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A Comprehensive
Plan to Balance
the Budget**

By Rep. C. Christopher Cox



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THE BUDGET MESS: A COMPREHENSIVE PLAN TO BALANCE THE BUDGET

by Representative C. Christopher Cox

I saw a movie last night called *Lean on Me*. It is about Joe Clark, the Patterson, New Jersey, high school principal, who put chains on the doors to keep the drug pushers and muggers and criminals and hoodlums out of his high school so he could teach the rest of the kids. Joe Clark's job when he walked into that high school was to try and turn around a jungle and a mess. And by the end of the movie he had made substantial progress toward that end. My topic today is very similar. It is trying somehow to bring fiscal sanity to the 101st Congress.

Let me start out by saying that I am not one of those who believe that deficits do not matter. I think deficits do matter. Deficits matter because they carry with them an interest price tag; interest on the national debt currently is more than the total annual deficit. So if we could just wipe out the interest component, we would already have a balanced budget. When we add debt on top of the national debt year after year after year, what we are doing is buying into a perennial cash outflow with no prospective end. Every year, year after year after year, we have to pay that interest for absolutely nothing. That is why I think it is fundamentally important for the United States Congress to balance its budget every year.

Hemorrhaging Debt. I do not think deficits matter so much that we ought to balance the budget by raising taxes, however. I think it is more effective to balance the budget by increasing GNP. Every 1 point increase in GNP growth is much more effective at balancing the budget than would be a 1 percent increase, for example, in taxes. But deficits, I believe, do matter and I think it is grossly irresponsible for the United States government and in particular Congress, which has near plenary control of the purse strings, to ignore the fact that we are hemorrhaging debt year after year after year. So I think that it is important that we fix our process.

Many people want to talk about this year's numbers — and this year's numbers are very important. But even if we were able to get this year's numbers in balance, we would still have to deal with next year and the year after and the year after. Looking at history, we can see that history is not on our side. Our budgets are chronically imbalanced. Why is that?

Washington Budget-Making. First of all, let's think about the word budget. In the real world, outside the Beltway, a budget is a forecasting tool. People have budgets first and then they run their affairs in accordance with that budget. Around here, however, a budget is really nothing more than the amalgam of the spending decisions that we take during the fiscal year. We get to the end of the year. We add it up, find out how much it is, and that is our budget. In fact, if you ask someone around here what is the budget for defense, the answer is likely to be how much we are spending on defense. Budgets ought not be used that way.

Representative Cox, a Republican, represents the 40th district of California.

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Our current blueprint for spending is something called the 1974 Congressional Budget Control and Impoundment Act. Although it has been amended by Gramm-Rudman, the plan is essentially what was set in place by the Congress in 1974. It is a wonderful idea – or would be, if Congress ever paid any attention to it. But Congress blows it off. They ignore it. In fact, since the law was passed in 1974, not once has the Congress honored that law. We heard a lot over the last few years about how Ronald Reagan might not have honored the spirit of certain laws. The United States Congress, however, when it comes to one trillion dollars every year, does not worry about the spirit of the law. They just go right ahead and break every black letter word of it.

Lawmakers Ignoring Laws. My very first day on the floor of the United States Congress, I heard the Speaker of the House Jim Wright pat the Congress on the back for passing thirteen appropriations bills in 1988 by October 1, the onset of the next fiscal year. And he pledged that again, in the 101st Congress, we would pass thirteen annual appropriations bills by October 1. In so doing, he pledged in our behalf to violate the law because there are specific calendar deadlines in the 1974 Act, well in advance of October 1, by which those bills are supposed to be passed. It is with incredible aplomb that Jim Wright and the rest of them just ignore the law. So what is wrong is not the plan that is set out in the 1974 Act. It is that people can ignore it with impunity.

What I am proposing is an overall, comprehensive budget reform proposal that would rewrite the 1974 Act to put teeth in it and make sure that Congress cannot just flat out ignore the law. It would work in the following way:

Forecasting Tool. First, we would build on the principle that a budget is supposed to be a forecasting tool. The budget should be in place before anything else can be done. So we would amend by statute the rules of both the House and the Senate so that it would be out of order to consider in subcommittee, committee, or on the floor of either House any authorizing or spending legislation until there were first a budget in place. The budget would be adopted in the form of a joint resolution, not the present nonbinding concurrent resolution. And to make sure we had agreement on a budget, we would shorten it.

I do not see why the President and every executive department should go to all that work to prepare the budget of the United States. Nobody is going to read it. It is pronounced dead on arrival – or this year’s buzzword “irrelevant” – before any Senator or Congressman reads it. They make up their mind perhaps by reading a summary of the inside cover, but certainly not by taking advantage of all of this work. Why have it?

One-Page Budget. Instead, our proposal is that the budget of the United States, the subject of this joint resolution, will fit on one page and it will be comprised of nineteen numbers. Those nineteen numbers would correspond to the thirteen appropriations bills specified by the 1974 Act and the six other functions in the Office of Management and Budget’s budget.

By agreeing at a rather high level of abstraction, I think it is much more likely that Democrats and Republicans can come to terms at a macroeconomic level on what the federal government should take out of the economy in the ensuing year. Once that joint resolution was approved and signed into law by the President, then and only then would it be in order for either House to consider any authorizing and spending legislation. To avoid the requirement would take a supermajority – a two-thirds vote. Once the joint resolution was in place, Congress could do business by a 50 percent vote. Each authorizing and appropriating item would have attached to it a price tag affixed by the Congressional

Budget Office. This would specify the fiscal effects of the authorizing or spending legislation for the current fiscal year and each of the four out years corresponding to OMB's five-year budget process.

Supermajority Vote. If that price tag, when added to last year's baseline spending, exceeded one of the nineteen ceilings set into law by the joint resolution, then that measure too would require a two-thirds supermajority. So the only way the Congress could do business by majority vote would be to have a budget first and spending within that budget second.

At the heart of this proposal is something that was also at the heart of Dick Armey's base closing bill. It was at the heart of Gramm-Rudman. It was at the heart of our pay raise which did not quite make it. It is that Congress has a great deal of difficulty making tough decisions and, therefore, we ought to have a process that makes those decisions for the Congress. Consider how this works in practice. Let's say you are Ted Kennedy. One of your constituents comes to you and says, "I would like this piece of pork, please." You respond because you are Ted Kennedy, "Sure." Under this procedure you could draft the legislation. You could gather co-sponsors for it. You could introduce it on the floor of the Senate. You can even get a majority to vote for it, but you are going to have to go back to your constituent and say, "Gee, I'm sorry. I did everything I could, but because of that stupid budget process reform package we just passed, it now takes two-thirds to go outside the budget and because the other party always controls at least a third of the votes, there is nothing I could do."

Politician's Dream. You have the politician saying "yes," the system saying "no." That is a politician's dream. So for those in the Congress who are concerned about the deficit but who are unwilling to make an unpopular decision, this system is ideal. And because this package does not tell anyone they have to spend more or less, there is great prospect that Democrats as well as Republicans will see some political advantage in adopting it.

There is one other feature about this program I would like to point out. It is that for the first time in a long time all federal spending would be brought within the process of the budget. Right now there is a whole category of spending called "entitlement" that is off limits from Gramm-Rudman or from anything else. Now entitlement spending, we are told, is uncontrollable and therefore we should not worry about it. But in fact it is not uncontrollable, it is just uncontrolled. The difference between an entitlement appropriation and any other is that the appropriating language for an entitlement program reads as follows: "there is hereby appropriated for FY 1990 for, let's say, Aid to Families with Dependent Children 'such amounts as may be necessary.'" That is what it says — such amounts as may be necessary — no dollar amount. It is an unlimited, open-ended appropriation.

Appropriating Entitlements. The Democrats in Congress, whose interest it is to make sure that spending remains uncontrolled, would have us believe that there is something in nature that requires entitlement programs to operate that way. In fact, there is not. Dick Lugar proved it with the Lugar Amendment to the Food Stamp Act making the Food Stamp Act the first appropriated entitlement program in America. He also proved, by the way, that an appropriated entitlement is not an oxymoron.

Here is the way the Food Stamp program appropriation works. The appropriating language says, "There is hereby appropriated for the Food Stamp program for FY 1990 \$X billion" — a specific dollar amount. It then goes on to say that the Secretary of Agriculture is

authorized and instructed to adopt regulations adjusting benefit levels and eligibility requirements so that spending on the Food Stamp program during fiscal 1990 turns out, in fact, to be \$X billion. There is no reason why every entitlement program could not operate that way. Nothing in that, by the way, requires the Congress to cut spending. But they have to vote on it.

By implementing procedures that require Congress consciously to make decisions how much it is going to spend in the next fiscal year I think we level the playing field substantially. Right now if I want to cut spending, I have to come out of the woodwork, raise my hand and say let's cut spending. If I want to increase it, I just sit back and watch it go. I see spending on some of these entitlements increase at rates over 75 percent annually. That is not right. Congress ought to be making these decisions on an annual basis and this program would, among other things, accomplish that.

Keeping Government Going. So I think it is a wonderful opportunity. It is a workable program. It is based on a review of the greatest hits of budget reform going all the way back to the Hoover Commission. There are a lot of nice things in it. There is enhanced rescission authority – a sort of supercharged line-item veto that works by statute. There is something called an automatic continuing resolution, which is in place underneath all of this superstructure and takes care of the contingency that the Congress and the President do absolutely nothing. In that event, last year's amounts are automatically reappropriated. The government does not shut down, the Congress does not lay at the President's feet, the night before October 1, a mountain of data that he cannot read and tell him to sign it or shut down the government. The government can go on, but it goes on at last year's level – something that presumably the President would not want because of programmatic changes he wanted to make and the Congress would not want because it could not bear to see spending not increased from last year.

