

The Heritage Foundation **Background**

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THE HIGHWAY VOTE: A LITMUS TEST FOR DEFICIT REDUCTION

(Updating Issue Bulletin No. 127, "The Highway Authorization Bill: Inviting a Presidential Veto," February 27, 1987.)

By vetoing the \$87.5 billion highway and transit authorization bill, Ronald Reagan has sent a simple, concise message to Congress: either put up or shut up on the budget. Over the past several months, congressional leaders have announced that they are anxious to sit down at the bargaining table with the President and hammer out a bipartisan solution to the budget deficit. Yet the budget-busting highway bill indicates once again that they are not interested in cutting spending, only raising taxes. Reagan should make it clear to members of both parties that he will not compromise with lawmakers who complain about the deficit and then vote to increase it. Any bill that exceeds the budget and breaks Congress' own Gramm-Rudman-Hollings target, the White House should declare, will be vetoed--period. And any Congressman voting for an override will be held accountable.

It is hard to imagine a bill that was more deserving of a presidential veto. The highway bill is \$11 billion over-budget, and seldom before has a piece of legislation degenerated so thoroughly into such a pork barrel free-for-all. Over 150 local projects would receive earmarked federal funds costing taxpayers over \$1 billion. Even the Highway Users Federation and the National Governors Association, who have been frantically lobbying for the release of overdue federal highway money, are enraged at this blatant congressional violation of states' rights to establish their own priorities for highway funding.

Legislators are complaining that the Reagan veto will delay vital highway construction projects. Yet Congress has only itself to blame that the highway bill is six months late, that hundreds of necessary highway improvement projects have been delayed or cancelled, and that thousands of construction workers are temporarily out of work. If Congress truly is concerned about releasing highway funds to the states, it should put aside pork-barrel politics and give Reagan a bill that he can sign.

If Congress were to enact a line-item veto, of course, Reagan could strike out excess spending and enable the states to receive their highway money without further delay. Indeed, in his veto message the President identified over \$4.5 billion that he could have saved taxpayers if he were given this power. Examples of wasteful items that the President would have eliminated include \$1.1 billion for the "Tip O'Neill Memorial Highway"--a going away present for the retired Speaker of the House, courtesy of the American taxpayer. Another project that would have been slated for the line-item veto pen is an \$870-million authorization for the Los Angeles Metro Rail system, which experts agree will never even come close to covering its operating expenses let alone its construction costs. If the White House could take these and similar spending items out of the bill, lawmakers would be asked to vote on the merits of individual projects. But without a line-item veto, the President has no choice but to veto the entire bill.

By earmarking highway funds, moreover, Congress has for the first time preempted state and local highway funding priorities, and replaced them with its own. This is unfair to the poorer and more rural states. Senator Gordon Humphrey, the New Hampshire Republican, notes that his state will suffer a 15 percent reduction in highway funds next year to help pay for demonstration projects such as "improving the access to an amusement park in Toledo." Similarly, although all 50 states contribute money to the transit program through the one-cent per gallon gasoline tax, only twenty cities receive over 80 percent of the funds. An equitable distribution of highway and transit funds can only be achieved if Congress refrains from continually dipping its hands into the money bag.

Despite supporting runaway spending bills such as the highway legislation, congressional leaders complain that they cannot reach their self-imposed Gramm-Rudman-Hollings deficit target of \$108 billion for FY 1988. They argue that progress on the deficit is impossible without a tax hike and a third straight year of defense cuts. By vetoing the highway bill, Ronald Reagan has indicated that he will confront the double-talk of Capitol Hill. The vote on the override should be seen by the American people as a litmus test for members of both parties--an opportunity to identify which lawmakers wish merely to talk about cutting spending while voting for deficits, and which are prepared to take a stand against reckless spending.

Whatever the result of the override attempt, the President should declare he will veto automatically any future bill, whatever its merits, if it contains items which cause it to exceed Congress' own targets for deficit reduction. Such bills, he should say, are dead before passage. By ignoring the compromise Senate highway bill, itself over budget, and upping the price tag in conference, Congress showed that it is unwilling to act responsibly. The White House should learn its lesson and refuse henceforth to consider any future legislation, including a revised highway bill, that adds to the deficit.

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