

## **I. National Policy Making**

### **Dr. James R. Alexander**

*James R. Alexander is a Professor of Political Science at the University of Pittsburgh at Johnstown and holds a Ph.D. from the University of Colorado. He teaches courses in American politics and policymaking, and constitutional law, is a former member of ASPA (and its section on Budgeting and Financial Management), and has published articles on constitutional federalism in Publius and Policy Studies Journal.*

#### **Introduction -The National Policymaking Climate**

Until the mid-1990s, the federal budget deficit in some form dominated the political debate in election campaigns and in Congress. The debate was largely ideological, e.g. government is *too big* or *too intrusive* or programmatic, e.g. programs were either meeting *critical needs* or were simply dismissed as *blatant and wasteful pork barrel projects*). Whether the debate focused on the need for cuts in social spending or increases in defense spending, or achieving tax equity for the middle class or simply cutting taxes overall, the common reference was always budgetary. This was not by accident. All national policy, and virtually all national politics, is played out through the federal budget. Clearly how the federal government taxes and spends reveals not only our political priorities (or lack thereof) but also the political dynamics of our national policymaking process. Contrary to the popular view, the federal budget is more than a compilation of numbers; it constitutes the tune and the tempo by which the dance of national politics (not to mention electoral campaigns) is conducted. This became very clear when the Republican Party used budgetary politics as the focus of its campaigning in capturing majorities in the Congress in 1994 and, in an ironic turn, it became one of the factors that contributed to Clinton's reelection in 1996. Even in times when politics becomes absorbed elsewhere, such as during investigations into political corruption or involvement in extensive foreign/military engagements as Iraq, we can be sure that basic policy will soon return to the budgetary realm. Not incidentally, the fixation on the federal budget is also politically convenient - it neutralizes and impersonalizes the policy debate by shifting any argument to one focused on "the numbers" or "the actions of Congress" and diminishes the public's ability to affix political credit or blame for any particular federal policy or program. The American public has always presumed its prerogative to complain about federal spending ("government is wasting our money") or taxes ("government is stealing our money"), and in the past four decades we have focused more intently on pork-barrel programs which direct millions and often billions of dollars toward what are considered by observers to be wasteful or unneeded projects that only benefit one particular Congressman's district and only serve to get him/her re-elected. In the mid-1990s, the policy debate shifted noticeably in two rather unusual directions, each in its unique way into unfamiliar and relatively uncharted waters.

#### **I. The Surplus Economy**

The first change in the policy debate was precipitated by the emergence of a real budget surplus at the mid-point of the Clinton Presidency. In the 1950s, both national parties had cut their ideological teeth on the relation of federal spending to the federal debt, with the policy debate focusing on the large size of the recurring federal debt and the continuous pattern of deficit spending, complicated by slowing economic growth, changing commitments for military preparedness, and an emerging national commitment to

permanent social spending initiatives. In the late 1970s, Republican Presidential candidate Ronald Reagan criticized the size of the mounting federal debt and the inability of Democratic incumbent Jimmy Carter and the Democratic Congress to "live within their means".

The Reagan presidency (1981-1989) presided over eight straight annual budget deficits, often four times higher than any previous annual deficit (including Carter's) and more than doubling the federal debt. During the Presidential election campaign of 1988, Republican candidate and incumbent Vice President George H. W. Bush campaigned on the promise to sustain defense spending, increase spending in some social areas, and no new taxes - a clear prescription for continued deficit spending at high levels. While proposing modest increases spending in several social areas (such as education and drug enforcement), newly-elected President Bush in 1989 repeated his now-infamous "read my lips" pledge to not raise taxes. However, Bush ultimately agreed to increased taxes to maintain budget stability in 1990, a position he found difficult to defend either politically or ideologically within his own party during the 1992 election campaign. Ironically, the federal debt had quadrupled in the twelve years of Reagan and Bush Presidencies, awkward for a political party known ideologically for its fiscally conservatism, but Republicans continued to successfully deflect responsibility for these maladies onto the "tax-and-spend liberal Democrats" controlling the Congress.

In the 1992 Presidential campaign, Bill Clinton, campaigning as a 'new Democrat' promised reallocation of existing spending into investment areas and promotion of free trade to stimulate economic growth, increased taxes on "the rich", a modest tax break for the middle class, and reduction in the size of the federal bureaucracy. In a slow-growth economy, this would have again been a clear prescription for continued high levels of deficit spending. But if the economy were to exhibit real economic growth, as forecasts indicated, the deficit could actually be reduced. Independent Ross Perot countered with a more populist position - that government spending ought to be cut drastically across-the-board (without specifying which programs would be eliminated) and ultimately garnered 21% of the popular vote running as a Third party candidate in 1992. In his first term (1993-1997), President Clinton completed two international free trade agreements, achieved some tax increase on upper incomes and very modest tax equity for middle income groups, reduced the size of the annual deficit by 15-20% in each year, and reduced the size of the federal bureaucracy by over 250,000 employees. He also tried (unsuccessfully) to press for a national health insurance program.

In the 1994 midterm elections, Republicans under House Minority Leader Newt Gingrich campaigned strongly against Clinton and the "tax-and-spend liberal Democrats in Congress" and swept to majorities in both Houses of Congress for the first time in four decades. Claiming a mandate for a "real revolution", the new Republican Congressional leadership pressed for a statutory commitment to balanced budgets (and failing that, proposed a balanced budget amendment) and radical down-sizing of non-defense programs. They attempted to press their advantage by forcing a budget stalemate when Clinton vetoed several appropriations bills, leaving some agencies without funding (resulting symbolically in the 'closing down of the government'). Interestingly, the American public in turn attributed the stalemate to Congressional partisanship and reaffirmed their high approval ratings for President Clinton. To the American public, the

budget seemed to be creeping toward balance on its own. The budgetary deficits seemed to be self-healing and more radical measures seemed unneeded, and Clinton was somewhat easily re-elected to a second term in 1996.

In Clinton's second term, the economy exhibited steady and unprecedented growth, creating federal budget surpluses and pushing Clinton's job performance rating to unprecedented heights. In response, the Republican majority in Congress had to shelve its traditional policy posture against deficit spending and reorient its position toward what to do with the surplus, somewhat uncharted ground since (in effect) the Jacksonian period of the 1830s. While Republicans pondered their position, the focus of the policy agenda was immediately co-opted by Clinton's fixed position that the recurring surplus should be invested in education, stimulating more growth, and shoring up Social Security. The high public approval rating of Clinton's policies, at the expense of Republican-controlled Congress, was not materially challenged by the lengthy impeachment hearings in 1998.

The economic growth of the 1990s had already begun to slow dramatically by the time that Texas Governor George W. Bush beat Vice President Al Gore in the contested Presidential election of 2000, a defeat attributed more to Clinton's personal scandals and Gore's bland personality than to weakening economic indicators. By 2002 however, after the stock market was shaken by scandals of over-reporting corporate income and with the dual complications of extended military participation in Afghanistan and Iraq, federal revenues began to lag behind already-approved spending levels and deficits again appeared. These became dramatically worsened when very few allies stepped up to assist the United States in bearing the costs of military intervention and the Republican Congress pushed through a major tax cut package in hopes of stimulating the flat private economy. By 2003, annual deficits were projected in the \$400 billion range. In 2004, George Bush ran successfully for re-election on a national security ("9/11") platform that included traditional accusations about the "tax-and-spend liberal Democrats" - perhaps less technically accurate since the Republicans held majorities in both houses. From 2000 to 2005, the federal deficit averaged \$575 billion, and during the 2006 midterm elections, conservative Republicans became more vocal in their dissent from their own Administration's continued deficit spending, above and beyond the escalating costs of involvement in Iraq, and waffled on support of making earlier tax cuts permanent.

## **II. The Acrid Partisan Atmosphere**

The second directional change in the national policy debate was the (re)surfacing of several recurring ideological issues (e.g. flag burning, school prayer, abortion) such that the debate itself (and particularly in Congress) became more partisan with factions hardening rigidly even within each party and personalized, especially through the increased use of investigation and litigation as a tactic for attacking one's policy opponents outside the electoral process. In the accusatory climate that emerged, fed by an increasing tabloidization of the media, the debate over policy was in effect subsumed for over two years (1996-1998) while the Republican Congress, the Independent Prosecutor, attorneys on all sides, and the media wallowed in the investigation of various Clinton scandals, the most serious and most absorbing being the impeachment hearings in the House and trial in the Senate.

When President Bush took office in 2001, the Congressional Republican leadership moved immediately to bring forward the conservative economic and social legislation that had been suppressed by threats of a Clinton veto for eight years. Some

Republicans clamored for ‘political payback’ for their years of minority status in the Congress, especially pressing for the nomination of very conservative jurists for federal bench. But just as that legislative agenda emerged in both houses, spawning even more bitter partisan wrangling, the hot war in Iraq took center stage and an uneasy (and uneven) facade of bipartisan climate emerged, jarred only slightly by the Presidential election campaign of 2004, which returned Bush and the Republican majorities in both houses. Two years later, however, the bi-election of 2006 major voter swings returned slight Democratic majorities in both house of Congress, largely due to swelling dissatisfaction by the moderate middle about the intransigent war posture of the Bush administration. With leadership positions in both houses shifting to the Democrats, the last two years of the Bush Presidency have become decidedly "lame-duck", as would be expected of any two-term President, with the proviso that the Iraq commitment has – with current spending apace in domestic and other budget categories (including earmarks) – pushed the Bush administration to propose large deficit budgets every year.

### **III. The Current Condition**

With the Election of 2008, one could easily argue that "everything has changed", though few observers are confident enough to predict what the result will be. Clearly, the incumbent President and the Congressional Republican leadership were vulnerable to claims of mismanagement of both the Iraq War and several other international and domestic issues, a vulnerability that alone would have presaged Democratic advantage in the Election of 2008. The meltdown of credit institutions and the stock market accentuated the trends of what became a strong Democratic victory. The budget parameters for 2009 are hardly optimistic – economic slowdown that will produce significant unemployment levels and vastly reduced revenues, increased costs of basic safety net programs that will be strained, the continued drain from foreign engagements, and the new "bailout provisions" exceeding \$1 trillion. How does a Congress ‘budget’ in such circumstances? It is tempting to say "as usual" at least procedurally.

Objectives of the course:

As political science analysts, we should not abandon our critical interest in **substantive** discussion of national policy, even if we are in a time of intense foreign military engagement when other policy considerations seem to be suspended. The question before us is whether **constructive and thoughtful analysis** of national policy and the policymaking process is possible even when the Congress seems to not be seriously engaged in developing, marking up, executing, or overseeing any substantive federal policy. The answer is **yes**, since (a) the level of our military engagement in Iraq will eventually subside, leaving us with significant budgetary consequences over the next 10-15 years, and (b) federal policy and the process by which it is considered are continuous. That type of thoughtful analysis will provide us with a firm foundation for evaluating policy and politics in future Congresses.

The focus of this course will therefore be the **policymaking process** itself. We will explore both the technical and the political dynamics of the policy and budgetary processes, particularly the roles played by the President, the Treasury, the Office of Management and Budget (OMB), federal agencies (like the Pentagon), the Congress, and the Congressional Budget Office (CBO). We will also discuss these processes in historical context, and consider the more recent calls for reforming the political process. This is a background course, pure and simple. Its lectures and readings presume you have

a general familiarity with the processes and structures of American national government, but little or no particular understanding of policy issues or the current debate.

**Relevance of the Course:** The background perspective provided by this course is important for the study of any aspect of the national policymaking process, including the Presidency, the Congress, the federal administration, or American foreign policy. It is also critical background for any student interested in pursuing graduate study in American politics, American political history, public law, public administration, or policy analysis, or wishing to enter the public sector.

**Examinations and Paper Assignments:** There will be three *examinations* during the term: one on statutory terminology and concepts and two on executive and legislative roles involving short analytical essays. Each exam counts for 25% of the final course grade and study guides will be distributed before each. Students will also be required to write a one-page *summary essay* related to the required reading (counting 5%), and to complete a *legislative tracking assignment* (worth 20%). Instructions will be handed out in class for each of these writing assignments.

Required Readings: (copies on reserve at Central Desk in Owen Library)

Allen Schick, The Federal Budget; Politics, Policy, Process 3rd edition (paperback) James Savage, Balanced Budgets and American Politics (paperback)

### **Course outline**

**Section I.** The Role of the Executive Branch in the Federal Policy Process. The terminology and patterns of federal budget cycles, budget roles played by the President, the Treasury, federal agencies, and the Office of Management and Budget (OMB) will be examined in this section. Understanding of the structural and procedural dynamics of the budget process will be emphasized.

### **Required Reading:**

Schick, The Federal Budget (entire)

Moe, "The Politicized Presidency"

Starobin, "The Daddy States"

Maggs, "Sorry States"

Hegland, "Learning Subtraction"

**Section II.** Congressional Responsibility in the Policy Process. An ideological and political examination of the various legislative roles played in the budgetary process, including those of Congressional committees, the Congressional Budget Office (CBO), and the General Accounting Office (GAO). Also examined will be questions of "uncontrollable" spending, spending ceilings, "balanced budget" reforms, and the rhetoric that surrounds each. Historical perspective and the dynamics of balanced budget negotiations will be emphasized.

### **Required Readings:**

Savage, Balanced Budgets and American Politics

Ornstein, "The Politics of the Deficit"  
Schick, "Budgeting for Growth"  
Samuelson, "The Good Life and Its Discontents"

Useful links for federal budget data:

[Office of Management and Budget \(OMB\)](http://www.whitehouse.gov/omb)

[www.whitehouse.gov/omb](http://www.whitehouse.gov/omb)

[Government Accountability Office \(GAO\)](http://www.gao.gov)

[www.gao.gov](http://www.gao.gov)

[Center on Budget and Policy Priorities](http://www.cbpp.org)

[www.cbpp.org](http://www.cbpp.org)

[OMB Watch](http://www.ombwatch.org)

[www.ombwatch.org](http://www.ombwatch.org)