themselves.

17. On the unrepresentativeness of many House committees, see Cox and McCubbins 1991. On the representativeness of the House Appropriations Committee, see Kiewiet and McCubbins 1991.

18. Freshman Democrats at the December 1982 meeting of the Democratic Caucus voted unanimously to recommend that Phil Gramm of Texas be dropped to the bottom of the Democratic seniority list because of his consistent support for President Reagan's economic policies in the 97th Congress. In 1981, Gramm was a cosponsor with Delbert Latta (R–Ohio) of the Republican alternative to the Democrats' 1982 budget.

19. Under this rule, adopted by the House in May 1982, seven budget alternatives were considered (and sixty-eight perfecting amendments), with the House Budget Committee's recommendation being voted last. The rule requires that the last alternative to win a majority is the plan that prevails. This is just one example of the extraordinary rule changes used by the Democrats to control the budget process and the conservative "Boll Weevil" faction. In 1982, none of the alternatives won a majority. The rule was used again in 1983 when the Democratic House Budget Committee's plan prevailed.

20. The Republicans obviously had less about which to disagree: Because most domestic government programs were created by the Democrats to further their own policy goals, most Republicans could agree to cut those programs. The Democrats had a more difficult time deciding what to cut and what to protect.

21. I address only spending policy here, leaving deficits for the appendix. Gary Cox and I use a similar approach to explain federal revenue policies in Chapter 7 of this volume.

22. For a number of discussions of this problem, see the various essays in Chubb and Peterson 1988.

23. In modeling fiscal policy decisions, most analysts have included GNP as an explanatory variable (Kiewiet and McCubbins 1991, Barro 1979). Dividing one's dependent variable by an independent variable tends to cause problems for estimation. Therefore, I have not included debt as a percentage of GNP as an independent variable in my analysis.

24. On the Slutsky question, see any textbook in microeconomics.

25. Data was collected from the annual Senate document entitled, "Appropriations, Budget Estimates, Etc."