The Speaker and the Budget

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5 The Speaker and the Budget

Daniel J. Palazzolo

The Speakers of the House, from Carl Albert to Tom Foley, have faced various challenges in the budgetary process since the passage of the Budget Act in 1974. That act required the Congress to fix budget targets in authorizations and outlays in each of thirteen functional categories for each fiscal year and to reconcile annual authorizations and appropriations to those targets. It created separate budget committees in each chamber and altered the legislative process in an attempt to enforce budget discipline. Some challenges have been defined by the individual Speakers themselves; others have emerged from institutional changes in the budget process, large deficits, and the political context within which budget decisions have been made. Speaker Albert’s primary challenge was to meet the formal guidelines of the new budget process. Under Speaker Tip O’Neill, the task of facilitating the formal procedures of the Budget Act gave way to managing various forms of conflict over budget priorities, representing the House majority party in negotiations with Senate leaders and the president, and acting as a spokesperson for the Democratic party. Speaker Jim Wright used the budget resolution to define the priorities of the Democratic party. Speaker Foley’s major challenge has been to facilitate passage of two major deficit reduction bills, first under a divided government in which opposing parties controlled the Congress and the White House and then under the leadership of President Bill Clinton.

As we have seen in previous chapters, the Speaker of the House is a leader who represents three different interests—institutional, party, and personal. As an institutional leader the Speaker is expected to carry out the duties of presiding officer and facilitate the legislative process in a fair, efficient, and impartial fashion. As the party’s primary leader, the Speaker tries to mediate intra-party conflict over policy preferences, build coalitions in support of the majority party’s position, and assist the president in passing legislation if the president is of the same party as the Speaker. If the president is of the opposite party, the Speaker acts as a national spokesperson and representative of the House ma-
ajority party's interests. Finally, all Speakers have personal interests in representing their electoral constituencies and their own policy preferences. This chapter evaluates the strategies Speakers have adopted to deal with the major challenges in the budget process and discusses how those challenges have affected the Speaker's three major interests.

Looking to the Past:
The Budget Process under Four Speakers

The challenges to leadership in the budget process have made it difficult for each Speaker to balance institutional, partisan, and personal interests. When the interests are incompatible, a Speaker's strategies for dealing with the challenges reveals which of the three interests the Speaker considers most important. The Speaker's strategies, in turn, affect how the budget process operates. Each Speaker's capacity to deal with a challenge depends on how compatible the Speaker's interests are with the challenges. Speaker Albert was ideally suited for facilitating the budget process in its early years, but he was not inclined to use the budget resolution to formulate the majority party's priorities. After 1981, Speaker O'Neill succeeded in blocking attempts by President Ronald Reagan and congressional Republicans to cut domestic spending—but at a cost to the formal procedures of the budget process. Speaker Wright was very effective in using the budget resolution to advance his priorities, but he was accused of acting unfairly to the minority party. Speaker Foley's attempt to reach a bipartisan solution to the deficit problem in 1990 reflected his belief that it was the only way to pass a deficit reduction bill with a Republican in the White House, yet some House Democrats thought he had abandoned the party's principles in the process.

Carl Albert: The Budget Act and the Institutional Speaker

Speaker Albert presided over the first two years of the new budget process, 1975-1976. Albert's central challenge was to help guide the budget process through its formative stages, and his strategies reflected his institutional interest in making the budget process work according to the formal guidelines of the Budget Act. The strategy involved explaining the complex procedures of the Budget Act to participants in the new budget process, organizing the committees for action, and moderating fears about the uncertain potential of the Budget Act. Although his successors would take on more political challenges, Albert played a key role in implementing formal budget procedures at a time
when the success of the new process was by no means certain.

Albert’s final two years in office followed a period of major institutional reform that simultaneously attempted to broaden the participation of the members and integrate the decentralized and fragmented committee system in the House. One objective of the Budget Act was to coordinate the various authorization, appropriations, and revenue decisions made by the Congress. Yet participatory reforms complicated efforts to coordinate legislative activity by opening up the legislative process and allowing more members to participate in key decisions at the subcommittee level and on the floor. The House needed a patient and skillful Speaker to move the House from a long period of committee government to a wide open, but—it was hoped—a more efficient, legislative body.

In transition periods, leaders often struggle to accommodate conflicting expectations about the course and relative speed of change. As Speaker Albert entered his final two years in office, newer members wanted the reforms implemented quickly, while senior members preferred gradual change. Even though Albert tried to accommodate both views, he was not supported wholly by all factions of the Democratic party. Seventy-five first-term Democrats elected in 1974 created most of the Speaker’s problems. These members were intensely independent and eager to participate in the legislative process. The first-term members did not hesitate to complain to Speaker Albert about his failure to initiate creative policy proposals and control committee chairs.

In the context of these major political and institutional changes, Speaker Albert took on the challenge of executing the Budget Act when Congress put the process through its first trial run in 1975. Albert’s action reflected both his personal commitment to the new budget process and his institutional responsibility to assist the House with the formal procedures established by the Budget Act. Fortunately for the new budget process, Albert identified his role and ably performed the functions associated with guiding the process through its formative stages.

One of Albert’s most important tasks was explaining to House members the new budget procedures and purpose of the Budget Act. In early March, after the House was organized to begin the 94th Congress, Albert and Brock Adams (D-Wash.), Chair of the House Budget Committee, met with all the standing committee chairs and Appropriations subcommittee chairs. Richard Bolling (D-Mo.), former representative and a major player in the enactment of budget reform, described the meeting:
Albert did an incredible job of organizing the leadership of the committees for the transition into the new budget process. In 1975, after we organized the committees, he had a meeting of all the committee chairmen with regard to the Budget Act and it was a phenomenal experience. These guys had all voted for it, it had been going on for about six months, and they didn’t know the first thing about the Budget Act. One of them knew a little. So, quite obviously, if it wasn’t for the Speaker there wasn’t going to be any Budget Act. It wasn’t going to last.6

Adams credited Speaker Albert for expanding the purpose and limitations of the new process:

The Speaker was incredibly important in communicating the idea that the [Budget] Committee was not designed to compete with the other committees in the House. He wanted to make clear and carry out the view that the first resolution was a planning tool, a response, an alternative to the president’s budget.7

Albert did not intend to use the budget resolution to challenge the Republican president’s budget or to initiate particular budget priorities. The Speaker’s primary concern was to pass a budget resolution on schedule, an objective he emphasized on the House floor during the first debate on a budget resolution:

Mr. Chairman, I do not take this time to comment on the amendments either pending or prospective. . . . I am not attempting to make a brief for any particular provision or position. Nevertheless, I must assert, as the elected leader of the House, on behalf of this House and the future of the Nation, that it is essential that we pass a budget resolution, and that we finish our procedures within the time contemplated in the act itself. For only by supporting a budget resolution can we continue the development of the vitally important overall budgetary process in this Congress.8

The House passed the budget resolution by a vote of 200 to 196.

Thus, Albert rose to the first major challenge of the Speaker in the budget process: making a credible effort to pass a budget. In Albert’s view, “If we didn’t make it [the budget process] work we were going to be the laughing stock.”9 As the House accepted the responsibility of enacting its own budget, Albert was committed to getting the process started. Albert preferred Sam Rayburn’s style of meeting in small groups or individually with committee chairs. His extensive and cordial relationships with most members enabled him to implement that style effectively.10 Adams credited Albert for guiding the process in its earliest stages: “The Speaker, at that time, was a primary moving
Tip O'Neill: The Emergence of Partisan and Personal Interests

Speaker O'Neill witnessed more changes and encountered more challenges in the budget process than any of the Speakers since the passage of the Budget Act. During the Carter years, House Democrats were intensely divided over budget priorities, and Speaker O'Neill worked to build support for the Budget Committee's resolutions. In 1981, the problem of unifying House Democrats peaked as President Reagan skillfully built a coalition of Republicans and conservative Democrats and wrested control of the budget process from the majority party in the House. After 1982, party unity on roll call votes increased substantially, making it easier for the Speaker to solidify coalitions in support of the Budget Committee's resolution. Yet large deficits, divided government, and intense partisanship created havoc in the budget process. The formal procedures of the Budget Act were substituted regularly by informal, ad hoc arrangements for addressing the deficit. Ultimately, Congress passed a wholesale revision of the Budget Act with the Balanced Budget and Deficit Control Act of 1985 (Gramm-Rudman-Hollings). That law sought to put teeth into the budget process by requiring that if the budget outlay levels were exceeded in broad functional categories of national defense and discretionary domestic spending, the spending spigot would be closed by automatically sequestering funds across the board. This led to intense conflicts over budget priorities. Speaker O'Neill's challenges shifted from facilitating an orderly process to representing and protecting Democratic budget priorities. As the period progressed, the Speaker's partisan and personal policy preferences superseded his institutional interests.

In the late 1970s, O'Neill's institutional and partisan interests were generally compatible. The Speaker continued to stress the importance of passing resolutions on schedule, and since the Democrats had a majority in both chambers and control of the presidency, it was in the party's interests for the institution to perform as expected. But the party was divided along ideological lines. Speaker O'Neill was often quoted as saying that the Democratic party was really "five parties in one. . . . We've got about 25 really strong liberals, 110 progressive liberals, maybe 60 moderates, about 45 people just to the right of the moderates, and about 35 conservatives." 12

O'Neill used two mechanisms for dealing with weak party cohesion—the
Speaker’s task forces and an expanded whip system. Both devices involved more members in the legislative process, improved communication between the members and the leadership, and facilitated coalition building. And both techniques corresponded with O’Neill’s conception of leadership: to provide avenues for broad participation and to recognize the diverse ideological perspectives in the Democratic party. O’Neill used a classic “middleman” leadership strategy to build coalitions among the members of the party. He listened to members and mediated differences between the factions of the party. At the same time, O’Neill maintained an intense commitment to traditional New Deal and Great Society programs. Thus, his two major challenges during the Carter years were to reconcile ideological differences between House Democrats and to balance his personal commitment to preserve traditional Democratic programs with his responsibility to build winning coalitions for the Budget Committee’s resolutions.

O’Neill struggled to keep the party together on numerous occasions. In 1977, the first year of O’Neill’s speakership, the House initially failed to pass the fiscal 1978 first budget resolution. The biggest problem was a mismatch between the priorities of the liberal Democrats on the House Budget Committee and the House Democratic party as a whole. Conservative Democrats disagreed with the Budget Committee’s decision to cut President Jimmy Carter’s defense budget by $4.1 billion. The Budget Committee’s resolution failed, and the House passed an amendment by Omar Burleson (D-Texas) to restore Carter’s original defense estimate. A second attempt at passing the budget resolution succeeded after the Budget Committee redrafted the original budget resolution to include a larger defense budget.

In 1980, congressional leaders worked with President Carter to develop a deficit reduction plan and use reconciliation procedures to enforce spending cuts and tax increases. The budget resolution based on those meetings included $6.4 billion in spending cuts. O’Neill reluctantly accepted the budget resolution, though he did not actively lobby for it, and the House passed the budget resolution with bipartisan support. But after a conference with the Senate produced an increase in defense spending in exchange for more domestic spending cuts, O’Neill publicly denounced the plan, stating, “The budget goes against my philosophy.” The House rejected the conference budget by a vote of 141 to 245.

After Budget Committee Chair Robert Giaimo (D-Conn.), Senate Budget Committee Chair Ernest Hollings (D-S.C.), and President Carter worked out a compromise that reduced defense spending by $800 million and added
$1.3 billion for domestic programs, O'Neill became involved fully in the process. He instructed the Steering and Policy Committee to emphasize that the vote on the compromise was a party issue; he met with deputy and at-large whips to develop a strategy for building support for the budget resolution; he sent a letter to all House Democrats stating that failure to vote for the resolution would discredit the party; and he set up a task force to mobilize support on the floor. The House approved the conference report by a vote of 237 to 161.

One year later, the political climate changed dramatically and so did the Speaker's ability to build a winning coalition in support of the Budget Committee's first budget resolution. In 1981, President Reagan rode the wave of a convincing electoral victory that gave the Republicans control over the Senate and a gain of thirty-four House seats. The president exploited the divisions within the House Democratic party, and recruited southern Democrats to join with House Republicans to pass four major budget bills: the fiscal 1982 first budget resolution; an omnibus reconciliation bill including major cuts in domestic programs; a three-year tax plan providing tax breaks for individuals and depreciation allowances for businesses; and additional spending reductions in an omnibus appropriations bill. We will focus on the passage of the first budget resolution, which illustrates the Speaker's strategy for dealing with a fractionalized party and allows evaluation of his performance as a party leader in a divided government.

In the early stages of the budget process in 1981, O'Neill's strategy reflected his middleman style of leadership and his institutional responsibility as Speaker. The strategy was to accommodate as many members of the party as possible so that the House Budget Committee could pass a Democratic budget that offered a reasonable alternative to the president's budget. O'Neill placated conservative Democrats who sought more representation on the Budget Committee and significant increases in defense spending. Meanwhile, O'Neill operated under the assumption that while the president was popular, his election was based more on the public's dissatisfaction with Carter than on a mandate for Reagan's conservative economic philosophy. O'Neill thought that the president deserved a fair opportunity to make a case for his program, but the Speaker assumed that the public would reject Reagan's proposals to cut government programs. O'Neill took a low profile in the early stages of the budget process. Rather than publicly attack the president, he contacted interest groups, requested committees to study Reagan's budget proposals, encouraged the media to expose the specific programs Reagan planned to cut, and pro-
moted a floor amendment by Bill Hefner (D-N.C.) that would add $6.6 billion to the Budget Committee’s estimate for defense spending.17

Yet when the House voted for the first time ever to reject the House Budget Committee’s resolution and proceeded to approve the president’s plan, House Democrats criticized the Speaker’s strategy.18 Liberal Democrats complained that Phil Gramm (D-Texas) should never have been appointed to the Budget Committee. Gramm had deserted the party and worked with David Stockman, director of the Office of Management and Budget, and Delbert Latta (Ohio), ranking Republican on the Budget Committee, to develop an alternative to the Budget Committee’s resolution. Other Democrats criticized O’Neill for taking a trip to Australia for two weeks while Reagan was developing public support for his budget. Budget Committee Chair Jim Jones (D-Okla.) was startled when on his return O’Neill announced that public opinion in favor of the president was so strong that it was not worth fighting against the president’s plan. Finally, many Democrats wondered why the Speaker did not appoint a task force to build support for the Budget Committee’s resolution.

In retrospect, most of the charges were hurled in frustration and were exaggerated. Gramm was appointed to the Budget Committee on the promise that ultimately he would support the party leadership. When Gramm broke his promise and began working with Stockman he was barred from attending the Democratic Budget Committee caucus meetings. O’Neill’s trip to Australia was planned two years before the budget was taken up by the House. Finally, a task force seemed unnecessary in this case, because members had already made up their minds prior to the vote.19

It was probably a valid criticism of O’Neill to complain that he conceded victory to Reagan before the budget even reached the floor. Part of the Speaker’s role as the opposition party leader is to defend his or her party’s position. Even in the face of defeat, the Speaker would have better served the party by publicly supporting the Budget Committee’s plan. O’Neill himself later admitted that he had underestimated the president’s popularity and ability to generate support for his program. He said he “wasn’t prepared for what happened in 1981.”20 Still, one could argue reasonably that O’Neill’s apparent blunders only became significant within the broader context of Reagan’s impressive electoral victory, popular economic plan, and effective White House operation. Reagan’s grassroots lobbying campaign was particularly successful in recruiting the votes of southern Democrats from districts in which Reagan ran ahead of Carter in the 1980 election.21
For Speaker O'Neill, 1981 was a defining moment in terms of how he would approach budget politics. He would no longer trust the president, and he perceived budget politics as a battle over fundamental principles. As Democratic party unity improved in the 1980s, the challenge of passing budget resolutions on the floor was replaced by efforts to define the party's priorities and protect traditional Democratic programs from being cut in the midst of large deficits. O'Neill continued to play the middleman role, but his main personal objective was to block further domestic spending cuts, even if it meant stalling the process altogether. A top staff member of O'Neill's reflected on the Speaker's commitment to maintain and, when possible, to restore the programs Reagan sought to cut:

It is a tribute to O'Neill's management of the process, that under extraordinarily adverse circumstances, when all the pressures were to cut and to get people to vote for programs to help poor people was impossible, he managed to build them back up. . . . He would literally hold up final agreement on a reconciliation bill over one AFDC provision or one Medicaid provision. 22

Several examples illustrate the point. In 1982, O'Neill used his scheduling powers to oppose an omnibus reconciliation bill similar to the one passed by the House in 1981. When House Republicans sought a rule to block floor amendments to the reconciliation bill, O'Neill said, "We're not going to allow ourselves to be put in that position again." 23 O'Neill announced, for example, that the Post Office and Civil Service Committee was not bound to follow instructions in the first budget resolution to make a 4 percent cap on cost-of-living adjustments (COLA) to civil service pensions. When the committee ignored the instructions, O'Neill said the spending cut could be achieved if the House voted for a separate amendment on the floor. The House approved a rule that would allow the Republicans to restore the cut, but the Republicans decided against the amendment, fearing the adverse political consequences of proposing a reduction in a popular entitlement.

In 1983, as the government was on the verge of shutting down for lack of appropriations by Congress, O'Neill held hostage a continuing resolution in order to pass a $98.7 million package of social welfare benefits. O'Neill exalted: "We showed them that we had a definite means of being able to stop the further cutting of the safety net." 24

In 1984, O'Neill blocked a Senate Republican plan to impose caps on both domestic and defense spending. O'Neill described the purpose of the Democratic strategy in reference to attempts to cut Democratic programs: "We want
to stop the course of the [Reagan] administration. We’re trying to stop them from turning back the clock." 25 The conference deliberations remained deadlocked until the Congress was forced to pass an extension of the ceiling on total federal debt. As part of the compromise to pass the debt ceiling, the conferees agreed to drop the caps in the reconciliation bill.

In 1985, the House and Senate were deadlocked for two months over the Senate’s provision to freeze COLAs for social security at the prevailing rate of inflation. O’Neill publicly announced, “I am bitterly opposed [to the cap on the COLA for social security] and I will so notify and instruct my conferees.” 26 Later, President Reagan asked if O’Neill would accept a cap on the COLAs in exchange for a reduction in the defense budget; O’Neill recalls responding, “I can’t go along with this reduction on the COLAs. You can be assured that it’s never going to go through the House.” 27 Ultimately, the president agreed with O’Neill that the COLA should be retained, and the Speaker won another victory in blocking Republican efforts to cut social security benefits.

By placing partisan policy objectives over formal procedures, O’Neill helped to perpetuate the delays and breakdowns that had become a standard feature of budget process during the 1980s.

Jim Wright: Policy Commitments and Partisanship

If O’Neill’s major challenge was to protect and defend traditional Democratic programs, his successor, Wright, sought to propose and advance budget priorities. 28 As one Budget Committee staff person remarked, Wright was an “unrelenting activist” in the budget process. 29 Wright’s aggressive leadership style served him well in formulating the fiscal 1988 first budget resolution. At the beginning of his first year as Speaker (1987), Wright defined the challenge—to reduce the deficit and shift priorities from defense to domestic social programs. Yet before the year ended, Speaker Wright experienced the limitations to activist, policy-oriented leadership in the House. And, while Wright was very effective when the conditions called for decisive action, he was criticized for acting too hastily in situations that required patience. 30

Wright ascended to the speakership in 1986 under conditions that appeared to be favorable to “strong, policy-oriented leadership.” 31 The Democrats had just recaptured the Senate in the 1986 elections, House Democrats were demonstrating unprecedented levels of party cohesion on roll call votes, and President Reagan was damaged publicly by the Iran-Contra scandal and the lame-duck status typically associated with a president’s final two years in office. The new Speaker took advantage of those conditions by leading the House Budget
Committee to formulate a budget resolution that attempted to reduce the deficit and shift spending priorities from defense to domestic programs. Wright’s package included an $18 billion increase in tax revenues, an $18 billion cut in defense spending, and $1.45 billion in new spending for domestic social programs.

Never before had a Speaker used the budget process as an instrument for defining his own agenda, let alone a budget that included tax increases. Many House Democrats were skeptical about proposing a tax increase while President Reagan promised to veto any bills that increased taxes. But Wright believed that revenue increases were necessary in order to meet the deficit ceiling of $108 billion for fiscal year 1988 under the Gramm-Rudman-Hollings law. At the same time, he wanted the party to endorse new spending for welfare reform, health care for the elderly, homeless assistance, AIDS research, drug prevention, and job training. Wright personally lobbied Budget Committee Democrats and the Democratic Caucus to support his budget priorities. The budget passed with a straight party-line vote in the Budget Committee and was approved by the House by a vote of 230 to 192, with all the Republicans and only nineteen Democrats voting against the resolution.

As the budget resolution moved on to further stages of the budget process, Wright’s objectives were to preserve the major provisions of the House-passed budget resolution and to keep intact the coalition of Democrats who passed the resolution. The Speaker was only partially successful. Wright’s budget was modified in conference deliberations with the Senate and was altered significantly by the reconciliation process and in negotiations with the president.

The first crack in Wright’s coalition came during conference deliberations with the Senate, though his priorities generally survived. The main controversy was over defense spending. The Senate’s budget resolution included about $13 billion more for defense spending than the House, and liberal Democrats in the House were decidedly against the Senate’s defense figure. After several weeks of negotiations, Speaker Wright and Senate leaders agreed to a budget resolution that contained a contingency clause for the defense budget. The budget would include the Senate’s defense recommendation under the assumption that the president would sign a bill containing $19.3 billion in new tax revenues. The House approved the conference plan, but by a much narrower margin than the original budget resolution. The vote was 215 to 201, as thirty-four Democrats voted against the conference version of the resolution.

Wright’s budget package began to unravel when the House took up the reconciliation bill that would attempt to translate the recommendations of the
budget resolution into law. The reconciliation bill consisted of $23 billion in
deficit reduction, with roughly half coming from spending cuts and half from
new taxes. The bill also contained a package of welfare benefits, the so-called
Downey package, that embodied Wright's priorities in the original budget
resolution. The package, including a measure that would require states to ex­
tend eligibility for the Aid to Families with Dependent Children (AFDC) pro­
gram to two-parent families in which the primary wage earner was unem­
ployed, would cost the federal government $148 million in fiscal year 1988 and
$1.7 billion over three years. Southern Democrats objected to the mix of taxes
and spending cuts in the reconciliation bill plus the AFDC mandate on the
states. Buddy MacKay (D-Fla.), described the problem for southern Demo­
crats: "It's [the reconciliation bill] got two lightning rod issues [taxes and wel­
fare]; both of which are career threatening in the South...."33 Wright suf­
fered his first major defeat when the House defeated the rule on the
reconciliation bill by a vote of 203 to 217; forty-eight Democrats (thirty-two
from the South) voted against the bill.

The aftermath of this vote is described in Chapters 4 and 11. By forceful
action Speaker Wright was able to reverse his defeat and pass the budget.
However, the original package was compromised even further by a budget
summit agreement between the president and Congress. The summit pro­
duced a two-year budget plan, including a total of $76 billion in deficit
reduction, that set the guidelines for the final reconciliation bill and the omni­
bus appropriation bill for fiscal year 1988. As the curtain closed on Speaker
Wright's first year, he found himself relying on Republican votes to pass
both of those bills.34 And, though he succeeded in getting President Reagan
to sign a bill that raised $9 billion in taxes, it was half of what the
Speaker originally wanted.

Speaker Wright deserves credit for taking on the challenge of trying to raise
taxes to reduce the deficit and defining a Democratic agenda during the final
two years of the Reagan administration. Yet his aggressive style was not always
consistent with the expectations of House members. The results of Wright's
activist leadership reflect both the impressive potential of the Speaker's office
and the limitations to strong, policy-oriented leadership in the House.

Tom Foley: Balancing Institutional and Partisan Interests

Compared with Wright and O'Neill, Foley has been a much less partisan
Speaker. He has not yet attempted to push his own policy agenda, and he has
not engaged in the sort of partisan combat waged by his predecessors. Foley

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expressed reservations about the partisan element of the opposition party leader role that he assumed during the Bush administration: “I was not elected primarily to be the campaign manager of the next Democratic President. I don’t see my job that way.” 35 House Democrats have occasionally criticized Foley’s nonpartisan style, which seems out of context in the highly partisan, contentious atmosphere that has pervaded budget politics. Foley acknowledges and ignores his critics: “There are people who think I should be more partisan, should be more aggressive, should be more combative. More hard-edged. . . . I don’t tend to agree with them.” 36 Thus, Foley’s speakership has restored an interest in institutional leadership combined with a weaker commitment to partisan interests, and what appears to be almost no interest in pursuing personal policy preferences.

Speaker Foley’s major challenges in the budget process have been to help pass the two largest deficit reduction plans in history. In both cases he has acted as a consensus builder rather than an advocate for a particular set of priorities. After Foley suffered an embarrassing defeat on the 1990 bipartisan budget summit agreement, he helped to pass a Democratic-sponsored budget and reconciliation bill later that year. In 1993, he served as an able lieutenant of President Clinton’s budget plan and reconciliation bill in the House. He also played an instrumental role in lobbying House Democrats to support the conference version of the reconciliation bill.

In January 1990, President George Bush submitted a budget that recommended $36 billion in deficit reduction to meet the Gramm-Rudman-Hollings deficit ceiling of $64 billion for fiscal year 1991. By April, however, as the House Budget Committee deliberated over the first budget resolution, OMB Director Richard Darman announced that the administration had underestimated the size of the deficit, and at least $50 billion more in spending cuts or revenue increases would be needed to avoid sequestration. Despite Darman’s warning, Budget Committee Democrats decided to stick with Bush’s original budget assumptions and wait for the president to recommend a way to achieve the additional $50 billion in deficit reduction. Speaker Foley expressed the position of House Democrats, who were unwilling to let the administration off the hook: “The first action has to be taken by the president. First, with the president, then with us.” 37

Recognizing that a sequestration order of at least $50 billion would force deep cuts in defense spending, President Bush called a meeting with congressional leaders on May 6 to talk about a process for negotiating a deficit reduction deal with “no preconditions.” Just three days later, however, Bush’s Chief
of Staff John Sununu stated that “no preconditions” meant the Democrats could propose new taxes if they wanted. Sununu’s statement confirmed the suspicions of House Democrats who believed Bush’s invitation to negotiate with House leaders was a political ploy to get the Democrats to initiate a tax increase as part of a deficit reduction package. While Foley was open to negotiations with the White House, many House Democrats distrusted Bush and Darman and were opposed to bipartisan talks. The leadership decided to adopt a “go slow” strategy in which Foley insisted that the president must publicly acknowledge the need to increase taxes before the Democrats would go along. This strategy gave Bush an opening to accept a tax increase without alienating House Democrats.

On June 26, after weeks of ambiguity about the president’s intentions to revoke his campaign pledge of no new taxes and propose a tax increase, Speaker Foley told Bush: “If you issue this statement [on the need for taxes] we’ll agree with it.” Following the meeting, Bush made a televised address stating the need to increase revenues as part of a deficit reduction plan, and Foley backed the president at a press conference following the speech. The Speaker said the Democrats were not interested in scoring political points for persuading the president to abandon his “read my lips, no new taxes” campaign pledge. Foley stated, “I think it’s important that neither political party attempt to make political capital out of serious bipartisan efforts to reach a budget agreement.”

From that point, the budget moved sluggishly through a series of summit meetings involving congressional leaders and White House officials. After failing to reach agreement in August, a group of twenty-three lawmakers took refuge for ten days of private talks at Andrews Air Force base in early September. But a dispute over the president’s proposal for a capital gains tax cut undermined chances for a final agreement. As the beginning of the fiscal year approached (October 1), and the threat of an $85 billion sequester became more likely, bipartisan talks continued in Speaker Foley’s office, this time with a much smaller group of eight people. On September 30, the group reached a budget agreement that would be debated and voted on by the House. It was a five-year, $500 billion deficit reduction package that reduced discretionary spending by $182.4 billion, cut Medicare by $60 billion, and raised $163 billion from a host of excise taxes, including gasoline, tobacco, alcohol, and luxury items.

But the leaders of the summit recognized that the compromise agreement faced an uphill battle from the day it was announced. President Bush admitted,
“Sometimes you don’t get it the way you want, and this is such a time for me.” Speaker Foley noted, “This isn’t the kind of thing the political system wants to go racing out in the streets [about] and saying, ‘Joy! Joy!’” 41 It did not take long for members to attack the budget and the process used to formulate it. Members of both parties condemned the closed, secretive talks of the summit that prohibited them from having any input. Conservative House Republicans, led by Minority Whip Newt Gingrich (R-Ga.) argued that the plan included too many taxes and would stifle economic growth. Liberal Democrats complained that the excise taxes were regressive and that reductions in the earned income tax credit, delays in unemployment benefits, and increases in Medicare deductibles and premiums were unfair.

Nevertheless, the leaders of both parties attempted to garner a majority of members from their respective caucuses. On the Democratic side, early whip counts showed very little enthusiasm for the budget. Speaker Foley tried to persuade committee chairs to vote in favor of the budget resolution on the premise that they could change specific aspects of the plan in the reconciliation process. He made the same appeal to the Democratic Caucus on the morning of the vote. Finally, in a dramatic end to a long day of debate on the floor, Foley spoke to the House. He described the problem of large deficits; he urged members to look beyond partisan politics; and he reminded them again that passing the budget resolution was only the beginning of the process. Foley stated: “The president said today to me, and I repeated to the press, that it was our conviction . . . that many of the policies established in the budget agreement were for illustrative purposes only, and that the legislative committees had the right as well as the obligation to consider alternative policies to achieve similar savings.” 42

Despite the Speaker’s efforts, the House rejected the budget resolution by a vote of 179 to 254. Foley’s strategy of trying to mobilize the committee chairs was unsuccessful. Only fourteen of the twenty-seven Democratic committee chairs and only seven of the thirteen subcommittee chairs of the Appropriations Committee voted for the budget. His plea to pass the budget resolution so that the House committees could work out the details of the deficit reduction plan alarmed House Republicans, who believed the reconciliation bill would be even less appealing to them than the budget resolution. Once it was clear that a majority of Republicans would vote against the plan, previously undecided Democrats also had reason to vote against it.

Some Democrats saw the vote on the budget resolution as a referendum on Foley’s leadership. Foley’s critics charged that he was too willing to compro-
mise the party’s principles in order to close a deal with the president. Liberal Democrats, in particular, were surprised that the Speaker expected them to vote for a bill that contained severe cuts in social programs and regressive taxes. The fact that they were not consulted in the process added insult to injury.

Yet Foley believed the vote was as much a failure of bipartisan cooperation in an era of intense partisan politics as a failure of his leadership strategy. The Speaker knew it would be difficult to sell the package to House Democrats and he personally did not like all aspects of the summit package. But he also knew that a strictly Democratic alternative would not have passed in the Senate. The Speaker thought if the Republicans could produce a majority on their side, then a majority of House Democrats would also go along, if only because they feared that voters would be even more angry if they had done nothing.43

In the last analysis, although Foley lost the battle over the summit budget, he helped to win the war for the Democrats. House Democrats were able to regroup and pass their own budget resolution just three days after the summit agreement failed. The new plan stripped many of the controversial provisions in the summit bill and turned over the legislative details to the committees. Throughout the next month, as Democrats from both chambers worked through conference negotiations, Foley played an essentially mediating role between House and Senate Democrats. Eventually the Congress and the president agreed to a budget that included a 3 percent increase in the highest marginal rate of taxation; excise taxes on alcohol, fuel, and tobacco; caps on discretionary spending; and much less severe cuts in Medicare than the summit budget had called for. During the process, Democrats painted Republicans as the party of the rich, unwilling to raise the top rate for individual income earners, a theme that Clinton would repeat in the 1992 presidential campaign. Meanwhile, Bush was unable to rebound from his decision to violate his promise not to raise taxes. Ironically, Speaker Foley, who said the Democrats would not turn the president’s decision to raise taxes into a political game, played an important role in persuading the president to revoke his promise, and once Bush endorsed a tax increase, the game was on.

When Clinton was elected president, Speaker Foley’s role changed from representing Democrats in negotiations with the administration to delivering votes for the president. In 1993, the Speaker participated in a coordinated lobbying effort with the White House to attract wary Democrats to vote for a $496 billion reconciliation package of taxes and spending cuts. Up until the day before the vote, the leadership appeared to be short of the necessary ma-
jority to pass the bill. Conservative Democrats wanted more spending cuts and fewer tax increases, and they sought a cap on entitlement spending. House Democrats were also worried that the proposed energy tax would be changed in the Senate, which was scheduled to meet after the floor vote in the House. After House leaders agreed to a provision to control entitlements and a promise by the president to reduce the energy tax and cut more entitlement spending, the House passed the bill by a vote of 219 to 213. As part of an intense lobbying effort by the White House, the Speaker helped to cool tensions within the party and persuaded members to support the bill, but the key decisions regarding the content of the final package ultimately were made by the president.

The Speaker performed a similar role when the House considered the conference version of the reconciliation bill. Securing approval of the conference bill was difficult because of the slim margin of victory on final passage of the House bill, the unanimous opposition of Republicans, and differences between the House and Senate bills. The conference provided recalcitrant members with an opportunity to shape the final details of the budget package before it was sent to the president, and they made the most of this opportunity.44

For members who disagreed with the conference bill, the Speaker explained that there was no viable alternative and that the consequences of defeat—a failed Democratic presidency and a shock to financial markets—were too onerous to bear. Yet neither the conference bill nor the arguments made by party leaders were enough to ensure victory. As the floor votes on the conference bill neared, passage of the bill remained in doubt. In an effort to persuade wary Democrats to vote for the bill, President Clinton signed two executive orders that ostensibly made a firmer commitment to deficit reduction (a deficit reduction trust fund and an entitlement review in the event that spending exceeded the targets in the plan) and engaged in a final round of last minute deal-making that included a promise to send Congress more spending cuts in a few months. Meanwhile, party leaders engaged in extensive lobbying efforts to pass the bill and promised members the opportunity to amend the president's next budget package, including amendments that would cut entitlements and discretionary spending and call for a constitutional amendment to balance the budget.45 The bill ultimately passed by a slim two-vote margin, 218 to 216.
Looking to the Future:
The Speaker and the Budget Process

The Speaker's strategies for dealing with future challenges will depend on prevailing conditions and the individual Speaker. The 1994 midterm elections produced the first Republican majority in forty years, a new Speaker of the House, Newt Gingrich (R-Ga.), and a return to divided party government. The Republicans are expected to be unified and eager to govern. In the near term, if previous patterns of divided government hold, we can expect Speaker Gingrich to play a leading role as the spokesperson of the House majority party. At the very least, the Republicans will propose a constitutional amendment to balance the budget, a key ingredient of the party's "Contract with America." Gingrich and the Republicans should also challenge the basic priorities of Clinton's budgets: the Republicans are especially likely to clash with Clinton over tax policy and the level of defense spending. Gingrich and the supply side wing of the House Republican Party will also need to deal with fiscal conservatives on the Senate side. Majority Leader Bob Dole and Senate Budget Committee Chair Pete Domenici appear to be more concerned with the budget deficit then offering a tax break.

As a party leader, one of Gingrich's primary challenges will be to handle criticism from Democrats about how Republican spending and tax priorities square with a promise to balance the budget. Gingrich will also need to determine how actively to engage in the budget committee's deliberations over the budget resolution. And he will need to decide if and when to engage in budget negotiations with the White House, and how to represent Republicans in those negotiations. Yet his biggest challenge might be adapting to the role of institutional leader. Gingrich has displayed a tendency to be abrasive and confrontational, a style more conductive to a minority party leader than a Speaker. As the Speaker, Gingrich has a responsibility to the House, as well as to the Republican party. Like all speakers, Gingrich will struggle to balance party goals with procedural fairness. The manner in which Gingrich attempts to balance these competing interests will define his role in the budget process. The challenge for Gingrich might be particularly important as a restive public judges the performance of the new House majority party.

Notes
1. For this passage on Speaker Albert's role in the budget process, the author consulted Daniel J. Palazzolo, The Speaker and the Budget: Leadership in the Post-Reform
2. An increase in floor amendments illustrated how eager members were to participate in the process. Steven S. Smith, Call to Order (Washington, D.C.: Brookings Institution, 1989), chap. 3.


6. Richard Bolling, interview by author.

7. Brock Adams, interview by author.


18. For the following account of O’Neill’s problems in 1981, the author consulted Palazzolo, The Speaker and the Budget, 100-103.


22. Interview by author.


27. Tip O’Neill, interview by author.


29. Interview by author.

30. For a full description of Wright’s leadership role in the budget process, see Palazzolo, The Speaker and the Budget, chap. 6.


32. See Palazzolo, The Speaker and the Budget, 177-186.


34. The appropriations bill passed 209 to 208, with Democrats voting 116 to 128 and Republicans voting 93 to 80. The reconciliation bill passed 237 to 181, with Democrats voting 193 to 51 and Republicans voting 44 to 130.


36. Ibid., 70.


39. Ibid., A4.


45. See Hager and Cloud, “Democrats Tie Their Fate to Clinton’s Budget Bill,” 2111-2129.

46. In 1979, Speaker O’Neill directly challenged President Carter’s proposals to cut spending in domestic programs, stating: “I’m not going to allow people to go to bed hungry for an austerity program. . . .” Alan Berlow, “Coalitions Forming in Congress to Fight for Restoration of Social Program Spending,” Congressional Quarterly Weekly Report, Jan. 27, 1979, 126.