

'The Problem Is the Problem'

July 18, 1984

TEN YEARS AGO, the act establishing the congressional budget process was signed into law. Its prime purpose was to bring the final levels of taxing and spending into an agreed relationship to each other. Judged by the trend in budget deficits, the process doesn't look like an improvement over the old hit-or-miss approach. In 1974, federal outlays exceeded revenues by less than \$5 billion. A year later, the deficit reached \$45 billion. It bobbed up and down for the next few years, soared to \$110 billion in 1982, and reached almost \$200 billion last year.

What the deficit numbers are recording, however, is not the failure of a process but the failure of presidential leadership and congressional courage. The budget process actually grew stronger during its first years. The Congressional Budget Office developed its formidable capabilities for analyzing congressional plans and second-guessing administration estimates. The budget committees strengthened their control over committees that write tax, entitlement and appropriation bills.

In fact, the budget process was used to greatest effect by President Reagan in 1981 in persuading Congress to pass a package of domestic program cuts. These cuts turned out to have more social than budgetary significance: savings were swamped by the deficit-increasing impact of tax cuts and the military buildup. When that became apparent, the president lost interest in a process that highlighted the consequences of his policies in a politically inconvenient way.

The budget process has since scored significant victories -- notably in the tax reform bill of 1982 and this year's tax and entitlement bill. But the successes have come despite -- rather than because of -- presidential leadership. For example, this year the House put together its budget plan well ahead of schedule. But the budget process broke down because the president wouldn't let the Senate agree to a less rapid buildup of the Pentagon budget.

From time to time you'll hear about a plan to "strengthen the budget process" by new rules or even a constitutional amendment. Some proposals, typically those recommended by once-powerful committee chairmen who dislike having the budget committee looking over their shoulder, would actually weaken the process. Other proposals, such as a new requirement that Congress look at all civilian and military capital spending projects as part of a national plan, could provide a much-needed check on pork-barrel spending -- if anyone really wants a check.

There's the rub. A process is only as strong as the will behind it. When it comes to the budget, CBO director Rudolph Penner has it right: "The problem is not the process, the problem is the problem."
