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Deficit reduction in the U.S. Senate: the search for moral leadership in the budget process

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Deficit Reduction in the U.S. Senate

The Search for Moral Leadership in the Budget Process

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I pledge that I have neither given nor received unauthorized assistance during the completion of this work.
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ABSTRACT

Contemporary deficit reduction and fiscal responsibility are central to the economic well-being of future generations as well as their ability to freely decide their own policy priorities. Many scholarly publications and popular commentary on budget policy describe the obstacles to deficit reduction and political leaders’ unwillingness to address the nation’s long-term fiscal problems. However, current discussions of budget deficits and the national debt have not been informed by a comprehensive empirical analysis of attempts to reduce the deficit. This thesis examines all deficit-affecting floor amendments to budget legislation from 1975 to 2005 in order to assess whether the bleak account of leadership described by many is true.

It finds that, contrary to the conventional wisdom, leaders have made many attempts to reduce the deficit by a substantial margin, although their efforts have often been stymied by the lack of policy consensus. Democrats are closely split between tax increases and spending cuts while Republicans overwhelmingly favor spending cuts to reduce the deficit. To the extent that the parties’ other policy priorities have displaced the desire for balanced budgets, the norm has been displaced only recently. The thesis then looks at the strategies that three Senators – Pete Domenici (R-NM), William Proxmire (D-WI), and Russell Feingold (D-WI) – have employed in attempting to reduce the deficit. In light of the three entrepreneurs’ strategies, the thesis considers the potential efficacy of moral arguments in developing recognition of the problem and building policy consensus on how to address it. While moral arguments cannot substitute for substantive policy compromise or mutual trust, they vividly frame the problem, have cross-ideological appeal, and can facilitate policy compromise.
Undertaking this honors thesis has been an immensely rewarding — and challenging — way to conclude my undergraduate experience. Its completion presents the opportunity to express my appreciation to the many people who helped me throughout the course of the project. When I arrived on campus three and a half years ago, I never could have imagined the extent to which faculty have helped me realize my professional aspirations and desire for intellectual and moral growth. Their dedication is a testament to the value of a liberal education.

First, I owe an extensive debt of gratitude to my Honors Thesis committee. From the very beginning of this project — and through innumerable rounds of drafts — they have pushed me to develop and refine my arguments, make my claims precise and coherent, and draw conclusions about the challenges elected leaders will face in the 21st century. I did not have the opportunity to know Dr. Thad Williamson before he volunteered to become my advisor; his willingness alone to take on my project is a tribute to his commitment to students and intellectual flexibility. Thad has done a remarkable job facilitating cooperation among members of the committee. And he has always reminded me to see the moral implications of decisions on fiscal policy.

Dr. Daniel Palazzolo has very much taken on the role of my undergraduate mentor and embodies the role that faculty should play in students’ lives at a liberal arts college. From the beginning of my undergraduate experience, he has helped me achieve my goals. Indeed, he helped me secure the very internship at the Concord Coalition that sparked my interest in fiscal policy and intergenerational equity. I have also profited from his exceptional expertise in courses ranging from Research Methods to Legislative Process and my senior seminar. For this project, he has gone far above and beyond the call of duty. From the independent study that formed the basis of the research to the multiple rounds of drafts which he methodically read and critiqued, his commitment is unparalleled. Dr. Palazzolo has even played a part in the next step of my education, writing one of my recommendations for law school.

Dr. Rick Mayes’ is officially only a reader on my committee, but this title belies his contributions to both the project and my personal development. His unparalleled knowledge has enriched my understanding of the extremely technical aspects of health policy and the
counterintuitive effects it often generates. Dr. Mayes also wrote a recommendation for me and persistently asked if I had yet made the “right choice” to attend his alma mater, the University of Virginia. (I have!). Dr. Mayes has impacted my life in a much larger way, however. In our conversations and though our independent study’s expedition to rural Peru, Dr. Mayes has greatly shaped my developing faith. I cannot claim to have sorted out all my beliefs and may never do so, but Dr. Mayes has truly inspired me to tackle life’s big questions. Dr. Mayes’ contributions reflect his understanding that liberal learning involves more than papers and readings, but also asking the difficult questions that lead to moral growth.

I also extend many thanks to other faculty members who, while not directly involved in my thesis, have helped me in important ways. Dr. Joseph Essid, also a law school recommender, pushed me to refine my writing skills and has given me invaluable opportunities assisting others to do so as a Writing Fellow. Drs. Ana Mitric and Ellis West have also scrupulously reviewed and critiqued pieces of my writing; their thoughtful and direct comments have enabled me to articulate my arguments in a much more succinct and precise way. And Dr. Jennifer Erkulwater has empathized with my frustrations as I have matriculated through the Honors track, putting the experience into much-needed perspective and offering advice on my acknowledgments. Dr. Erkulwater is an example of a professor who cares about her students as people and empathizes with them, while still challenging them intellectually. Her students would be well-served to take advantage of her tireless dedication to improving their critical thinking, writing, and speaking skills.

My family has been an unending source of support throughout the project, my college experience, and my entire life. My Dad, Stepmother, and Uncle Dave have always challenged me to push myself to my limits. And my Mom has unfailingly seen me in the most optimistic light possible. The other members of my family, too, have been unquestioningly dedicated to my academic, professional, and personal pursuits.

A legislature that cannot make tough, sensible budgetary decisions cannot govern, cannot wield its quintessential power of the purse, and cannot shape national programs and national priorities.

—Richard F. Fenno Jr.

Legislators’ budgetary decisions constitute a puzzle for congressional observers. On the one hand, scholars note that a balanced budget is a peculiar fascination for American politicians and voters. These scholars describe a commitment to a so-called balanced budget norm prevalent among legislators. Yet deficits have persisted through much of the post-World War II era. Some political scientists even regard the nation’s fiscal imbalance as an intractable political problem. Some attribute this inability to act to political and institutional obstacles, while others go further to describe political leaders and constituents as apathetic. The size, duration, and structural nature of contemporary deficits and continued entitlement commitments have the potential to hinder the well-being of future generations. Deficit reduction and long-term fiscal responsibility are thus critical issues for leadership scholars and political scientists alike.

This thesis considers how elected leaders have addressed intergenerational policy dilemmas by analyzing the priorities of legislators in the budget process. Specifically, to what extent have U.S. Senators attempted to reduce projected budget deficits by proposing amendments to increase taxes or cut spending? The conventional wisdom suggests, “not very much.” Scholars cite electoral incentives, partisan differences, politicians’ apathy, and particularistic interest groups as reasons for the nation’s long-term fiscal problems. As a result of the obstacles they identify, some scholars go as far as to question Congress’s capacity to
address long-term problems. Others posit that “dissensus” between members on how to reduce the deficit accounts for the persistence of fiscal imbalance. Yet contrary to this bleak account, preliminary evidence indicates that leaders have successfully used the budget process to enact politically difficult deficit reduction packages on several occasions and attempted to do so many other times. Thus far, the extensive scholarship describing elected leaders’ constraints has not been informed by a comprehensive empirical analysis of attempts at deficit reduction. This study fills that void by tracking all deficit-affecting amendments and procedural motions to budget resolutions and reconciliation bills in the Senate since the 1974 Budget Act.

Tracking all deficit-affecting floor amendments enables scholars to explain patterns of amendment activity and identify leaders who have acted contrary to the conventional wisdom’s expectations. Explaining these patterns and trends has significant implications for how scholars view leaders’ failure to balance the nation’s books. Specifically, is the failure rooted in leaders’ apathy? Or is a lack of consensus about how to reduce the deficit responsible? Before leadership failures can be remedied, one must pinpoint the nature of the problem. Additionally, identifying and examining legislators who have made deficit reduction a top policy priority advances scholars’ understanding of the role of individual leaders in the U.S. Senate and in the budget process. How can such policy entrepreneurs influence the direction of fiscal policy in a way that fulfills – or, at least comes closer to fulfilling – leaders’ obligations to those who live now and those who will live in the future?

Ultimately, this thesis examines the possibilities for and limits to moral leadership in the congressional budget process. This chapter begins to answer this question. First, it outlines the nature and scope of the current fiscal problem. Second, it explains why this massive fiscal gap is morally problematic. Third, the chapter reviews literature describing leaders’ constraints. Fourth,
the chapter outlines how the budget process facilitates the emergence of leadership in the Senate. Finally, the chapter describes the study’s methodology.

"IF SOMETHING IS UNSUSTAINABLE, IT TENDS TO STOP"\(^{11}\)

Elected leaders in the U.S. Senate today face difficult decisions with far-reaching consequences. In budgeting, legislators decide between competing goals and groups competing for scarce resources. Leaders’ decisions on where to allocate the benefits and costs of fiscal policy reflect their values. White and Wildvasky observe, “Budgeting involves meeting obligations, keeping promises. It involves choices about values, about which purposes are of highest priority … Most of all, tax and spending decisions involve real people with real pain and real benefits.”\(^{12}\) But this description is not adequate, for budgeting possesses a *longitudinal* element as well as a *cross-sectional* one. Current decisions affect, for better or worse, future generations’ well-being. But presently-living generations exert direct accountability on leaders through elections; conversely, those who will live in the relatively distant future, by definition, have no capacity for electoral representation.

Leadership on the nation’s fiscal policy deserves particular attention because of its impact on future generations’ welfare. Budget policy distributes costs and benefits among groups of people living now and who will live in the future; elected leaders decide where the burdens and benefits of fiscal policy will fall. Within a single generation, leaders might impose taxes on the wealthy in order to provide unemployment compensation for those between jobs. And between generations, current revenues might be poured into social investments such as education or infrastructure. However, much of contemporary fiscal policy works in the opposite way: providing benefits now and deferring costs into the future. The current intergenerational fiscal problem manifests itself in three ways. First, a large fiscal imbalance has resulted from an
insufficient tax base and increases in un-offset discretionary spending. Second, entitlement programs have caused a loss of control over spending; the loss of spending control has hindered efforts to remedy the imbalance. Third, demographic trends in the 21st century have the potential to exacerbate the fiscal imbalance and loss of spending control.

The U.S. faces a massive contemporary fiscal shortfall. Conventional calculations of fiscal shortfalls are bleak. The national debt continues to mount; current debt exceeds $8.5 trillion. The Congressional Budget Office baseline, which assumes that current tax cuts will expire, estimates that the national debt will reach $10 billion by 2009. Although a growing economy and the scheduled expiration of Bush’s tax cuts might bring the budget into balance in the short-term, one should not assume that: first, the economy will necessarily continue its current rate of growth; second, all of Bush’s tax cuts will expire; or third, other pressing issues such as reform of the alternative minimum tax (AMT) will not produce still more revenue losses.

Recent trends in fiscal policy give little reason for optimism. The past several years have seen massive spending increases along with tax cuts. Since pay-as-you-go rules and discretionary spending caps expired, homeland security expenditures, tax cuts in 2001 and 2003, an expensive Medicare prescription drug plan, and military action in Iraq have all acted to return the country to structural deficits. The years 2000 to 2006 saw the worst budget deterioration in fifty years, going from a surplus of 2.4 percent of GDP to a deficit of 2.0 percent. While an economic slowdown and the September 11th terrorist attacks have certainly played a part in this turnaround, so too have the policies leaders have pursued throughout this period. Even as the economy has rebounded, deficits remain at high levels. Policies have contributed unequally to the return of structural deficits. According to one analysis, tax cuts since 2001 account for 49% of current deficits; defense, homeland security, and international spending account for 35%; entitlements
account for 10%; and domestic discretionary is responsible for only 6%. But over time, growth in Medicare and Medicaid will become the greatest driving factors of deficits, followed by tax cuts and Social Security. The fiscal gap in Medicare alone is around $35 trillion. Moreover, most mainstream economists agree that making recent tax cuts permanent would worsen the current imbalance and further undermine long-term economic growth.

The attitudes of elected leaders are also cause for concern. Vice President Dick Cheney has remarked that “Reagan proved deficits don’t matter.” President George W. Bush also appears apathetic to the fiscal shortfall. In a conversation with President Bush, conservative Peter Peterson told Bush that intergenerational justice requires that tax cuts for contemporary wealthy people should wait until after entitlement reform. Bush responded simply, “I don’t think tax cuts are immoral.” The Republican Congress recently delayed consideration of all but two appropriations bills until after the 2006 elections, which some budget observers attribute to Republicans’ belief that they can no longer prevail in elections on a platform of spending cuts.

The libertarian CATO Institute bemoans contemporary Republican policies: “the culture of spending in Washington ... has triumphed again. The powerful political forces that impel Congress to spend tax dollars, rather than save them, have spread like a virus from the Democrats to the Republicans.” Budget scholar Allen Schick argues that Republican’s waning commitment to balanced budgets is due to ideological preferences: “Many conservatives have accepted as an article of faith that government spends any money it has and that the only effective way to constrain spending is to take away the surplus. In their mind, it is better to have a smaller government with a bigger deficit than a bigger government with a smaller deficit.”

Democrats are hardly blameless in failing to address the massive fiscal dilemma. Indeed, many Democrats criticized the Medicare prescription drug benefit on the grounds that it was not
generous enough, since it left a “doughnut hole” coverage gap. Democrats have subsequently offered legislation to fill the coverage gap; only some Democrats’ proposals have attempted to offset the new expenditures with tax increases or other spending cuts. Moreover, the 2007 passage of the emergency supplemental spending bill in the Senate shows Democrats’ emphasis on spending programs rather than balanced budgets. The Senate added over $18 billion in unrelated domestic spending to the appropriations bill, including funds for agriculture disaster aid and homeland security grants. Meanwhile, the Senate budget resolution for fiscal year 2008 rejected Bush’s proposed cuts in domestic spending and added new spending for children’s health insurance. While Democrats are attempting to offset some of these increases by assuming the expiration of some or all of Bush’s tax cuts, Democrats too appear to be putting spending priorities ahead of balancing the budget.

Despite some leaders’ rhetoric, “growing our way out” of deficits by passing “pro-growth” tax cuts is not feasible. For example, President Bush claimed that choosing between tax cuts and deficit reduction is a “false choice” because “the economic growth fueled by tax relief has helped send our tax revenues soaring.” But even though the economy has rebounded since 2001, deficits remain. These structural deficits cannot be eliminated through – and indeed, would be exacerbated by – even more tax cuts. Should the 2001 and 2003 tax cuts be made permanent, the Treasury Department estimates that not more than 10% of the revenue costs of the cuts would be offset by increased economic output. Moreover, the CBO found in a study that tax cuts, if not offset, actually reduced long-term GDP. Finally, since long-term economic growth in the 21st century is expected to be lower than in the 20th century – partly as a result of the nation’s increasing median age – growing our way out appears even more unrealistic.
The percentage of the budget dedicated to mandatory spending will continue to increase because of demographic trends. The “Baby Boom” generation, which was followed by the “Baby Bust” generation, will put immense pressure on the federal budget when Boomers begin collecting old age benefits. In 1960, five workers supported each Social Security beneficiary; this ratio will decline over the course of this century to the point that only two workers will support each beneficiary. By 2040, experts estimate that around a quarter of Americans will be over sixty five, making them eligible for Medicare. Meanwhile, exploding costs in health care will contribute to Medicare’s long-term insolvency. Because of the decline in births following the Baby Boom generation, the average age of citizens in the U.S. will permanently increase. Comptroller General David Walker describes the increase of the average citizen’s age as “a demographic tsunami that will never recede.” The increasing number of eligible recipients has one simple but problematic implication: more retirees will receive more benefits with fewer workers to finance them.

Birth rates are not the only forces that make current policies unsustainable. Increased life expectancies mean that costs will increase even more, since recipients will collect benefits for a longer period of time. Care of the so-called “old-old” is very expensive: in the 1990s, health spending on the oldest elderly rose twice as fast as for younger elderly. In addition, innovation in the medical industry is creating new and expensive treatments that further extend life expectancy – and costs. These treatments and the high rate of inflation associated with health care in general will put even more pressure on the budget. Infinite demand has met finite resources. Since health is a potentially limitless good, the supply of treatments drives demand for them. With fewer workers to support more beneficiaries, longer-living beneficiaries, and more
expensive treatments on the horizon, the current system is not sustainable. Either higher taxes, lower benefits, or a combination of the two will be necessary to balance revenues and benefits.\footnote{42}

Liberalized immigration reforms are not likely to solve the long-term fiscal shortfall. First, increased immigration is unlikely to occur. Immigration is already at high historical levels; increasing immigration to levels sufficient to offset the effects of an aging population – around 5 million immigrants every year from 2010 to 2030\footnote{43} – would surely face immeasurable political opposition. Moreover, since immigrants would consume government benefits in addition to paying taxes, immigration may not yield a net fiscal improvement. Current evidence suggests that increased government spending on immigrants is approximately the same as the taxes collected from them.\footnote{44}

The long-term fiscal and economic implications of this age shift are staggering. As the number of people eligible for entitlements grows and the percentage of working-age people declines, entitlements and interest on the debt have the potential to crowd out \textit{all} discretionary spending within 25 years, according to some estimates. Under one GAO simulation, the entire U.S. budget will be engulfed by net interest on the debt, Social Security, and Medicare and Medicaid by 2030. By 2040, revenue collected becomes insufficient to finance net interest on the debt and Social Security alone.\footnote{45} Delaying action only worsens the problem, since the changes necessary to reconcile expenditures with revenues will need to be even more drastic.\footnote{46}

Laurence Kotlikoff, an economist at Boston University, offers a similarly bleak prediction. Kotlikoff uses a procedure called “generational accounting” to measure the size of the gap between current revenues and current benefits, which is calculated by adding together the present value of government purchases, the nation’s official and implicit debt, and subtracting the present value of current generations’ taxes.\footnote{47} Generational accounting allows one to see each
generation’s net tax burden. Kotlikoff estimates the size of the fiscal gap to be a staggering $45 trillion. According to his estimates, this amounts to a tax on future generations that is twice the current lifetime net tax rate.\textsuperscript{48}

Leaving fiscal commitments unmet will have substantial negative ramifications for future generations. First, sustained structural deficits will reduce future national income and standards of living. Evidence indicates that sustained deficits have, historically, reduced national saving, which results in less American-owned capital.\textsuperscript{49} The reduction in capital, in turn, curtails future prosperity by limiting future generations’ output.\textsuperscript{50} Sustained deficits also tend to increase interest rates, although experts debate the extent of this effect.\textsuperscript{51} Additionally, chronic deficits hamper long-term economic performance. Gale and Orszag warn, “Ultimately, the U.S. role as the world’s economic leader may also be threatened by systemic fiscal shortfalls.”\textsuperscript{52}

Beyond its long-term economic effects of deficits, contemporary opulence limits the ability of future generations to make their own choices regarding distribution of resources. Instead of addressing problems of their time, they are left to pay interest on the debt created by previous generations’ policy choices. Orszag paints a bleak picture: “Without a change in course ... the lifetime prospects of today’s younger Americans will be unnecessarily and unfairly inhibited – undermining the traditional vision of ever-increasing opportunity for succeeding generations.”\textsuperscript{53} While contemporary generations have benefited from previous generations’ social and infrastructural investments, they are currently on track to deprive future generations of these same benefits through shortsighted and costly policies.

**THE NECESSITY OF MORAL LEADERSHIP**

Deferring the costs of current policies into the future represents both a profound failure of leadership and a critical moral dilemma. Although current decisions dramatically affect future
generations' well-being, they have no ability to hold decision-makers to account in the present; the costs imposed on future generations are wholly involuntary. Gutmann and Thompson ask whether current leaders owe an account of their decisions to only their voters. They identify two groups to whom leaders should be accountable: electoral constituents, who have elected leaders to office, and moral constituents, who are outside the electoral scope but whose well-being is affected by leaders’ decisions. Representing only one group is problematic. Excluding moral constituents denies representation to those affected by decisions, but universal accountability undermines the special consideration arguably due to electoral constituents. But future interests are often discounted, since future generations have no electoral recourse to impose accountability on those making decisions that affect them. Future interests often lose out because leaders perceived electoral and other costs should they attempt to act in the interests of non-electoral constituents.

The longitudinal effects of budgeting raise important questions of justice. Many budgetary decisions are zero-sum between generations: the less contemporary generations pay and more they consume, the more future generations will pay and the less they will consume, and vice versa. Given the fiscal trade-offs between generations, Brett Frischmann asks, should contemporaries be concerned with the “fate of people in the distant future? If so, how should such concerns affect decisions [made] in the present? Additionally, to what extent, if at all, ought we – as a society, as a community, as a generation – to sink costs today in order to provide benefits in the future?” These questions are grounded in distributive justice, which is concerned with the allocation of scarce resources across space and time.

Although distributive justice is often discussed in terms of intragenerational equity (fair shares between members of a single generation) it has even more important implications for
intergenerational equity (achieving a just distribution between members of different generations). In the longitudinal context, distributive justice is concerned with “a fair system of cooperation over time from one generation to the next” that treats all generations impartially. John Rawls’ conception of just savings, where generations save for the future “subject to the condition that they must want all previous generations to have followed it,” is really a restatement of the golden rule: current generations are supposed to save for the future according to how much they expect should have been saved for them. From behind a veil of ignorance where individuals do not know the generation of which they will be a part, they are supposed to decide a fair distribution of benefits and costs. These would create a just savings rate, according to Rawls.

Despite the weight this thesis places on intergenerational justice, one should not forget that not all contemporary spending is wrong. On the contrary, contemporary generations have substantial and important claims to the budget. First, contemporary generations have legitimate needs for which policymakers ought to account. Crafting good public policy is an important goal for leaders, but good public policy involves serving the future as well as the present. White and Wildavsky point out that reducing the deficit is not the only element to responsible budgeting. For example, there are strong arguments for a robust social welfare system for the elderly. Social Security was, after all, founded at a time of significant elderly poverty. Moreover, recipients have paid into the system and deserve benefits. Additionally, the low national savings rate makes it difficult to justify large cutbacks in programs on which the elderly rely. Large and sudden cuts are also problematic because individuals have made saving and spending decisions with expected government benefits in mind. Indeed, if Social Security and Medicare spending levels were decided annually, individuals – especially those nearing retirement – would experience
significant financial uncertainty. One thus must consider contemporary generations' claim on the budget when contemplating intergenerational equity. For this reason, the thesis views contemporary generations as beneficiaries of wealth inherited from their predecessors as well as stewards for the future.

Current spending can even enhance the well-being of future generations, since some expenditures are in fact investments and work to enhance the welfare of future generations. Although those living in the future have more debt than they would have without such policies, their debt burden might be more than offset by the enhanced quality of life that those expenditures produce. Under such circumstances, the principles of generational equity are not necessarily violated. Enhanced education for youths and adults, increased economic security, and even spending-offset tax cuts can all improve, rather than harm, future generations' welfare. Nonetheless, intergenerational justice concerns remain, since most contemporary spending cannot be called investments. To the contrary, the largest causes of the current and long-term imbalance – tax cuts and entitlements – do not stem from policies having immediate costs with long-term benefits. Rather, they dispense short-term benefits at the expense of future generations. As Frischmann laments, "It seems that the present generation has mastered the art of pushing the costs of shortsighted decisions onto future generations."

Although both contemporary and future generations have legitimate stakes on budget choices, elected officials must begin addressing the nation's fiscal shortfall immediately. The U.S. faces important cross-sectional and longitudinal questions of distribution that, if ignored, will seriously impair the well-being of future generations. Allocating goods unjustly across time is certainly a failure of ethical leadership, but putting off difficult decisions for others to make is at least as much of a failure of ethical leadership. First, delay results in even more
disproportionate distribution because the reforms must be more drastic to achieve the same degree of savings. Second, and even worse, ignoring long-term problems is a dereliction of leaders’ most fundamental responsibility – to decide the nation’s priorities – for they have superior information than constituents on the issue.

Elected leaders thus have a distinct responsibility to face problems and make difficult decisions. But what should guide leaders' decisions: their voters' preferences or their own consciences? Former Representative Timothy Penny (D-MN) and Steven Schier argue that political leadership, in its ideal form, involves “the willingness to risk it all when the situation demands it.” In their view, leaders should risk electoral defeat in order to act in the long-term good of the country. Indeed, one doubts that leaders can fulfill their obligations to future generations if they only consider the preferences of contemporary ones.

The late English Member of Parliament Edmund Burke's distinction between delegates, who vote in accordance with their electorate's preferences, and trustees, who vote based on their consciences, becomes relevant at this point. Burke told his constituents that, while a leader ought to remain in close contact with constituents, “His unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you…. Your Representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.” Leaders, in his view, are charged with pursuing the common good rather than simply their voters' preferences. When individual preferences conflict with the (cross-sectional and longitudinal) common good, as is the case with generational stewardship, leaders' role as trustees is particularly important.

Leaders' decisions on the long-term fiscal shortfall have significant implications for the practice of democracy. Leadership scholar Kenneth Ruscio eloquently describes the situation:
Democracy is not sustainable if good politics is bad leadership ... If 'politicians' are perceived to be something other than effective leaders, and if self-interested, deceitful and shortsighted acts rather than the pursuit of the common good are the coin of the political realm, then ... the mistrust sure to result will cause democracy to collapse. \(^72\)

One has difficulty conceiving of leadership as the pursuit of short-term opulence at the expense of future generations’ prosperity. Yet if leaders only account for the interests of their electoral constituents, leaders are hardly acting for the common good. The budget is perhaps the most basic and most important function that Congress fulfills. If Congress cannot enact a budget compatible with the needs of people who will live in the near future, what then is the state of the country’s institutions and to what extent can it effectively govern? And what is the quality of leaders who preside over these institutions? Examining intergenerational policymaking in this area is thus a central element to the understanding of moral leadership. The chapter now examines scholars’ explanations for leaders’ failure to account for future generations’ welfare.

**IMPEDIMENTS TO STEWARDSHIP**

**Electoral Incentives**

Elected leaders face many constraints should they attempt to act on behalf of their moral constituents. Electoral incentives are the most intuitive and popular obstacle that scholars and pundits identify as a constraint on leaders’ actions. Mayhew calls the relationship between a legislator’s voting decisions and electoral constituency the “electoral connection.” \(^73\) The public’s direct influence on legislators at the ballot box is thought to explain much of leaders’ unwillingness to make “tough choices” on the budget. By threatening to vote for opposing candidates in elections, constituents create disincentives for politicians to make tough choices.

Three premises underpin the electoral account. Since both spending and low taxes are popular, since leaders prize reelection over other goals, \(^74\) and since constituents would surely vote against leaders who raised taxes or cut spending, rational leaders make few attempts to
reduce the deficit. Mayhew observes: “Spending is generally popular and taxes are not. In the
current mind the connection between the two is . . . decidedly ambiguous. If congressmen reflect
public opinion, what is to prevent them from systematically voting in favor of spending but
against taxes?” This explanation assumes that followers always seek to secure the greatest
benefits for themselves. Jacobson finds significant evidence that legislators made voting
decisions based on perceived electoral pressure and lost electoral support if they supported
deficit reduction in 1990. White and Wildavsky, who offer a different explanation for persistent
deficits, concede that public opinion places significant constraints on leaders. If this
explanation is correct, the aging of the population will exacerbate electoral disincentives for
deficit control, since a larger portion of the population will prefer contemporary consumption
over long-term savings.

Although electoral incentives can place substantial constraints on leaders’ actions, to
what extent is the public really an obstacle to stewardship? Scholars may have exaggerated the
role of electoral incentives for two reasons. First, the description of the electorate as narrow
seekers of self-interest may not be accurate. Palazzolo analyzes the outcomes of the 1986
midterm elections, which observers interpreted as a repudiation of Republicans attempting to cut
entitlements. Republicans lost control of the Senate after attempting to slow the growth of Social
Security. However, the Senators who lost were primarily weak candidates swept into office
along with President Reagan in 1980. Other counterexamples exist as well: very few Senators
faced unfavorable electoral prospects as a result of supporting means-testing and an eligibility
age increase for Medicare in 1997. Constituents may not be such narrow seekers of self-interest
as the theory suggests. At the very least, voters may base their decisions on factors other than the
incumbent’s position on tax cuts and entitlement reform.
Second, constituents have countervailing preferences. Although low taxes and high spending are popular, American political culture has also been uniquely reluctant to accept deficits compared to other countries. Several scholars mention a balanced budget norm prevalent among voters. Indeed, politicians in the 1980s felt they would be vulnerable in elections if they did not address the deficit problem. Still, one should not dismiss electoral incentives, for leaders may perceive electoral repercussions for confronting the deficit.

Interest Group Pressures

Others seeking to explain sustained deficits and the difficulty of attaining budget balance turn to interest groups as a constraint on leaders. Penny and Schier cite the “new style” of lobbying employed by interest groups to influence legislators. Instead of directly appealing to officeholders, interest groups fly constituents to Washington, D.C. to meet with representatives and organize phone, fax, and postcard campaigns. These are all designed to create “the impression of a popular groundswell from the voters back home, which many lawmakers find irresistible.” Rauch argues that the plethora of issue groups that have mobilized to defend entitlement and discretionary programs are a threat to democratic governance. Interest groups’ strategies have the potential to act as a discouraging force; even White and Wildavsky concede that when an interest group begins to look like an angry crowd of voters, leaders may anticipate potential electoral repercussions and, consequently, avoid painful choices.

Organized interests compete over resources and shift legislators’ focus from the long- to the short-term. Stuart Eizenstat laments that “increasingly well-organized economic interest groups have mobilized strong forces in Congress ... to defend or, if possible, expand their claims on the federal budget.” Not surprisingly, interest groups’ demands “tend to divert the attention of policymakers from the long run to the short run, from the substantively meritorious to the
politically exigent.”\textsuperscript{87} With contemporary interests organized and competing over fair shares of the budget, and since leaders lack electoral accountability to the future, politicians thus face strong incentives to focus on present concerns.

\textit{Displacement of the Balanced Budget Norm for Other Priorities}

Other critics of current deficits cite political parties’ tolerance of rising deficits as an obstacle to moral leadership. Peter Peterson is one prominent advocate of this position. Both parties, according to proponents, are composed of ideologues more interested in preserving policy priorities than in making tough choices on taxes and entitlements. Peterson argues that Republicans, despite a traditional commitment to fiscal responsibility, have allowed the norm to erode. The erosion began with large deficits during the Reagan presidency. Republicans have become “religiously”\textsuperscript{88} committed to tax cuts and fall into one of the following three camps: they believe tax cuts will “starve the beast” by forcing leaders to cut spending (eventually); they are true believers in supply-side economics; or, they are so-called “big government” conservatives who are interested in national greatness, building winning coalitions, and have little regard for traditional principles.\textsuperscript{89} Republicans, from this view, prize low taxes above all other priorities, including balanced budgets, and have maintained rigid party discipline in pursuit of that goal.

Democrats, according to Peterson, have “turned the federal government into a massive entitlements vending machine” and constantly attempt to increase domestic spending.\textsuperscript{90} The rise of Keynesian economics among Democratic politicians emphasized balancing the economy rather than the budget, encouraging them to tolerate deficits.\textsuperscript{91} Additionally, Democrats, well aware of the unpopularity of “welfare” programs, sought to make entitlements politically viable by universalizing benefits. Of course, wealthy citizens did not need the same benefits as the needy people Democrats sought to help, but the wealthy’s inclusion into programs massively
increased costs. Proponents of the displacement account often believe that both parties are entrenched in their positions and have only been able to "compromise" by combining opulent levels of spending with low levels of taxation, deferring costs far into the future.\textsuperscript{92}

Policy "Dissensus"

A final perspective denies that electoral incentives, interest group pressures, and parties' other policy priorities completely account for persistent deficits. Instead, the dissensus view asserts that leaders are unable to agree on how to achieve the shared goal of deficit reduction.\textsuperscript{93} According to this view, leaders in fact seek to reduce the deficit, but are often unable to assemble majority coalitions on policies. While both parties care about the deficit, they are nonetheless unable to compromise on the tax increases and spending cuts necessary to reduce the deficit. If the budget is a reflection of values and priorities, it follows that disagreement on the core responsibilities of government can easily prevent well-intentioned leaders from reducing the deficit.\textsuperscript{94} Democrats are inclined to reduce expenditures in defense and increase taxes. Yet Democrats often are unwilling to budge on entitlement and discretionary cuts. Republicans, while willing to make such cuts, are strongly opposed to tax increases. The positions of both parties make agreement on any single package is difficult to achieve, resulting in large deficits.

One should not see the various obstacles to fiscal stewardship as mutually exclusive. Authors such as Peterson and Penny and Shier explicitly discuss interactions between the various obstacles. Indeed, elected leaders often face multiple disincentives to responsible budgeting. For instance, partisanship and electoral incentives may combine under one-party rule. With one party entirely out of power, the majority faces the risk of bearing all blame for painful choices in an election year. Interest groups may also seek to capitalize on legislators' perceived electoral risks.
Chapter One – Fiscal Stewardship in the 21st Century: Tough Choices, Moral Issues

LEADERSHIP IN THE BUDGET PROCESS

The Budget Act of 1974 increased opportunities for moral leadership to emerge in the budget process. Before the act, the budget process was much less centralized. In the former budget process, legislators made sequential decisions on individual measures, the totals of which formed the aggregate spending amount. The fragmentation of the pre-reform budget process played a significant role in increasing the size of deficits. Because decisions on budgetary matters were made sequentially, legislators had incentives to increase spending on individual programs and then, in order to appear fiscally responsible, pass spending caps on the total budget. Legislators were torn between their competing goals of good public policy (spending caps) and reelection (supporting specific programs). When faced with this choice, reelection usually won out. The structure of the process allowed leaders to avoid making tough choices, but the contradictions generated by it made it difficult for the body to express its will on the budget as a whole.

The Budget Act of 1974 was Congress’s attempt to reclaim authority on budgeting, both from the White House and from itself. The act created the CBO, Congress’s independent agency for projecting effects of legislation and estimating fiscal baselines. But more importantly for this thesis, it also established Budget Committees for the House and Senate. It also added steps to the budget process by creating budget resolution and reconciliation procedures. Budget resolutions force members to consider both the parts and the whole simultaneously. Gilmour explains the significance of this change: “The budget resolution ... holds out the possibility of eliminating ... contradictory behavior ... When voting on a budget resolution, it becomes much harder to avoid making choices ... Ideally, a legislator will be forced to weigh his conflicting budgetary preferences against each other in voting on the budget resolution.” The new process
internalized the costs of decisions: elected leaders could no longer reap political credit for expanding individual programs while simultaneously calling for decreases in total spending. Thus leaders had to make choices between competing goals and competing goods.

Reconciliation is an optional procedure that Congress can use to expedite adjustments to spending and taxation levels. Schick states that reconciliation offers an ... expedited consideration of proposed reductions ... it provides for most [recommendations] to be combined into a single bill ... The central purpose of reconciliation is to conform existing laws to current budget policies, thus providing Congress with an instrument for implementing the president's budget reductions.

Since reconciliation is a vehicle through which leaders attempt to adjust spending and taxes, it is a natural environment to study intergenerational leadership. Traditionally, reconciliation has been used to increase taxes or cut spending, but it has also been used to pass tax cuts during the George W. Bush presidency. The process itself consists of two parts. First, Congress adopts the budget resolution, which includes instructions for committees to decrease spending, increase revenues, or both. Second, the committees' recommendations are sent to the Budget Committee, where they are assembled in an omnibus reconciliation bill, which is then brought to the floor.

As a means to reduce the deficit, reconciliation enjoys several advantages over other methods. First, its centralized procedures forces committees to cut cherished programs. Former Senate majority leader Howard Baker (R-TN) believes that the spending cuts made through reconciliation in 1981 “would have been impossible to achieve if each committee had reported an individual bill on subject matter solely within its jurisdiction.” Reconciliation bills are also subject to special rules that bypass the normal legislative process. Debate on the bill is limited and is not subject to filibuster, enabling a simple majority to enact major changes. Amendments to reconciliation bills must be both germane and deficit neutral. The “Byrd Rule” has been added to eliminate measures unrelated to deficit reduction in reconciliation bills. The rules on
amendments are thus significant hurdles for lawmakers; two-thirds must vote to waive the rule to allow non-germane measures to be considered.\textsuperscript{104}

The Senate is particularly conducive to individual entrepreneurial leadership. First, unlike the House of Representatives, members have significantly more opportunities to amend legislation on the floor. Once budget resolutions and reconciliation bills reach the Senate floor, members are free to propose amendments increasing or reduce spending and revenue levels.\textsuperscript{105} Second, the interactions between party leaders and rank and file members facilitate entrepreneurship. While party leaders typically dominate members’ decisions in the House, Senators are uniquely both partisan and individualistic.\textsuperscript{106} Individual Senators are often willing to buck party leadership and use partisan tactics to achieve their goals.

Structural aspects of the Senate governing elections also facilitate leadership. Unlike the House, where the entire body is up for reelection every cycle, the Senate’s staggered terms means that parties never have all incumbents up for reelection. Moreover, the Senate’s longer terms afford greater length between elections. These differences between the chambers are particularly relevant when considering deficit reduction, since the “electoral connection” hypothesis predicts that members with more time to reelection are more likely to support “tough choices.”\textsuperscript{107} A final aspect of the Senate is that members represent entire states. The House’s districts are subject to gerrymandering designed to protect incumbents; in the Senate, however, most members are accountable to a more heterogeneous electoral constituency, often resulting in more competitive electoral contests.\textsuperscript{108} Because Senators constituencies cannot be gerrymandered to guarantee reelection, Senators’ issue positions on unpopular issues are more significant than Representatives’. The Senate is thus an excellent place to examine attempts to account for future generations’ interests in the budget process.
METHODOLOGY

The study collected data from all budget resolutions and reconciliation bills since 1975. Using the *Congressional Quarterly Almanac*, information about each deficit-affecting amendment and procedural motion was recorded. Each vote was assigned a category: domestic discretionary, defense, entitlements, or revenue change. Then, the amendment was classified by its provisions: spending cut or increase, or tax cut or increase. Examining these data shows whether legislators chose to reduce the deficit by increasing revenues or decreasing spending; it also revealed if, instead of reducing the deficit, the measure increased it.

Next, the study collected information about the amendments’ passage: whether the amendment passed, the vote margin, and the vote breakdown among Democrats and Republicans. This information provides insight into the policy preferences of leaders on budgetary actions of the previously mentioned categories. Additionally, one can use the party breakdown to evaluate the hypothesis that dissensus is a key obstacle to deficit reduction. After this, the measure’s effect on the deficit was listed. Knowledge of the fiscal effect allows one to study the prevalence of incremental versus large, sweeping changes. Finally, the study collected information about the members themselves: for amendments, the sponsor’s name and party; and, in cases where members made motions to table (kill) amendments, the name of the person making the motion. Recording this information reveals especially active leaders in the process.

The sums for appropriate data were then aggregated into annual cases. The aggregate dataset included the total number of amendments, total number of tax and spending cuts and increases, and total number of amendments that passed. Finally, the deficit as a percent of GDP was listed for each fiscal year. Compiling each year’s activity into annual cases serves several purposes. First, it reveals trends in members’ preferences for different types of “tough choices.”
Second, it allows one to see how many attempts of each kind actually passed. Most importantly, compiling aggregate cases shows trends in Senators' priorities. In some years, there were many attempts to take action on the deficit, while in other years many amendments were for spending increases or tax reductions. These trends can be observed as long-term shifts in attitudes and priorities, but they can also be analyzed as fluctuations reflecting various conditions.

The research design excluded some information from consideration. First, it did not examine legislation outside the budget process. As the Medicare prescription drug bill shows, many pieces of legislation outside the budget process can have enormous short- and long-term impacts on the deficit and national debt. Other pieces of legislation, in turn, may affect policymakers' actions when considering the budget; if there is a large amount of spending on a separate bill, then legislators may be more restrained in their budgetary choices. Additionally, the actions analyzed are only adjustments from the Budget Committee report. Because the committee products vary in fiscal strictness from year to year, comparisons are difficult. If the committee report is very stringent, members may propose more amendments adding spending. The converse is also likely to be true. Finally, deficit-neutral amendments were not considered in the analysis, since the study focuses on attempts to reduce the deficit. But deficit-neutral amendments also may reflect relevant leader preferences. One could argue that legislators are adhering to the balanced budget norm – at least marginally – by offsetting their proposed tax cuts or spending increases.

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The following three chapters explore the normative, explanatory, and descriptive aspects of moral leadership in the budget process. Chapter Two employs the methodology described above in order to find patterns regarding the deficit and the actions Senators have taken on it.
The chapter examines empirical evidence of elected leaders' attempts to address the deficit in terms of conditions such as institutional effects, problem recognition, and electoral context. The chapter also considers leadership factors affecting amendment activity including ideological preferences, the degree to which legislators attempt to modify budget legislation once it leaves committee, and formal position. The chapter also identifies three leaders who are especially active in floor amendment activity affecting the deficit.

Chapter Three then examines the previously-identified three Senators who have played important roles in attempting to reduce the deficit: Peter V. Domenici, a conservative who was the Republican leader of the Budget Committee for nearly 25 years; William Proxmire, a moderate Democrat not on the Budget Committee; and Russell Feingold, a rather liberal Democrat on the Budget Committee. The chapter examines these leaders' effectiveness in terms of how well they fit Kingdon's "policy entrepreneur" description; the stage of the budget process at which they pursue their preferences; the reasons they offer for deficit reduction; their ideological preferences; and how they interact with their electoral constituents. Significant variations are apparent in the three leaders' approaches, but they all espouse rhetorical commitment to intergenerational justice and trusteeship.

Finally, Chapter Four reflects on the capacity for legislators to overcome obstacles to intergenerational stewardship in the U.S. political system. The chapter considers leaders' mostly unsuccessful attempts to reduce the deficit, arguing that the failure of leadership has been mostly in terms of policy consensus until recently. The chapter then discusses how moral arguments play an important part in remedying leaders' previous failures to build consensus on the extent of the fiscal problem as well as the policies to address it.
NOTES FOR CHAPTER ONE


11 This quote is usually attributed to Herb Stein, former chairman of the Council of Economic Advisors. It has been applied to issues ranging from the budget deficit to the strength of the dollar.

12 White and Wildavsky 1989, xviii-ix.


40 Kogan and Aron-Dine 2006.

41 Ibid.


43 Peterson 2004.


45 Ibid.


51 Mann 2005.


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46 This simulation differs from the Congressional Budget Office Baseline by assuming that spending will keep pace with Gross Domestic Product (GDP) and that expiring tax provisions are made permanent. See Government Accountability Office (2006).


48 Kotlikoff and Burns 2004, 50.

49 Ibid.


52 Gale and Orszag 2003; Savage 1988.

53 Gale and Orszag 2003, 3.


56 Ibid.


63 White and Wildavsky 1989.


65 Oleszek 2004.


69 Orszag 2006.

70 Frischmann 2005, 459.

71 Penny and Schier 1996, 123.


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74 Mayhew 1974.
76 Mayhew 1974, 143-144.
77 Jacobson 1993.
78 White and Wildavsky 1989.
84 Penny and Schier 1996, 63.
86 White and Wildavsky 1989.
89 Peterson 2004, 15.
90 Ibid.
91 Ibid, 18.
95 Ibid.
96 Gilmour 1990.
97 Ibid.
98 Ibid.
102 Ibid.
104 Oleszek 2004.
105 Ibid.
106 Gilmour 1990.
2. Reducing the Deficit: Institutions, Problems, Politics, and Policies

The Budget Act of 1974 was designed primarily to reassert congressional power against the executive branch, but its provisions also expanded opportunities for individual Senators to pursue their policy priorities. Budget resolutions provide an avenue through which members of Congress are able to express their preferences on budget policy. Moreover, the Senate’s open floor procedures allow rank and file members to exercise greater influence over legislation than in the House of Representatives. Reconciliation procedures then allow members to enact these preferences into law. Senators’ emphasis on deficit reduction—measured in terms of amendment activity on budget legislation—has ebbed and flowed since the 1974 Budget Act. This chapter identifies patterns of activity on budget legislation and begins to explain them in terms of institutional forces and Kingdon’s “three streams” framework. This chapter also identifies key policy entrepreneurs on deficit reduction to examine in more detail in Chapter Three.

Although the Senate Budget Committee is the primary institution for deliberation and policy making for the budget resolution, Senate rules enable individuals to assert leadership over national priorities by amending the committee’s budget on the floor. Figure 2.1 illustrates Senators’ attempts to adjust budget policy that affected annual deficits since the 1974 Budget Act. Attempts to adjust the deficit by means of floor amendments to budget legislation have varied throughout the post-1974 budget process.
Figure 2.1 clearly shows peaks and valleys in deficit-affecting amendment activity. Two observations arise from the variance in amendment activity over time. First, amendment activity appears to be periodic. Figure 2.1 shows high points of activity in years such as 1981 and 1985, with smaller spikes of activity in 1993, 1997, 2001, and 2003. And second, years with high levels of activity tend to see large numbers of both deficit-reducing as well as deficit-increasing amendments.

**EXPLAINING FLOOR AMENDMENT ACTIVITY**

What conditions explain the variance in numbers and kinds of amendments since 1974? What effects do institutional, problem-related, and political forces have on floor amendment activity? Specifically, how do Budget Committee activity, annual deficits, and elections impact members' floor behavior? Additional questions arise when considering the substance of the policies put forth in these amendments. How do attempts to reduce the deficit vary by party? To what extent are legislators addressing the deficit problem through floor amendments? And who
are the individuals actively participating in floor consideration of budget legislation? Kingdon’s problem, politics, policy streams provide a way to examine the contextual factors affecting floor amendment activity. However, one must first examine the institutional forces that affect Senators’ amendment behavior.

Scholarly literature suggests that institutional forces have a significant impact on policymaking and policy outcomes. One earlier analysis of the Senate asserted that, “The committees are where the real work of the Senate is done,” so goes a familiar Capitol Hill refrain. Its constant repetition seems justifiable. More recent literature affords more credit to rank and file members’ participation in policy outcomes, but committee influence is undeniable. Specifically, committees set expectations for behavior and influence the range of choices available to legislators on the floor. The question thus arises, how do Budget Committee decisions affect floor amendment activity?

How does Kingdon’s framework apply to deficit-affecting amendment activity? Problem-oriented explanations view attempts to reduce the deficit as events-driven. From this perspective, focusing events or other visible indicators cause leaders to address problems. The hypothesis posits that, when comparing years, higher deficits are positively associated with attempts to reduce the deficit. Only when leaders perceive a problem will they respond by cutting spending or increasing taxes. This perspective views Senators as addressing problems retrospectively. A second set of hypotheses explains attempts at deficit reduction in terms of Senators’ political context. For deficit reduction, elections form a significant portion of this context. The conventional view about attempts to make fiscal “tough choices” suggests that elected leaders shirk the deficit problem when elections are near. Since they perceive the public’s wrath in the upcoming electoral contest, elected leaders thus attempt to make tough choices on the deficit as
far away from elections as possible. Even when a party leader is not concerned with her own electoral prospects, she may not propose unpopular measures if she believes they would threaten the competitiveness of her party’s candidates. This perspective regards deficit reduction measures as generally unpopular; therefore, leaders who are committed to reducing the deficit attempt to find ways to minimize the political fallout of supporting tough choices.

But a simple comparison of election and non-election years only captures part of the electoral explanation. While this study examines the Senate, presidential leadership plays a fundamental part in legislators’ decisions to pursue deficit reduction. Indeed, some of the largest changes to budget policy occurred the year immediately following a presidential election, such as in 1981, 1993 and 2001. Hence, Senators’ political context also includes presidential elections. The presidential electoral hypothesis asserts that years immediately following presidential elections are positively associated with attempts to reduce the deficit. The executive branch plays an important part in setting priorities for action on issues, including the budget. The president proposes budgets and possesses immense agenda-setting power. Although the president can set a deficit-reducing agenda, his proposals may be significantly modified by legislators in committee and on the floor. Moreover, addressing the deficit the year immediately following a presidential election gives the most distance to reelection for all elected leaders in the process. Hence, a presidential election might present an opportunity for leaders to reduce the deficit.

A final contextual piece addresses the policies elected leaders propose. Three questions arise when considering the policy context. First, by what means are Senators attempting to reduce the deficit, and how do preferred means of achieving the goal vary among Senators? White and Wildavsky posit that, because the budget is a reflection of members’ values and priorities, ideological disagreement over the role of government hinders attempts at deficit
reduction.\(^7\) The lack of agreement on how to reach the mutually shared goal of a balanced budget, rather than the absence of the goal itself, is thus partly responsible for a lingering deficit. If elected leaders are unable to reach consensus on how to achieve deficit reduction rather than simply apathetic, then amendment activity should reveal attempts to reduce the deficit that differ along party lines. Democrats will seek to balance the budget through tax increases rather than spending cuts, while Republicans will do the opposite.

Second, to what extent do members attempt to alter deficit levels in budget legislation once the committee report reaches the floor? Do they defer to Budget Committee recommendations or do they attempt to modify legislation to suit their own preferences? Scholars have devoted relatively little attention to floor activity. Although Budget Committee decisions shape floor activity to a large degree, examining floor amendments leads to a rich understanding of leadership by identifying the extent to which members pursue alternative policies on the floor.

Third, which Senators are attempting to adjust deficit levels on the floor? Descriptions of the Senate as a body composed of individually-minded members\(^8\) suggest individualist policy entrepreneurs\(^9\) who subscribe to the balanced budget norm will attempt to reduce the deficit in the budget process. These entrepreneurs may or may not be in a formal leadership position or even on the Budget Committee. This chapter identifies three of these entrepreneurs so that they can be examined in greater detail in Chapter Three.

**Institutional Forces: The Senate Budget Committee**

How do the policy alternatives proposed by the Budget Committee affect floor amendment activity? Arnold’s discussion of coalition leaders, who include committee chairpeople, speaks to this question. According to him, “Coalition leaders ... select problems to
attack from the full list of major and minor ailments in society. They shape policy proposals ... [and] fashion strategies to enact their proposals from the store of political wisdom about how to build coalitions.\textsuperscript{10} When coalition leaders in the Budget Committee craft budget resolutions, they make decisions about whether and how to address deficits. If they decide to tackle the deficit by recommending higher taxes or lower spending, the budget resolution will include these measures when it reaches the floor. Rank and file legislators may not propose their own deficit reduction amendments on the floor, since the committee has already addressed the problem. In this way, committee decisions are a condition affecting Senators' amendment behavior.

Data show a clear relationship between committee changes and floor amendments. Years with major committee changes correspond to increased floor amendment activity almost perfectly. 1981, 1985, 1993, and 1997 all reflect this pattern. 1990 is the only exception.\textsuperscript{11} Commitment to deficit reduction is not readily apparent through amendment activity in many years because the Budget Committee approved significant budgetary savings in its committee report. The savings approved in committee had two effects on floor activity. First, committee savings reduced floor demand for further deficit reduction among legislators adhering to the balanced budget norm. Second, committee savings led other members to attempt to salvage programs on the floor, contributing to more deficit-increasing amendments. For instance, in 1981 and 1985 many amendments increasing spending were actually attempts to reverse the cuts made by Republicans in the Budget Committee.\textsuperscript{12} 1981 had the highest number of amendments for the entire period examined with 50 deficit-affecting amendments, 32 of which would have increased the deficit. In 1985, 20 of 28 amendments were deficit-increasing.

Amendment activity in the 1990s also suggests a relationship between significant committee changes and increased floor amendments. Again, the activity of the Budget
Committee obscures members' commitment to the norm. Two of the three major deficit reduction agreements of the decade, in 1993 and 1997, saw substantially increased amendment activity – with 24 and 22 deficit-affecting amendments, respectively – but amendment activity does not reveal adherence to the balance norm since many floor amendments attempted to undo Budget Committee actions. In 1993, members proposed ten deficit-reducing amendments on the floor, none of which passed. In contrast, they offered 14 deficit-increasing amendments, six of which passed. In 1997, deficit-reducing and increasing amendments are almost evenly split. Senators proposed 12 deficit-reducing and 11 increasing amendments. Three of each kind passed. Amendment activity is one indicator of the priority deficit reduction enjoys in one year's budget debate, but the absence of significant deficit-reducing amendments itself hardly indicates abandonment of the deficit reduction goal.

The only case with significant changes adopted in committee without significant floor activity is 1990. Despite a deal that saved nearly $500 billion over five years, legislators only proposed four deficit-affecting amendments on the floor. These amendments were split evenly between deficit-increasing and reducing effects. What then accounts for this anomaly? In 1990, GRH targets put significant strain on the budget process. Eventually, President Bush and Congressional Democrats agreed to a budget summit and worked out a deficit reduction plan. Before this agreement, however, the Budget Committee passed only a skeletal budget resolution. A “united bipartisan leadership” front kept rank and file members from offering significant changes and potentially fatal amendments in debate on the reconciliation bill. Both the skeletal budget resolution and party leaders in the reconciliation debate thus account for the lack of observed activity in 1990.
Almost all years with major changes adopted in the Budget Committee saw increases in floor amendment activity. Peculiar features of non-conforming years easily explain exceptions to this pattern. With the understanding that committee decisions affect legislators' floor behavior, what other contextual factors influence amendment activity? Evidence suggests both problem recognition and political considerations also influence floor behavior.

**The Problem Context: Crisis-Response?**

The problem context asks whether elected leaders perceive the deficit as a problem and, if so, how their perceptions affect amendment activity. Problems often need visible indicators before the political system will address them.\(^{16}\) The deficit serves as an indicator because, as Kingdon observes, "One of the most common of the routine monitoring activities is following the patterns of federal expenditures and budgetary impacts. People in government know when their budgets are rising or falling, and problems directly affect them through the budget process."\(^{17}\) But indicators do not constitute problems by themselves; rather, how leaders interpret them determines problem recognition.\(^{18}\) The deficit is thus a quantified indicator of a problem such as generational inequity.\(^{19}\) Just as the number of highway deaths indicates a potential problem in road safety,\(^{20}\) structural deficits indicate problems in fiscal policy.

**Deficits and Amendment Activity: A Statistical Relationship?**

To what extent does amendment activity reveal leaders responding to annual deficits with deficit-reducing amendments? The answer at first appears to be, not at all. Amendment activity does not reveal a statistical relationship between annual deficits and the number of deficit-reducing amendments proposed in a given year. This is true both when the deficit is measured in billions of dollars and as a percent of GDP.\(^{21}\) When the deficit is measured in billions of dollars, the correlation is a mere .029. When the deficit is measured in terms of GDP, the correlation is
still very weak at .080. Year to year changes in the budget deficit do not appear to have any substantial influence on elected leaders' propensity to offer deficit-reducing amendments.

Despite the absence of a statistical relationship between annual deficits and amendment activity, one should not infer that leaders do not respond to the deficit, for several reasons. First, the deficit serves as an indicator and representatives do not necessarily perceive it as an immediate problem. Kingdon writes, "Problems are often not self-evident by the indicators. They need a little push to get the attention of people in and around government. That push is sometimes provided by a focusing event like a crisis or disaster that comes along to call attention to the problem, a powerful symbol that catches on, or the personal experience of a policy maker." Without a disastrous economic downturn attributed to fiscal irresponsibility, deficit reduction attempts may "languish in the background for lack of a crisis that would put them forward." Attributing poor economic conditions to the deficit is difficult, for people have difficulty conceiving of how the economy might have been better off with smaller deficits. While annual deficits are not often perceived as crises in themselves, the existence and size of deficits certainly forms part of the context in which leaders operate. The balanced budget norm influences leaders' behaviors by creating a demand for action, while other contextual forces and leadership factors mediate the relationship between problem recognition and leaders' responses.

Second, legislators may avoid proposing deficit-reducing amendments if they believe the measures will not pass or become law. While elected leaders may desire deficit reduction, they are not likely to expend effort on the issue if their attempts have little chance at success. While the public and leaders may agree that a problem exists, and while leaders have access to a range of possible solutions, lack of consensus on what actions to take could cause leaders not to propose their solutions. For instance, during the fiscal 1981 budget process Budget Committee
Chair Sen. Pete Domenici backed away from his desire to adjust COLA adjustments in Social Security and reduce the size of Reagan's tax cuts, because the White House strongly opposed these measures. Kingdon explains this phenomenon: “Participants may fail to get action. If they fail, they are unwilling to invest further time, energy, political capital, or other resources in the endeavor.” Elected leaders, behaving as rational actors, calculate the costs and benefits of pursuing certain policies. If the costs to their goals are greater than the perceived benefits, leaders are unlikely to propose many deficit reduction measures. Instead, policy entrepreneurs stand by with their proposals, awaiting an opportunity to arise.

Third, the analysis may not reveal significant deficit reduction attempts because it examines only actions taken to reduce the deficit on the Senate floor and only in budget legislation. Both aspects of this confined scope prevent a valid inference that leaders do not respond to the deficit problem. Because the analysis takes place on the floor, Senators’ reactions to the deficit problem may not be apparent because the resolutions emerging from the Budget Committee could already impose strict fiscal constraints. That is, the intra-institutional forces discussed earlier in the chapter decrease the demand for floor action by addressing the deficit in committee. Consequently, Senators might even propose spending increases or tax cuts on the floor in an effort to salvage their programs or lower taxes. For instance, as early as the mid-1970s, fiscally strict budget resolutions emerged from the Budget Committee and rank and file members attempted to restore funding for preferred programs.

Medicare savings gained in the late 1980s demonstrate the Budget Committee's role in reducing the deficit. Medicare costs had continued to expand rapidly throughout the 1970s and 1980s. The program's original cost-based payment system created inflationary pressures and rewarded inefficient providers. Legislators attempted to clamp down on them with a
prospective payment system (PPS), which set uniform reimbursements for procedures. This policy instrument allowed the Budget and Finance committees to find significant savings when trying to reduce the deficit, since policymakers could limit costs by adjusting downward the payments for procedures. After Gramm-Rudman-Hollings imposed across-the-board spending cuts if annual deficit targets were not met, legislators further pruned Medicare reimbursements to meet these targets. Congress indeed took on growing entitlement spending in the 1980s, but since these attempts were made in committee, they are not initially apparent in the analysis.

The study’s focus on deficit-affecting amendments to budget legislation also precludes rejection of the events-driven view. First, elected leaders made many attempts to reduce the deficit outside of budget legislation. For instance, Congress and the White House increasingly employed budget “summits” to reach consensus on policy in the late 1980s. Moreover, even within the budget process, a number of amendments reflecting the balanced budget norm were not included. The study did not consider amendments that offset spending increases with tax increases or vice versa. This occurred particularly often in the 1990s, when Senators’ hands were bound by caps on discretionary spending and PAYGO rules. While these amendments did not attempt to reduce the deficit, they at least reflected the principle that one should offset tax cuts or spending increases rather than deferring costs into the future.

Deficits: Broader Effects on Amendment Activity

Examining the actual data yields more explanatory value. Year-to-year fluctuations in the deficit may not affect legislators’ decisions, but deficits over a longer time period may cause the issue to become more salient. Peterson argues that “a single deficit year doesn’t matter much; indeed, a deficit during a recession is usually good policy,” but leaders do react to the deficit trend over a decade or more. Accordingly, the connection between deficits and amendment
activity should be stronger over specific periods, unless elected leaders are apathetic to deficits.

Table 2.1 displays deficits and deficit-affecting amendments from 1975 to 2005.

<table>
<thead>
<tr>
<th>Year</th>
<th>Deficit by GDP a</th>
<th>Total Proposed</th>
<th>Deficit-Reducing b</th>
<th>Deficit-Increasing b</th>
<th>Major Shifts in Policy</th>
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</thead>
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<td></td>
<td></td>
<td>Spending Cuts</td>
<td>Tax Increases</td>
<td>Total Passed</td>
</tr>
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<td>1</td>
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<td>0</td>
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<td>-4.0</td>
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<td>6</td>
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<td>-6.0</td>
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<td>1996</td>
<td>-1.4</td>
<td>10</td>
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<tr>
<td>2003</td>
<td>-3.5</td>
<td>19</td>
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<td>12</td>
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</tr>
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<td>2004</td>
<td>-3.6</td>
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<td>2</td>
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</tr>
<tr>
<td>2005</td>
<td>-2.6</td>
<td>9</td>
<td>0</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>338</td>
<td>110</td>
<td>64</td>
<td>12</td>
</tr>
</tbody>
</table>

a Deficit figures are for each fiscal year.
b Deficit-increasing and reducing amendment totals represent net budgetary effect for amendments.
c No budget resolution data is available for these years.
d The total numbers of amendments does not match the totals for types of amendments in these years because at least one amendment both cut spending and increased taxes.

Source: Data collected from Congressional Quarterly Almanacs, 1975-2005.
The data reveal three distinct periods in budget politics marked by varying levels of activity and commitment to the balanced budget norm. Prior to 1979, there was very little amendment activity of any kind in budget legislation. Indeed, only in 1978 did the total number of deficit-affecting amendments even reach double-digits. Between 1975 and 1978, Senators proposed a mean of 3.75 deficit-reducing and 2.5 deficit-increasing amendments per year; no deficit-reducing and five deficit-increasing amendments passed. Reconciliation instructions were not even included in a conference resolution until 1980. Aggregate budget targets remained almost entirely in line with Budget Committee recommendations. At this time, the legitimacy of the new budgetary process was not yet established and members were still gaining familiarity with its workings. In light of these forces, one is not surprised that Senators proposed relatively few amendments. Fiscal priorities for elected leaders included economic recovery programs, checked by fear of inflation and considerable respect for the balanced budget norm. In 1978, for instance, 9 of 11 amendments were spending reductions.

Amendment activity from 1979 through 1997 shows both increased member participation and greater saliency of the deficit issue. Unlike the first several years of the post-1974 budget process, members now aggressively used the budget process as a vehicle to further their policy and electoral goals. This period includes the highest means of both deficit-reducing (5.79) and increasing amendments (7.16). While an average of 0.63 deficit-reducing amendments passed each year, around 1.8 deficit-increasing amendments passed each year. 1980 saw the first successful use of reconciliation to achieve deficit reduction. President Reagan used reconciliation to enact significant spending and tax cuts in 1981.

The deficit was clearly a salient issue in the minds of Senators in the 1980s. Sen. Warren Rudman (R-NH) writes that in 1980, “Everyone was worried about the deficit, which in Carter’s
last year had risen to a then astounding $73 billion ... People were angry and frightened. The election seemed to have been a mandate for bold action, and Reagan had public opinion solidly behind him.\textsuperscript{32} In 1981, Sen. Domenici referred to reconciliation as "a tool – a process for budget restraint, inordinate budget restraint – that you use when you want to do something very different."\textsuperscript{33} Although the Reagan tax cuts at the beginning of the 1980s contributed to record deficits, these deficits declined significantly toward the end of the decade, partly because of tax increases adopted after the initial tax cuts and economic growth later in the decade.

The deficit continued to be a salient issue in the 1990s. In 1990, Gramm-Rudman-Hollings deficit targets brought President Bush to relent on his "no new taxes" pledge to gain Congressional Democrats’ support.\textsuperscript{34} In 1992, the deficit was again a key issue in a presidential campaign. A self-financed third-party candidate, Ross Perot, drew nearly 19% of the vote, a feat not accomplished since Theodore Roosevelt’s 1912 campaign.\textsuperscript{35} Perot made the deficit the centerpiece of his campaign and exploited public concern about projections of a ballooning deficit to gain traction. Perot’s deficit reduction plan caught Bush and Clinton off guard; each hastily proceeded to offer their own plans for deficit reduction in response. President Clinton and Congressional Democrats single-handedly passed tax increases and spending cuts in 1993. In 1994, Republicans’ "Contract with America" included provisions for a balanced budget amendment. Finally, in 1997, Clinton and Congressional Republicans reached a deal that, coupled with explosive economic growth, would balance the budget in fiscal year 1998.\textsuperscript{36}

Only after 2000 does leaders’ adherence to balanced budgets truly seem to whither. Of the three periods, the contemporary one has the lowest mean of deficit-reducing amendments at 3.5 per year. Deficit-increasing amendments slightly outpace them at a mean of 3.6 per year. Only one deficit-reducing amendment passed during this period; 16 deficit-increasing
amendments passed. This result is in line with the events-driven hypothesis: once legislators worked to eliminate short-term deficits, they neglected longer-term fiscal shortfalls. Seeds of Senators' fading commitment appear as early as 1998. Indeed, after 1997, not a single deficit-reducing spending cut is proposed. With trillions of dollars in projected surpluses on the horizon, a newly-empowered Republican Party sought to pursue substantial tax cuts.

Amendment activity verifies Peterson's assertion that growth has entirely displaced fiscal responsibility in Republicans' budget priorities. Republicans allowed PAYGO rules and discretionary spending caps to expire, paving the way for spending increases for Homeland Security, passage of Bush's tax cuts, and the Medicare drug benefit. But even this period cannot be described as entirely apathetic to fiscal responsibility. Some Senators made significant attempts to limit or undo the effects of the Bush tax cuts; in 2003, Sens. Fritz Hollings (D-SC) and Ted Kennedy (D-MA) proposed amendments striking $1.34 trillion and $1.24 trillion in tax cuts from the budget resolution, respectively. Deficit reduction attempts take on a particularly partisan bent in this period. Indeed, since 2001, Democrats proposed all but one of 22 deficit-reducing amendments. Sen. Lisa Murkowski's (R-AK) 2003 proposal to increase taxes is the lone Republican deficit-reducing amendment since 1997.

Legislators' level of concern about the deficit has risen and receded since 1974. One should therefore not be surprised to see these ebbs and flows reflected in amendment activity. Although annual deficits do not affect year to year amendment activity, trends appear to affect legislators' decisions. In some years, legislators vigorously attacked the deficit. In other years, different priorities took precedence over the deficit. That other priorities took precedence in some years is not surprising, for the deficit competes with other public goods and agenda items. True "apathy" toward the deficit only set in after the budget was balanced for the short-term,
once it was balanced, the Republican Party adopted a tax cut mentality. But even once the deficit faded as a political issue, not all members were apathetic. Perceptions of problems affect amendment behavior; does the same hold true, as many believe, for elections?

**THE POLITICAL CONTEXT: CONGRESSIONAL AND PRESIDENTIAL ELECTIONS**

*Congressional Elections and Amendment Activity*

While deficits certainly figure into the calculations of elected leaders in the budget process, elected leaders put great emphasis on securing reelection. Some political scientists define the goals of politicians almost exclusively in electoral terms while others hold electoral goals at the top of a hierarchy of goals. In either case, leaders place substantial weight on reelection. When applied to the deficit problem, the conventional view holds that tough choices “don’t pay” at the ballot box and instead hinder electoral goals. For instance, Jacobson finds a negative association between congressmen’s support for deficit reduction measures and electoral support in subsequent elections. Despite a unique public desire for balanced budgets, political scientists generally consider electoral incentives to be in tension with deficit reduction goals. White and Wildavsky conclude in their analysis of budget politics in the 1980s that public opinion – through indirect pressure and elections – placed substantial constraints on the actions elected leaders could take to balance the budget.

Leaders interested in both good public policy (defined as deficit reduction) and preserving their electoral viability thus face a conflict of goals. This occurs at two levels: individual members, who seek to remain in office; and party leaders, who seek to maintain or regain majority party status. While legislators may seek to bring the budget closer to balance, they often believe deficit reduction will imperil their own and their party’s electoral goals. This perception persists despite evidence that supporting deficit reduction measures does not always
harm incumbents' electoral support. Palazzolo confronts this perception in his analysis of the 1986 Senate elections, where conventional wisdom linked Republican support for COLA freezes with their loss of the chamber that November. In fact, a combination of strong challengers, weak incumbents, and local issues explain all but one of the Republican incumbents' losses.46

Yet even one-time deficit hawk Sen. Domenici expresses caution about forging too far ahead of his constituents on deficit reduction. He reflects, "I have always felt the pull to take more of a leadership role than the citizens will support. I yearn to be courageous. But I tend to think of my support in pieces and I'm always worried about losing it piece by piece. Each vote may lose you another piece of support."47 Given this conflict of goals, many scholars assert that elected leaders attempt to evade potential electoral risks by proposing deficit reduction measures as far away from elections as possible.48 The time immediately after an election, in this view, represents the best opportunity for leaders to reduce the deficit with the least fear of electoral repercussions.

If the distance-maximizing explanation of deficit reduction attempts is true, data should show legislators making more attempts at deficit reduction in non-election years and fewer attempts in election years. Amendment activity in the budget process suggests that this phenomenon takes place, although deficit-increasing amendments also tend to increase in non-election years. Table 2.2 summarizes central tendencies for all deficit-affecting amendments for election and non-election years.

<table>
<thead>
<tr>
<th></th>
<th>Deficit-Reducing</th>
<th>Deficit-Increasing</th>
<th>Deficit-Affecting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Median</td>
<td>Mean</td>
<td>Median</td>
</tr>
<tr>
<td>Election Years</td>
<td>4</td>
<td>4.1</td>
<td>1</td>
</tr>
<tr>
<td>Non-Election Years</td>
<td>6</td>
<td>7.0</td>
<td>6.5</td>
</tr>
<tr>
<td>All Years</td>
<td>5</td>
<td>5.6</td>
<td>3</td>
</tr>
</tbody>
</table>

*Table 2.2. Central Tendencies of Deficit-Affecting Amendments in Election and Non-Election Years.*
Consistent with the predictions of the hypothesis, legislators offered fewer amendments in election years. Years without elections had substantially higher numbers of deficit-reducing amendments than years with elections. The mean difference between election and non-election years was a full three amendments. The median number of amendments for non-election years was six while election years had a median of four. The correlation between the number of deficit-reducing amendments and election year is quite strong at -.313, showing a strong negative association between deficit-reducing amendment activity and election years. However, the negative relationship between deficit-increasing amendments and election years is even stronger than for deficit-reducing amendments, with a correlation of -.400. The correlation for all amendments affecting the deficit and election year falls between deficit-reducing and increasing correlations at -.391.

The strength of the relationship between non-election years and deficit-increasing amendments was not expected, since the electoral distance hypothesis predicts that non-election years are opportunities for deficit reduction. But in non-election years, Senators were simply willing to offer more amendments that both reduced and increased the deficit. While some amendments reduced the deficit, a larger number increased it. What then explains the increased amendment activity in non-election years? First, while Senators were not likely to go on-record cutting popular programs in election years, they may have also sought to avoid the political liability of increasing the deficit in election years. This is indeed plausible, for the balanced budget norm was salient in voters’ minds through much of this period. Indeed, the so-called “tax revolt” sweeping the country in the late 1970s made Congress weary of large federal expenditures.49 Consequently, Senators chose to offer amendments increasing spending when
reelection was more distant. By doing so, they could try to satisfy their preferences while minimizing the potential electoral repercussions of supporting large government programs.

Second, institutional forces also account for the high number of deficit-affecting amendments in non-election years. Evidence strongly suggests that some members attempted to salvage domestic programs and tax preferences that had been reduced or eliminated in the Budget Committee. These members are also policy entrepreneurs, but they often place a higher priority on obtaining a "fair share" of the budget rather than balancing it. If, as evidence suggests, the electoral distance hypothesis is correct, then more tough choices are likely to be made in non-election years. Entrepreneurs emphasizing fair shares over balance then attempt to negate program cuts and tax increases through floor amendments. Thus, leaders may propose large numbers of deficit-increasing amendments even during opportunities for deficit reduction.

While some of the members proposing deficit-increasing amendments place little value in deficit reduction, one should realize that many of these entrepreneurs are not necessarily apathetic toward the deficit. Indeed, some are actually deficit reduction entrepreneurs in their own right. Sen. Fritz Hollings (D-SC) is a case in point. He offered large, non-offset defense increases in 1979 and throughout the 1980s, but in 1982 proposed to repeal the third round of Reagan's 1981 tax cuts, generating over $100 billion in savings. Hollings also offered a number of amendments cutting domestic discretionary spending. This mixture of deficit-reducing and increasing amendment activity in a single member is a function of legislators' priorities: members have varying preferences in the size and composition of the budget. Moreover, balancing the budget is not the only goal of even the most active deficit-minded entrepreneurs. And even when it is their top priority, members have competing visions of how to arrive at this shared goal. Legislators seek to balance the budget at different levels of spending.
and with various compositions. Hollings, a moderate, defense-oriented Democrat, was willing to cut domestic discretionary spending while pushing for defense increases throughout the 1980s.

Presidential Elections and Amendment Activity

Despite Congress's attempts to reclaim power from the executive in the 1974 Budget Act, the executive branch plays a key role in the politics of the budget process. The president's preferences and choices have important ramifications for the decisions of legislators. In terms of Kingdon's windows of opportunity for policy change, presidents can keep open or shut an emerging deficit reduction opportunity through their agenda-setting power. Once deficit reduction is on the agenda, however, the president may need to negotiate with Congressional leaders over the substance of policies. One case makes this particularly clear. In the budget process for fiscal year 1983, Budget Committee chair Domenici sought to reduce the deficit with significant tax increases in addition to spending cuts. Domenici, a person Fenno describes as a member torn between ambition and caution, moved forward with his plan — one that the president was deeply ambivalent toward — only because he believed he could get the president on board once he assembled a solid Republican majority in the Budget Committee.

Although the president plays a major part in shaping the opportunities for deficit reduction, he also faces the same electoral constraints as members of Congress. Given the president's importance in shaping opportunities as well as his electoral constraints, what is the impact of presidential elections on amendment activity? The electoral distance hypothesis predicts that windows of opportunity are more likely to emerge just after an election, whether congressional or presidential. A recently elected or re-elected president may thus have more opportunities to address the deficit than one facing reelection or a lame duck. Accordingly, legislators may offer more deficit-reducing amendments in years immediately following a
presidential election. Amendment activity supports this hypothesis. But again, deficit-increasing amendments showed much stronger correlations than deficit-reducing amendments. Table 2.3 summarizes the correlations between amendment activity and presidential-election variables.

Table 2.3. Correlations between Presidential Election Variables and Deficit-Affecting Amendments.

<table>
<thead>
<tr>
<th>Amendment Type</th>
<th>Deficit-Reducing</th>
<th>Deficit-Increasing</th>
<th>Deficit-Affecting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-Presidential Election Year</td>
<td>.209</td>
<td>.525 *</td>
<td>.426 b</td>
</tr>
<tr>
<td>Distance to Presidential Election</td>
<td>.190</td>
<td>.424</td>
<td>.352 b</td>
</tr>
</tbody>
</table>

a Significant at the .01 level (2-tailed).
b Significant at the .05 level (2-tailed).

The correlations reveal several strong relationships between presidential election distance and deficit-affecting amendments. A moderate relationship exists between post-presidential election years and the number of deficit-reducing amendments. However, the relationship between post-presidential election years and deficit-increasing amendments is much stronger. Immediately following presidential elections, members offered many more amendments. The distance to the next presidential contest has a similar but slightly weaker association with deficit-affecting amendment activity. Consistent with the results for congressional elections, presidential elections have a substantial influence on aggregate amendment activity.

While there is a very strong relationship between non-election and post-presidential election years and deficit-affecting amendment activity, the political context cannot account for all patterns of amendment activity. After all, non-election years are not as safe as one might imagine. Budget resolutions are often debated, amended, and passed well after the statutory deadline. Moreover, reconciliation legislation is usually voted on late in the calendar year. In both cases, members seeking to reduce the deficit must put themselves on record in support of
tough choices. Therefore, even when these are voted on in non-election years, credible
challengers still have the chance to jump in to oppose a previously strong incumbent.
Challengers already in the race would have ample time to exploit the incumbent’s supposedly
unpopular vote choice.

THE POLICY CONTEXT: HOW, HOW MUCH, AND WHO?

Pursuing good public policy is a fundamental goal for elected leaders.54 Elected leaders
certainly seek to remain in power, but electoral success is valuable as an instrument to other
ends. That is, power gained through elections is valuable because it allows them to advance other
goals. Once elected, legislators pursue their conceptions of good public policy, at least to the
extent that they find it compatible with electoral goals.55 For many Senators in office since 1974,
deficit reduction forms a significant component of good policy. When considering the policies
that legislators propose, three questions are relevant. First, how do legislators attempt to reduce
the deficit and how do their attempts vary by party? Second, to what extent do Senators attempt
to adjust policy on the floor? And third, which legislators are most active in floor consideration?

Members seek to reduce the deficit in different ways. While some offer tax increases and
seek to balance the budget at higher levels of spending and taxation, others seek to cut spending
and balance it at lower levels. How well does amendment activity support some scholars’
contention that reducing the deficit is not so much a matter of apathy as it is a lack of consensus?
Second, to what extent do members attempt to adjust spending and taxation levels once budget
legislation reaches the floor? Do some members attempt to alter these levels even in years where
moves toward budget savings were not initiated in the Budget Committee? Finally, are the
Senators who emphasize deficit reduction budget policy specialists who, through self-selection,
become part of the Budget Committee? Or are they simply rank and file members attempting to affect policy after the budget legislation reports from committee?

Means of Deficit Reduction and Party

How do legislators attempt to address the deficit and how do deficit reduction attempts vary between Democrats and Republicans? In the first chapter, one explanation offered for the persistence of deficits posits that much of the problem lies in building consensus on deficit reduction packages rather than the lack of recognition of the deficit as a problem. In other words, many deficit-minded leaders attempt to reduce the deficit according to their conception of the proper size and role of government, but are stymied by their inability to assemble a majority coalition on their preferred means of deficit reduction. This perspective thus holds ideological conflicts rather than simple ignorance or apathy responsible for much of the deficit problem.

The dissensus explanation asserts that ideology explains the ways in which leaders address the deficit. Because liberals support a larger role for government, they prefer to balance the budget through tax increases in order to save their cherished programs. On the other hand, conservatives prefer smaller government and thus push for spending reductions to balance the budget. With ideology very strongly associated with national political parties as a result of parties' secular realignment, Democrats usually prefer tax increases while Republicans generally prefer spending cuts, at least to the extent that either party adheres to the balanced budget norm. Table 2.4 shows a cross-tabulation of Senator Party and amendments' means of deficit reduction.
Table 2.4. Amendment Sponsor’s Party and Competing Methods of Deficit Reduction.

<table>
<thead>
<tr>
<th>Method of Deficit Reduction</th>
<th>Party of Sponsor</th>
<th>Republican</th>
<th>Democrat</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending Cut</td>
<td>Party</td>
<td>84.3%</td>
<td>54.9%</td>
<td>65.5%</td>
</tr>
<tr>
<td>Tax Increase</td>
<td>Party</td>
<td>15.7%</td>
<td>45.1%</td>
<td>35.5%</td>
</tr>
<tr>
<td>Total</td>
<td>Party</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*9 = 150.

* Includes both domestic and defense discretionary spending, in addition to mandatory spending.

Amendment activity in budget legislation strongly supports the lack of consensus hypothesis. While over 84% of deficit-reducing amendments offered by Republicans were spending cuts, only around 55% of Democratic amendments were spending cuts. Democrats nearly tripled Republicans’ attempts to increase taxes. Nearly half of Democratic amendments were tax increases while only around 16% of Republican amendments were tax increases. Results are also revealing within each party. Republicans are overwhelmingly skewed toward spending cuts in their attempts to reduce the deficits. Most Republican attempts to cut spending involve domestic discretionary programs, but Domenici and others also sought entitlement savings. The Democrats are much more closely split, although they slightly favor spending cuts over tax increases. Part of Democrats’ preference for spending cuts, however, is likely due to the lumping together of all spending amendments. Democrats, amendment activity shows, are quite willing to cut defense spending. Even controlling for this, however, Democrats are much more equally divided between tax increases and spending cuts than Republicans. Overall, spending cuts are favored by nearly a two to one margin to tax increases.

Democrats and Republicans’ divergent approaches to deficit reduction shed significant light on how consensus often eludes the political system. Attempts to reduce the deficit are a classic case of multiple equilibria. The federal budget is extremely large; because legislators can
select such a wide range of policy options, they can select a handful of deficit-reducing policies without significant concern for political fallout. However, individual legislators and the parties to which they belong have competing preferences. Consequently, while many legislators might be willing to reduce the deficit in their preferred way, they fail to reach consensus more often than not. Deficits can thus continue to linger despite leaders' recognition of a problem.

The variances between and within the parties lend credence to at least one of three further inferences. But due to the study's methodology, definitive inferences are difficult to verify. Democrats are much more evenly split between the two approaches than Republicans, but even Democrats propose more spending cuts than tax increases by nearly a 10% margin. Institutional forces offer the first potential explanation for the lack of tax increases: the Budget Committee may have adopted tax increases in its report, alleviating demand for tax increases on the floor.

Second, one might infer that Democrats are more ideologically heterogeneous regarding deficit reduction policies than are Republicans for most of this period. Democrats are split between liberals and moderates. For instance, intra-party groups such as the “Blue Dog” Democrats push for smaller government, favoring spending cuts over tax increases to reduce the deficit. Fittingly, Democrats were split between the two forms of deficit reduction for much of the time since 1974. Since the mid-1990s, however, Democrats have come to rely heavily on tax increases for budget savings. Indeed, Democrats did not offer a single spending cut after 1997, as Table 2.1 reveals. As for Republicans, Peterson makes the case that anti-tax zealots have come to dominate the Republican Party following the George H. W. Bush administration. 58

A third explanation also accounts for the near-even split among Democrats on deficit reduction methods. Although Democrats prefer tax increases, they may perceive that tax increases are less popular and thus propose fewer tax increases. This explanation is intuitive over
the time period examined, when popular distrust of government and government programs might make spending cuts more politically palatable than tax increases. Additionally, Democrats' trend toward tax-increasing amendments really takes off only in 2003 and later; they sought to raise taxes only after Bush passed significant tax cuts in the previous two years. Still, it is not clear that this explanation is reflected in amendment activity. One Democratic strategy occurring primarily since the Bush presidency, after all, has been to propose fairly small spending increases that are slightly more than offset by tax increases, with the difference going to deficit reduction. Of course, it is also possible that some combination of these three factors is at work. No matter which inference is true, though, the descriptive fact remains that spending cuts are offered much more frequently than tax increases as ways to reduce the deficit.

Moreover, definite trends are evident in members' preferences for different methods of deficit reduction. Senators have not proposed any spending cuts, once the primary form of deficit reduction attempt on the floor, for nearly ten years. Although Senators do not offer tax increases as frequently as spending cuts in the early 1980s, they are now the preferred method of deficit reduction. Figure 2.2 illustrates the trends for spending cuts and tax increases.

Figure 2.2. Trends in Tax Increases and Spending Reductions, 1975-2005.
Democrats appear unwilling to consider spending cuts in their attempts to reduce the deficit after 1997. But Republicans have completely stopped even attempting to reduce the deficit, with only one exception. Indeed, when the party of spending cuts does not offer those cuts, the party has abandoned the balanced budget norm.

For the vast majority of this period, spending cuts were the primary way through which Senators attempted to reduce the deficit. Their use peaked in the first half the 1980s, but they enjoyed a resurgence in popularity in the early 1990s. Before 1998, tax increases had only surpassed spending cuts a total of three times. Since then, tax increases have surpassed spending cuts every year. Indeed, members have not even proposed a spending cut since 1997. Although these patterns certainly represent evolving preferences in how to achieve deficit reduction to some extent, they also represent who is attempting to reduce the deficit. Since 2001, for instance, Senate Republicans proposed only one deficit-reducing amendment, which was itself a tax increase. With more deficit-reducing amendments being proposed by Democrats, it is hardly a surprise that fewer deficit-reducing amendments are tax increases rather than spending cuts. The data in Figure 2.3 thus reflect the Republican Party's shift from fiscal responsibility to promoting economic growth through supply-side tax cuts and disregard for the balanced budget norm.

Policy Change on the Senate Floor

To what degree do members attempt to adjust deficit levels once budget legislation reaches the floor from committee? Do amendments tend to be small cuts to individual programs, or are they large cuts or significant tax increases? Given the substantial effect of committee decisions on floor activity documented earlier in the chapter, one expects for the former prediction to hold true. A close examination of amendment activity lends credence to the hypothesis that members generally offer amendments with small fiscal impacts, but with
important exceptions. Throughout the post-1974 budget process, entrepreneurs pushed for significant changes even once budget legislation reached the floor. Many amendments aimed to reduce the deficit, but significant numbers also would have increased it. While some amendments represent substitute budgets that party leaders proposed, the majority reflect the policy preferences of individual Senators.

Measuring the fiscal impact of amendments proves difficult, since estimates of the fiscal effect of many amendments were not available. Consequently, one has difficulty when assessing whether these were “major” or “minor” adjustment attempts. Looking past this measurement problem to amendments with an estimated fiscal impact show many small adjustments complemented by large ones. Attempts to adjust budget policy to a significant degree on the floor began even in 1975, when Republicans James Buckley (NY) and Jesse Helms (NC) offered substantial spending cuts. Indeed, Helms’ substitute amendment would have balanced the budget in the next fiscal year by cutting an additional $67 billion in spending. Sen. Proxmire also offered large adjustments in the early years of the post-1974 budget process, proposing 5% spending reductions, the specifics of which would be determined by the Budget Committee.

Nevertheless, the bulk of large adjustment attempts occurred after the budget process had matured. In 1982 and 1983, Sen. Johnston (D-LA) proposed tax increases and spending cuts which would have saved $105 billion and $285 billion, respectively. In 1993, Republicans’ preference for spending cuts is clearly demonstrated when Sen. Robert Dole (R-KS) offered a substitute amendment saving a similar amount of money (around $460 billion), but with all savings coming from entitlement and domestic discretionary spending cuts. In 1997, cross-partisan majorities supported Sen. William Roth’s (R-DE) amendment to reduce Medicare spending by a combined additional $227 billion over five years through increases in eligibility
age and means-testing. The conference committee omitted these changes from the conference report, however. Significant attempts to cut taxes emerge after 1997, when Republicans Sens. Coverdell (GA), Gramm (TX), and Grassley (IA) attempted to cut taxes by around $200 billion, $800 billion and $64 billion over five years, respectively.

Sens. Russ Feingold (D-WI) and Pete Domenici (R-NM) also proposed amendments with significant budgetary ramifications. In 1995 and 1996, Feingold fought Republican attempts to cut taxes in the budget resolution. Feingold's two tax-increasing amendments would have saved $170 billion and $122 billion, respectively. Domenici's behavior over time reveals increasing hostility to tax increases and, ultimately, a willingness to embrace supply-side, "pro-growth" economic policies - and their resulting deficits. In 1994, Domenici attempted to cut an additional $318 billion from the deficit through cuts to domestic discretionary programs, Medicare, and Medicaid, even while providing for reduced taxes and increased defense spending. By 2001, however, Domenici brought reconciliation instructions for President Bush's $1.6 trillion tax cut to the floor, where he prevailed 51 to 49 along party lines. Even after the dramatic fiscal deterioration that occurred subsequent to the tax cuts, Domenici has called for making the 2001 and 2003 tax cuts permanent.

Active Floor Participants

Kingdon describes policy entrepreneurs in broad terms. Such entrepreneurs, he observes, can be found in and out of formal leadership positions: "No single formal position or even informal place in the political system has a monopoly on [policy entrepreneurs]." Some deficit entrepreneurs in the Senate are Budget Committee or party leaders. Other entrepreneurs may be members of the Budget Committee, while still others are not in any constituted position in the
budget process; they are simply interested in reducing the deficit. Two questions arise from the premise that policy entrepreneurs occupy a variety of formal positions and informal places.

First, will members of the Budget Committee be more active in the process than non-members? On the one hand, since Senators on the Budget Committee are likely to take more interest in budget issues, one might expect to see them become more active on the floor. On the other hand, these members already could have had substantial influence over budget legislation in the committee stage and thus may not have more adjustments to make once the legislation reaches the floor.

Second, who are the most active players in floor amendment activity and how do they vary in terms of ideology, reasons they offer for deficit reduction, and formal position? Amendment activity shows that while Budget and non-Budget Committee members alike are active in the process, Budget Committee members participate at a disproportionately high level in floor amendment activity and are more consistent from year to year. Actions of individual policy entrepreneurs indicate that they vary in their preferences for deficit reduction, the reasons they offer for pursuing it, and in their formal positions. These differences merit a closer examination in the next chapter.

Members of the Budget Committee were more active in per capita floor amendment activity. Non-Budget Committee members offered slightly more than 65% of deficit-reducing amendments since 1975. But since the Budget Committee is composed of only around twenty members, this means that just 20% of the chamber offered around 35% of deficit-reducing amendments. Figure 2.3 displays Budget Committee and non-Budget Committee member attempts to reduce the deficit since 1975.
While those members who have a particular interest in budgeting decisions are likely to self-select onto the Budget Committee to shape decisions directly, data show that they do not stop at the committee stage. Rather, they persist in attempts to address the deficit once budget resolutions and reconciliation bills reach the floor. But non-Budget Committee members’ level of activity swings much more drastically from year to year than Committee members’. Table 2.5 shows Committee and non-Committee member amendment levels over this time period.

Both Figure 2.3 and Table 2.5 show that Budget Committee members have a lower (but per capita higher) level of participation than non-Budget Committee members that is also more consistent from year to year. Despite large swings in the numbers of amendments offered by
non-Budget members, the numbers of amendments offered by Budget members remain relatively stable. The standard deviation for Budget Committee members, with a value of just over 1.5, is well less than half the standard deviation for non-Budget Committee members.

The involvement of Budget Committee members does not cease even at offering amendments on the floor. Indeed, the chair and ranking member of the Budget Committee often attempt to defend the committee version of budget legislation by offering motions to table (or kill) floor amendments. For this reason, the above percentages of Budget Committee member amendment activity actually underestimate the extent to which the Budget Committee influences the budget process. As far back as 1980, Chairman Fritz Hollings alone offered eleven motions to kill amendments while ranking member Henry Bellmon (R-OK) offered a more modest four motions. More recently, Chairman Domenici offered twelve motions to kill amendments in floor debate for the FY 1998 budget. Only rarely do non-Budget Committee leaders offer motions to kill; even party leaders only occasionally propose them. Budget Committee leaders' increased activity applies to both deficit-increasing and deficit-reducing amendments. Indeed, even a deficit hawk like Sen. Domenici made several motions against deficit-reducing amendments on the floor. In this way, Budget Committee and party leaders often attempt to preserve the committee report against modification on the floor.

Which members propose significant numbers of deficit-affecting floor amendments to budget legislation? Wildavsky observes that the budget process gives individuals the chance to pursue their policy preferences: “The president and the Speaker are better at stopping what they don’t like than getting what they want because ... they lack majorities. Thus the budgetary stalemate offers up opportunities for political entrepreneurship. Anyone who can figure out (or
guess) what sorts of alliances ... might emerge victorious has an opportunity to try." \(^{62}\) Table 2.6 lists several especially active members' floor amendment activity.

**Figure 2.6. Selected Budget Process Participants' Amendment Activity.**

<table>
<thead>
<tr>
<th>Member</th>
<th>Member's Party</th>
<th>Deficit-Reducing (^a)</th>
<th>Deficit-Increasing (^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dole (^c)</td>
<td>Republican</td>
<td>5 (11)</td>
<td>4 (6)</td>
</tr>
<tr>
<td>Domenici (^c)</td>
<td>Republican</td>
<td>5 (31)</td>
<td>3 (18)</td>
</tr>
<tr>
<td>Dorgan</td>
<td>Democrat</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Feingold</td>
<td>Democrat</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Grassley</td>
<td>Republican</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Hollings (^c)</td>
<td>Democrat</td>
<td>4 (9)</td>
<td>8 (13)</td>
</tr>
<tr>
<td>Metzenbaum</td>
<td>Democrat</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Proxmire</td>
<td>Democrat</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Roth</td>
<td>Republican</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

\(^a\) \(n = 150.\)
\(^b\) \(n = 184.\)
\(^c\) Numbers in parentheses indicate motions to kill amendments having the opposite fiscal effect in addition to floor amendments the member proposed.

Chapter Three aims to analyze several of these members in detail. These individuals should all be committed to the balanced budget norm, but also address the issue in different ways. Which ones are worthy of a closer look? Several criteria filter out noteworthy cases from this list of active members. First, what are the Senators' policy preferences for reducing the deficit? Second, what formal positions do the Senators occupy? Do they attempt to reduce the deficit in the Budget Committee, only once it reaches the floor, or both? Finally, what reasons do the Senators offer for deficit reduction?

Three members stand out from this list when evaluated in terms of these criteria. First, Sen. Domenici is the most active legislator in the budget process in terms of amendment activity. For much of his Senate career, he was a deficit-cutting, small government Republican, although he made motions to kill amendments he thought jeopardized the political viability of budget agreements. As Budget Committee chair or ranking member through much of this period, he held an important formal position. Chapter Three shows that his entries into the *Congressional*
Record reflect a fusion of economic and moral rationales for deficit reduction. Feingold proposed the smallest number of floor amendments, but he is still a unique figure in the budget process.

First, his only amendments are deficit-reducing. Feingold also takes on a much more liberal approach to deficit reduction; all of his deficit-reducing amendments are tax increases. Chapter Three cites Feingold professing his willingness to cut spending, but he appears willing to cut only some spending in some ways. As a Budget Committee member, he is a formal leader to a lesser extent than Domenici. Finally, Proxmire’s amendment activity suggests that he is a more moderate Democrat. Still, he shares some preferences with Feingold, such as cuts in defense spending. Proxmire is almost entirely removed from formal positions on the budget process. Nonetheless, he makes repeated attempts to cut spending, even for domestic programs.

Although some of the other members can be excluded on one of the above criteria, many could have been selected instead of the above three. For instance, Hollings is more active in the process than either of the two selected Democrats and offers considerably more ideological diversity. However, he is also a Budget Committee leader. If he had been chosen in place of Proxmire, all three cases would have been Budget Committee members; since Chapter Three seeks to analyze different approaches to deficit reduction, he was excluded. Feingold was not particularly active in amendment activity, but he is one of the few liberals who show substantial respect for the balanced budget norm. Moreover, his exclusive reliance on moral appeals for deficit reduction makes him unique among legislators.

***

Analyzing floor amendment activity on budget legislation reveals several patterns of legislators’ behavior on the deficit problem since 1975. One readily apparent observation is the extent to which budget policy is usually set in committee. Committee activity had a significant
effect on floor activity. When coalition leaders decided to take on the deficit, their efforts usually began in the Budget Committee. As a consequence, members rarely proposed large deficit-affecting amendments once the budget resolution or reconciliation bill reached the floor. Even less frequently did such amendments pass: deficit reduction amendments passed only around 7% of the time while deficit-increasing amendments passed nearly 30% of the time. Only very adamant entrepreneurs consistently attempted to make large adjustments on the floor. Budget Committee members, then, are of paramount importance in exercising stewardship in the budget process. Their positions give them significant opportunities to effect policy changes early in the process. Once at the floor, adjustments were much more incremental. Many times, deficit reduction attempts targeted particular programs that individual Senators did not like; it is not clear whether moral concern for future generations' well-being rather than a preference about a particular program accounts for legislators' behavior.

Legislators' actions showed episodic attempts to reduce the deficit that significantly declined after the budget reached short-term balance, especially among Republicans. While the deficit formed part of the context in which leaders made decisions, it did not always take center stage. Only recently have elected leaders, especially Republicans, ceased to respond to resurging deficits with spending cuts and tax increases. Indeed, the only period resembling apathy on the deficit appears to be after the 2000 presidential election, where there is relatively little amendment activity – in terms of both quality and quantity – despite a rapid fiscal deterioration.

Amendment activity suggests elections have a strong influence on members' behavior in both congressional and presidential elections. Senators appeared more willing to offer all kinds of amendments in non-election years. Senators' amendment activity also increased after a presidential election. Electoral distance thus played a significant part the emergence of
opportunities to reduce the deficit. In the years 1981, 1990, 1993, 1997, and 2001, budget policy shifted significantly. At each of these times, the president played a key part in pushing major budgetary changes through the Senate. However, the electoral context does not explain all activity on the budget. Each major shift in budget policy has a unique story to it, one that is in no small part a product of individual Senators' preferences and tenacity. While Budget Committee members offered more amendments per capita, many rank and file members also attempted to adjust spending and tax levels. Analysis of deficit-reducing amendments indicates that these entrepreneurs have distinct preferences for achieving deficit reduction. Republicans offered spending cuts to the near exclusion of tax increases. Democrats still offered more spending cuts than tax increases, but offered significantly more tax increases than Republicans.

Although many individuals show up in amendment activity in budget legislation, several individuals stand out from others in the frequency of amendments they offer, their preferences for achieving deficit reduction, their formal positions, and their professed reasons for reducing the deficit. Because individuals play an important part in attempting to reduce the deficit, the thesis now turns to a more detailed examination of three policy entrepreneurs. Pete Domenici is a conservative formal leader who served as chair or ranking member of the Budget Committee for nearly 25 years. William Proxmire, an independent-minded Wisconsin Democrat, was never on the Budget Committee, but nonetheless made significant attempts to reduce the deficit. Russ Feingold, also a Democrat from Wisconsin, is a liberal budget balancer. He is a formal leader to a lesser degree in his role as a Budget Committee member. Although these leaders all varied in their resemblance to Kingdon's policy entrepreneur, electoral bases, formal statuses, the reasons they offer for deficit reduction, and policy preferences, all acted as deficit-reducing policy entrepreneurs in the budget process.
NOTES FOR CHAPTER TWO

6. The phenomenon of presidential priority-setting and legislative modification is a classic example of Kingdon’s (2003) model of policymaking. While the president plays the most significant part in setting the agenda, he has much less influence over the alternatives that legislators present. See also Jones, Charles O. 2005. *The Presidency in a Separated System*. Washington, D.C.: The Brookings Institution.
11. *Congressional Quarterly Almanacs* in these years all describe major changes adopted in the Senate Budget Committee.
19. One should note that annual deficits and the national debt are not particularly vivid indicators of generational inequities. Because these measures do not reveal who this burden falls upon and how much of the burden is theirs, assessments of equity are made quite difficult. Still, annual deficits serve as rough indicators that burdens will be passed to future generations and, because they are the most commonly relied-upon measure, are the most convenient barometers by which to analyze annual amendment activity. For an alternative measure, see Kotlikoff, Laurence J. and Scott Burns. 2004. *The Coming Generational Storm*. Cambridge, MA: MIT Press.
21. The CBO’s “Historical Budget Data” was used to obtain the deficit in billions of dollars and GDP numbers.


31 The effect of Budget Committee activity, described in the first section of this chapter, resolves the apparent tension between the high number of deficit-increasing amendments and deficits' political saliency in this period.


36 Palazzolo 1999.


42 Arnold 1990.

43 Jacobson 1993.

44 White and Wildavsky 1989.

45 Arnold 1990.


49 Kingdon 2003.

50 In 1982 dollars.

51 Kingdon 2003.

52 Fenno 1991.

53 Light 1995.

54 Fenno 2000.

55 Arnold 1990.

56 White and Wildavsky 1989.

57 Kotlikoff and Burns 2004, 119.


61 Kingdon 2003, 179.

62 Wildavsky 1988, 207.
3. Varieties of Leadership: Three Deficit Reduction Entrepreneurs

The Senate’s permissive rules and individual-minded membership facilitate entrepreneurial leadership on deficit reduction. Senators have significant opportunities to advance their preferences both in committee and on the floor. In the budget process, they can express their preferences in terms of amendments to budget legislation, procedural motions on others' amendments, and through floor speeches. Kingdon defines “policy entrepreneurs” as individuals who invest resources – which include reputation, time, and energy – in a cause.1 Similarly, Sen. Pete Domenici describes members he calls “players,” only a few of whom are in the Senate at a time. Players are members who “who regularly [get] into the middle of legislative projects in an area of [their] competence and [work] constructively to see them through.”2 These individuals behave differently than other members, often exhibiting a propensity to act as Edmund Burke’s trustee rather than as a delegate. They also play a central role in “coupling” the problem, politics, and policy “streams.”3 This chapter takes a closer look at Senators Domenici, Proxmire, and Feingold, all of whom vigorously pursued deficit reduction in the budget process.

While deficit reduction has been a salient issue to many Senators holding office since 1975, Domenici, Proxmire, and Feingold have been uniquely committed to the goal. First, Sen. Pete Domenici, a Republican from New Mexico first elected in 1973, is one of the most central figures on budget policy in or out of the Senate. As chair or ranking member on the Budget Committee for nearly a quarter-century, he has played an unparalleled part in shaping the context and choices of other elected leaders on the budget.4 Sen. William Proxmire, a Democrat from
Wisconsin who served from 1957 to 1989, is a second noteworthy deficit-reduction entrepreneur. Proxmire differs in many ways from Domenici; he is a loner rather than a consensus-builder, an outsider rather than a positional leader. He is best remembered “Golden Fleece Awards” he gave for government spending he considered “wasteful, ridiculous or ironic.” Finally, Sen. Russell Feingold, another Wisconsin Democrat who took office in 1993, has used his membership on the Budget Committee to push for deficit reduction mainly through tax increases. The three cases illustrate the divergent strategies that policy entrepreneurs have employed to pursue deficit reduction.

**FIVE DIMENSIONS OF ANALYSIS**

Attempts to reduce the deficit fare quite poorly in terms of passage when compared to deficit-increasing amendments, yet Domenici, Proxmire, and Feingold repeatedly attempt to cut spending or increase taxes. To what degree do they conform to Kingdon’s description of leaders as policy entrepreneurs? What accounts for their persistence despite their knowledge that deficit-reducing amendments generally are not likely to succeed? Specifically, does the rhetoric the legislators employ reflect the expanded notion of moral constituency that Ruscio and Gutmann and Thompson advocate? What reasons do they offer for pursuing deficit reduction: mere economic self-interest, substantive policy reasons, or intergenerational justice? Finally, do the three leaders’ preferences for reducing the deficit vary even though they might articulate similar reasons for pursuing the goal? This chapter thus investigates these leaders in terms of five dimensions: their resemblance to Kingdon’s policy entrepreneur; the stage of the budget process at which they attempt to enact their preferences; the reasons they offer for deficit reduction; their preferences in how to reduce the deficit; and how they interact with their electoral constituents.
Leaders as Entrepreneurs

Kingdon’s description of policy entrepreneurs provides an intuitive vantage point from which to begin examining these leaders. He asserts that leaders’ authority stems from their perception as experts or from the formal position they hold. Expert status and formal position often overlap. As Budget Committee chair, Domenici was in a formal position in which he gained expertise on budgetary issues. But formal position is hardly necessary for expertise on an issue, as Proxmire’s case demonstrates. Kingdon argues that successful entrepreneurs also combine formidable political connections and negotiating skills to push their preferences. Finally, successful entrepreneurs are persistent. Kingdon writes that “many potentially influential people might have expertise and political skill, but sheer tenacity pays off ... Persistence alone does not carry the day, but in combination with the other qualities, it is disarmingly important.”

Point of Action and Position

Policy entrepreneurs have opportunities to influence outcomes at many stages in the budget process. Members of the Budget Committee – and especially the Chairman – play key roles in drafting the document from which other members work. They thus have the opportunity to express their preferences first and, in so doing, shape others’ expectations. Fenno argues that “official position may be the single most important resource a Senator can command.” The very low passage rate of floor amendments observed in the previous chapter suggests that acting in committee may significantly increase chances for policy success. Once budget legislation reaches the floor, committee members and non-members alike still have the opportunity to propose deficit-reducing amendments, but their chances for success may be significantly diminished. Analyzing the point at which leaders attempt to adjust spending and taxation levels makes apparent leaders’ strategies to enact their preferences.
Rationale for Pursuing Deficit Reduction

What reasons do these leaders offer in support of their proposals? That is, why do they consider the deficit a problem? Why are these unpopular and politically difficult solutions necessary? Effective entrepreneurs must be able to answer these questions. The reasons these elected leaders give for deficit reduction are directed at two distinct audiences: to other members and to the public. Within the chamber, leaders seek to build consensus on both the need for deficit reduction and the merits of their specific means of reducing the deficit. And because they are elected leaders in a democratic government, they attempt to build support for – or at least offer an explanation of – their actions to the electorate. Because the deficit serves as an indicator rather than a problem itself, these leaders “push to create such things as personal viewings of problems ... and the diffusion of a symbol that captures their problem in a nutshell.”

To create these personal viewings and symbols, entrepreneurs turn to at least one of three appeals.

First, leaders can utilize an economic rationale for deficit reduction. From this perspective, deficits are problematic because they crowd out private investment, lower savings rates, and put upward pressure on inflation. Advocates using this appeal cite deficits as a threat to economic prosperity and argue that a large national debt lowers individuals’ standard of living. The economic appeal has both short- and long-term aspects. A second rhetorical strategy leaders might utilize is a moral appeal. This appeal justifies deficit reduction on the grounds of distributive justice and temporal equity. Because fairness dictates that contemporary policymakers should consider the economic well-being and substantive opportunities for policy choice of future generations, elected officials and voters should embrace tough choices now. The third reason leaders might use to justify deficit reduction is a policy rationale, which argues that
interest paid to finance the national debt is wasteful. Because it goes to interest payments, this money is unavailable for other priorities like education and tax cuts.

While these appeals overlap to a significant degree, each is distinctive. While the moral appeal certainly has an economic component in that it considers future economic growth, the two are still distinct. Specifically, the moral appeal is concerned with future generations' well-being rather than immediate economic growth and calls into question the justness of limiting future generations' range of choices. Thus the moral justification goes beyond the appeal to self-interest implicit in the economic rationale. Similarly, the political appeal is related but distinct from the moral appeal. The policy justification views the money spent on paying interest on the national debt as a waste both now and in the future. But the political appeal only indirectly addresses economic growth and the justness of limiting future generations' choices, while the moral appeal makes this issue its central justification for deficit reduction.

A potential objection must be addressed at this point. Some would dismiss leaders' justifications as mere rhetoric that does not reveal their motivations. One must concede the argument's premise; political scientists readily assume the motivations of political actors, but these motivations are difficult to verify empirically. However, it does not follow from this concession that scholars should ignore leaders' rhetoric. On the contrary, this concession makes it all the more important to consider leaders' justifications. For these justifications are techniques through which leaders hope to build support among colleagues and constituents for otherwise unpopular decisions. Even if leaders do not pursue a policy for the reasons they offer, the reasons they invoke are still relevant in terms of building consensus. The reasons leaders offer their constituents is of central importance to deliberative democracy, for elected representatives must
be accountable for their decisions to those who elect them to office. A publicly stated reason for a policy preference or decision is an important expression of accountability.\textsuperscript{11}

**Preferred Means of Achieving Deficit Reduction**

Leaders also offer divergent ways to arrive at that goal. Some emphasize tax increases while others seek to cut spending. Still others seek a mixture. Figure 3.1 shows leaders’ possible preference structures on spending and taxation.

*Figure 3.1. Leaders’ Preferences for Tax and Spending Policy.*

<table>
<thead>
<tr>
<th>Spending Level</th>
<th>Taxation Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>I</td>
</tr>
<tr>
<td>High</td>
<td>II</td>
</tr>
</tbody>
</table>

Leaders can be sorted into one of these preference categories. Those in category I are traditional conservatives who see a limited role for government. Although they prefer low taxes, they may adhere to the balanced budget norm by preferring less spending. Category II legislators attempt to both reduce spending and increase taxes. Not surprisingly, finding examples of such a “pure budget balancer” proves difficult. Those falling into category III do not subscribe to the deficit reduction goal. At the same time they seek low taxes, they prefer high spending. Peterson’s “big government conservatives” such as President Bush are in this category.\textsuperscript{12} Finally, there are the liberals of category IV. Although they prefer more spending, they are capable of pursuing balanced budgets by supporting higher taxes. These differences reflect basic disagreements about the proper role of government.
While this way of illustrating member preferences is useful, it fails to distinguish between different types of spending and taxation. Put simply, members prefer high spending on some programs and low spending on others; similarly, members desire low taxes on some matters and high taxes on others. One example that illustrates this ideological cross-cutting is defense spending. On the one hand, many liberals are very willing to entertain cuts to defense while they seek increases in domestic spending. On the other hand, many conservatives hold defense spending sacrosanct at the same time they propose large reductions in domestic programs. A similar cleavage is present in taxes, where in 2004 Sen. John Kerry (D-MA) sought to maintain tax cuts for middle-income earners while raising eliminating them for wealthy Americans.\(^\text{13}\)  

**Interactions with Electoral Constituency**

Given the immense amount of literature that describes the electoral disincentives and negative consequences of pursuing deficit reduction, a simple question arises: how do these leaders avoid electoral defeat? How exactly do they maintain connections and relate to their constituencies? One potential explanation is that deficit reduction entrepreneurs tend to come from relatively uncompetitive states. Because their margins of victory are substantial, they feel comfortable expressing their preferences more strongly than they otherwise would. A second explanation is that these leaders actually gain an electoral *boost* by supporting these choices. Penny and Schier hypothesize that, by appealing to the long-term common good, leaders can win votes by supporting tough choices.\(^\text{14}\) Finally, a third explanation accounts for leaders’ electoral perseverance in terms of constituent trust. In this view, constituents grant leaders a degree of independence in their decision-making. Even if constituents disagree with a vote, they may trust their leader’s judgment.\(^\text{15}\) Moreover, constituents often base their votes on issues besides deficit
reduction. Leaders thus may have significant leeway to pursue deficit reduction. The chapter now examines Senators Domenici, Proxmire, and Feingold in terms of these five dimensions.

**Pete Domenici: Conservative Coalition Leader**

_We are bent today and tomorrow on what kind of legacy we are going to leave our children. Will it be a legacy of debt, of a diminished standard of living, a legacy which says, 'You will have to work 30 percent or 40 percent of your working lives to pay our bills?'_ 16

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_Sen. Pete Domenici, 1995

Every month, it seems like we receive better and better news about our economy ... New statistics also tell us that wages are up and the deficit has been cut in half. This is in part a direct result of the pro-growth policies we put in place, including tax cuts for every American. It is absolutely critical that we continue those tax cuts by making them permanent. To let them expire, as many Democrats wish to do, means a tax increase for every American and I think that would be bad for our economy._ 17

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_Sen. Pete Domenici, 2006

Sen. Pete Domenici is among the most important elected leaders in budget politics since the 1974 Budget Act. As chair or ranking member of the Budget Committee for almost 25 years, he has been a central congressional figure in almost every recent budget deal. Domenici closely resembles the prototypical policy entrepreneur. His leadership position on the Budget Committee afforded him direct influence on budgetary decisions and contributes to his expert reputation among colleagues. Moreover, his chairmanship gave him an important role in negotiating compromises and assembling majority coalitions around deficit reduction packages. Additionally, Domenici's amendment activity reflects great persistence. Although he is cautious about making proposals when uncertain of their success, he seizes opportunities to pursue his policy preferences. When Domenici was chair of the Budget Committee, he acted in all stages in the budget process, from writing and amending committee reports to offering motions and amendments on the Senate floor.

Domenici’s rationale for deficit reduction was primarily economic, although moral appeals supplemented argument. His use of economic reasons helps to explain his change in
preferences from fiscal responsibility to tax cuts; by 2001, Domenici had come to believe that tax cuts, rather than paying off the national debt, held the key to promoting growth. Domenici has since pushed for making permanent President Bush’s tax cuts, even after structural deficits have reemerged.\(^{19}\) Domenici’s declining concern about deficits makes him unique among the three cases. During the time he did show concern for deficits, he sought to decrease domestic discretionary and mandatory spending and generally looked at tax increases after spending cuts were part of the package. As a testament to his ideological flexibility, he pressured Reagan to accept tax increases in deficit reduction packages in the 1980s. Domenici sees himself as a trustee, but also seeks to provide benefits to New Mexico voters.

**Domenici the Policy Entrepreneur**

Domenici fits closely Kingdon’s policy entrepreneur description. He combines authority on the issue with keen negotiating skills and persistent attempts to enact his preferences. First, consider his basis of authority on budget politics. Domenici is by any measure an expert on the subject. He has served on the Budget Committee since its inception,\(^{20}\) acting as the leading Republican member for nearly 25 years. As a result of his immense experience on the committee, he became intimately familiar with the workings of the budget process as well as specific policy changes. Domenici relied on his reputation as an expert and a deal-maker when introducing budget resolutions and reconciliation bills on the Senate floor. He often referred to debates over changes that took place in the Budget Committee and explained how he had attempted to resolve those disagreements as fairly as possible. In this way, Domenici used his formal position and the expert status it afforded him to advance the committee product through the Senate floor.
Republicans’ respect for Domenici as an expert has diminished in the last decade. In the 1990s, key moderates and budget hawks such as Sen. Warren Rudman (R-NH) retired, and much more conservative, tax cut-oriented supply-side Republicans began to replace them. The 1998 budget process illustrates the pressure Domenici faced from the right. With the budget in surplus, conservative Republicans, led by first term Republican Sen. John Ashcroft (MO), pushed for ambitious tax cuts, while Domenici sought to preserve the surplus to pay down part of the national debt. Ashcroft said of Domenici’s plan, “Along with other Republican Senators elected in the last few years, I was sent to cut taxes, cut government, and cut the debt. The only thing this budget cuts is against the grain of those who elected us.” Opposition from conservatives nearly derailed Domenici’s attempts to pass a budget for the year; indeed, the budget resolution passed only after more moderate Republicans like Domenici assured conservatives that the conference report would allow for more tax cuts, address tax and spending issues with a reconciliation bill, and ease the “marriage penalty.”

Domenici’s position as Republican leader of the Budget Committee affected his coalition-building strategies and negotiating skills. Fenno writes that Domenici is not partisan by nature; although he sometimes resorted to partisan tactics to build majority coalitions, he often sought to work for deficit reduction in a bipartisan way. For instance, in 1982 Domenici assembled a partisan Republican coalition in the Budget Committee only after he felt betrayed by ranking member Fritz Hollings’ own pursuit of a partisan strategy. But even when Domenici publicly pursued a bipartisan strategy, privately he sought a partisan approach. Domenici also recognized the importance of working across party lines when in the minority: according to Fenno, Domenici “understood that if he, as a member of the minority party, was to become influential within a committee, he would have to negotiate with the Democrats ... In a situation
where the majority party could not decide, he would lead some minority members in working out a bipartisan compromise."26 Fenno writes that Domenici's position and other factors contributed to his status as an orthodox Republican "with overlays of partisan independence, legislative pragmatism, and ideological flexibility. These characteristics help him to be a consensus builder in the Senate."27

Domenici persistently pursues his preferences, although he is also cautious to offer them only when success appears likely. Just as Kingdon's policy entrepreneur holds off on proposing policies until she believes they have a chance at passage, Domenici tempers his persistence with caution and strategic positioning. Domenici's shift from fiscal responsibility to supply-side economics, explained in detail below, make it difficult to evaluate his persistence. But regardless of the substance of his preferences, he consistently used the procedures of the budget process to advance them. Domenici has been the most active Senator in the budget process: he has shaped budget legislation before the committee stage in negotiations with the House and White House, attempted to assemble a majority around his preferences in committee, and, as the last chapter shows, vigorously defended the committee product once it reached the floor.

His floor speeches in the 1980s and 1990s reveal a desire for further deficit reduction coupled with pragmatic incrementalism. In 1985, he defended the committee report from members attempting to cut spending more than the Budget Committee recommended:

> We talk a lot about reducing this deficit. Now somebody gets up and says that the deficit reduction package ... is not enough. Well, let me tell you, I have not heard very many people that want to support that much ... I will tell you right now, if we can get 51 Senators that want to get in a room and say, 'We are ready to cut the expenditures of this Government $295 billion,' then let us talk about what the distinguished Senator is talking about ... Because he is right. After we made $295 billion, we have got some deficit left. But I tell you, it is $295 billion less than we would have had, plus a whole bunch of interest we will save that we would have spent. So we ought to start with that.28
Domenici is clearly torn between two conflicting goals: on the one hand, his policy preferences for greater deficit reduction; and on the other, his institutional goals of preserving the budget process and preserving a majority-gaining bill. Domenici cut the deficit as far as he believed possible that year: as he remarked later in 1985, “It is the best we can do.” Similarly, in the 1997 budget debate Domenici coupled recognition of remaining long-term problems with acknowledgment of the hard work legislators put into the balanced budget agreement:

Now, I am kind of tempted to say that [this agreement] is a big deal. But I think it is. Now, it is not fixed permanently. It still continues to have big problems out there in 15 years, 20 years, but, frankly, I am not apologizing that a budget resolution and essentially this plan did not solve that. Actually, I do not believe it could have.

Domenici recognized that not all work could be done at once. As a coalition leader attempting to deliver legislation that could earn the support of Republicans and Democrats, he pushed for what he thought he could get and resolved to address remaining problems in the future.

For all his persistence, Domenici also approached policymaking cautiously. His propensity to await opportunities is a central feature of Kingdon’s entrepreneur. Fenno writes: “As chairman, it was his style to design the best public policy he could, explain it to whomever would listen, wait patiently for the right time to push it and, only then, reach out to make accommodations to build a majority.” One staffer compared his strategy to that of a gardener: “You prepare the soil, prepare the soil, prepare the soil. That’s what he’s doing ... He’s a gardener. He plants the seeds and watches them come up ... He won’t harvest till the sun is in the right position and the soil is just right.” Domenici exploited opportunities to pursue his preferences, but when passage appeared doubtful he backed down to push for them another day.

An Inside Player in the Budget Process

Domenici’s formal position provided him with opportunities to govern, for the Budget Committee chair is deeply involved in the entire budget process. Fenno cites three advantages
that Domenici's committee chairmanship afforded him: first, legitimacy bestowed by the formal title; second, procedural prerogatives such as control over the committee agenda; and third, other resources including information, attention, and respect. But as Fenno acknowledges, formal position is only an opportunity to exert influence; by itself it is not sufficient for effective leadership. Rather, the positional leader's goals, talents, and decisions determine whether he will effectively exercise leadership. Domenici himself concedes this: "A chairman can develop substantial power, a lot of power, but he can also lose it by being a poor chairman. Life can be miserable for a chairman if he wields power poorly."

Domenici took advantage of the opportunities the process gave him. Fenno portrays Domenici as a Reagan "lieutenant" in 1981; in 1982, however, he took on a much more assertive role. As Domenici became more comfortable with his position and less comfortable with ballooning deficits, he became skeptical of Reagan's tax cuts and was open to increasing taxes to reduce the deficit. Domenici adopted a bolder line against Reagan in 1982: "I'm not going to be hiding behind a tree. If I don't like it and I think it's wrong, I'll say so," he said of Reagan's budget plan. In committee, Domenici first sought a bipartisan plan with ranking Democrat Fritz Hollings, but after Hollings charted a partisan course, Domenici attempted to assemble a Republican majority for deficit reduction. Domenici fought supply-side Republicans on the Budget Committee and in the White House to include closures in tax loopholes as part of the plan. Eventually, he garnered a party-line victory on his plan in committee and successfully defended the resolution and reconciliation bill from change on the floor.

Domenici and Deficit Reduction: Fusing Economic and Moral Reasons

Domenici's support for various budget policies rests primarily on an economic rationale. His underlying goal has always been to promote economic growth; from the 1970s until around
2000, he saw deficit reduction and paying down the national debt as the best means to this end.

In 1982, Domenici sought to reduce deficits using both tax increases and spending cuts. He justified the package, which President Reagan opposed, this way: "I do not think the economy is going to get any better until those in the marketplace have a clear idea that we intend to dramatically reduce the out-year deficits." Domenici believed at this time that short- and long-term economic growth was best achieved not through more supply-side tax cuts, but through deficit reduction that even included some tax increases.

But his desire to promote economic growth went beyond mere short-term inflationary concerns; he also cited intergenerational fairness as a reason to reduce the deficit. Speaking in favor of the balanced budget agreement in 1997, he says,

You package [all the provisions] together [in] a balanced budget, which means we are not going to have our children paying our bills too much longer. That is what a deficit and a debt are. It is asking our kids and our grandkids to pay our bills. A balance says we are not going to do that anymore. Now, it is a long time coming, and we owe a lot of money, so we cannot stand up and say to our kids [that] they are not going to pay some of our bills, because the debt is so big we cannot get rid of it. But at least we can stop it.

This speech reveals a basis for deficit reduction clearly independent of the economic appeal. The issue in his speech is not whether future generations will have a prosperous standard of living, but rather whether they will be forced to finance the debts incurred by contemporary generations. Domenici invoked principles of intergenerational justice to justify deficit reduction.

Domenici sought to increase the standard of living for both contemporary and future generations. In this way, he fused together the economic and moral justifications for deficit reduction. He pushed for support for the 1990 Balanced Budget Act on economic and moral grounds. On the floor, he argued, "We are pursuing this deficit reduction package so that we can grow, so that we can leave something for our children, and so that working men and women can have some hope that the private sector of America has a chance to continue to grow."
Domenici utilized the synthesis of economic and moral reasons to encourage his fellow legislators to embrace deficit reduction even if they did not agree with particular parts of the legislation. Rallying support for the 1985 deficit reduction package, he used economic reasons:

I have, from time to time, had people say that, ‘We will vote for it if it is fair.’ ... The problem is ... it is very hard to put together a package that meets everybody’s test of fairness ... I, frankly, have difficulty defining what is fair. But I do not have any difficulty saying what is going to happen if we do not dramatically reduce the budget deficits. I do not have any problem with saying to everyone that there will be very, very few Americans that that will be fair to if this economy starts to go down dramatically.

Domenici points out that “fairness” likely has different meanings among members. Because of these political differences, fairness to each constituent group cannot be the test for supporting deficit reduction packages. Rather, he argued that legislators should realize that the economic downturn created by deficits will harm everyone. Several days later, he put the issue in explicit moral terms:

It is my very strong feeling ... that the deficits this country faces have the potential to seriously jeopardize future economic growth not only for the near term future but also for our future and our children's future. A vote for this substitute amendment is not only a courageous vote but also a vote for our future. It is time to lay aside our political differences, lay aside our[r] personal feelings, and vote for sustaining economic growth and the benefits that brings to all members of our society.

Domenici’s point is clear: personal preferences on how to achieve deficit reduction are secondary to the goal itself. Since no package will ever satisfy everyone, and since deficit reduction is crucial for short- and long-term economic growth, members should put aside their preferences and vote to reduce the deficit.

From Fiscal Responsibility to Supply-Side Economics

Some of Domenici’s policy preferences on fiscal policy have changed over time while others have remained constant. Domenici moved from category I to II and then to III in Figure 3.1. Although Domenici preferred low levels of total spending for much of his Senate career, he consistently pushed to ensure that defense spending comprised a significant amount of non-
mandatory spending. Even while pushing for a large deficit reduction package in 1985, he resisted demands to cut defense spending:

We have had no real growth in defense for an entire decade ... We saw social spending at the same time grow 1,400 percent ... The welfare of the needy is a good goal, but so is the defense of our country. It is not that one is good and one is not, that one is necessary and the other is not. They are both things that we have to do ... Why are we not talking about what our free Nation needs to maintain the peace? It seems to me that peace is as admirable a goal as any other goal we have got. 45

According to Domenici, defense and domestic spending should not be zero-sum. Rather, both kinds of spending are important. Domenici has also consistently sought to reduce taxes, although he put much more emphasis on matching tax cuts with spending reductions before the late 1990s. In 1981, Domenici called on fellow Republicans to cut domestic programs at the same time they cut taxes: “We should match our zeal for tax cuts with our zeal for budget cuts. It will be my responsibility to make Congress take the hard medicine first.” 46

From the 1970s until the late 1990s, Domenici was a moderate to conservative Republican who persistently attempted to address the nation’s fiscal problems. Fenno argues that Domenici had significant “ideological flexibility” in building deficit reduction packages, 47 but Domenici still attached important conditions on the deficit-reducing measures he would support.

Consider the 1985 package, where Domenici elaborated on the circumstances in which he would entertain tax increases as a means for deficit reduction:

If [the current deficit reduction package] is not enough, then why do we not get a lot of people to come up and say, ‘We sign up for $295 billion worth of savings,’ and let us put a little group together and say, ‘It is not enough.’ Then let us look at what we will do. I am not committing to anybody. But maybe I would look at taxes then. The problem is that nobody is willing to say, even though it is not enough, if it is not, they will not even do that much. They want to start talking about taxes immediately. 48

Once Domenici’s conditions were met, he made good on his offer to consider tax increases. In 1982, his deficit reduction plan both cut spending and increased taxes. 49 Even though Reagan
opposed his plan, Domenici pushed the issue. Domenici claimed he was trying to “pull Reagan’s chestnuts out of the fire” and “get Reagan’s ass out of the ditch.”

From the 1980s until the late 1990s, Domenici also sought to control entitlement spending. Many of the budget resolutions he helped produce in committee cut both Social Security cost of living adjustments and Medicare spending. Domenici did not “believe that the federal government [was] the best answer to many problems – other than national defense. He [preferred] that state and local governments retain sufficient revenues to meet socioeconomic needs at that level.” Moreover, as Budget Committee chair in 1981, he championed the use of reconciliation to achieve large cuts in domestic discretionary programs. That year, Domenici said reconciliation “is obviously now a tool – a process for budget restraint, inordinate budget restraint – that you use when you want to do something very different.”

Tax cuts became increasingly important to Domenici throughout the 1990s. In the beginning of the decade, Domenici pushed hard for a deficit reduction package that achieved over $100 billion of its savings from tax increases. But later in the decade, as the fiscal outlook of the country improved, Domenici put more emphasis on cutting taxes. Tax cuts were important to Domenici in terms of both fairness and the ideal size of government. In 1997, he argued,

[Our third objective] was to make sure that we had a tax bill that was fair to the American people … The people that need tax cuts and tax breaks are the American people making between $25,000 and $30,000 and $110,000. They are the middle-income Americans … [The budget agreement] is saying to them, keep some of your own money and let Government grow less and let you make your decisions on what you do for your children rather than have us build a bigger and bigger Department of Education.

Despite his increased focus on tax cuts, Domenici still fought off hard-line Republican tax-cutters during this time. When the budget reached balance in 1998, he drafted a budget resolution that used the surplus for paying down the national debt rather than for large tax cuts. Recently-elected Republicans immediately assailed the plan and threatened to vote against it. Domenici
still put paying down the national debt ahead of tax cuts. But once Congress had made progress on paying down the debt, he was open to more tax cuts, as he made clear in 1999: “If you have excess revenues, you pay down the debt. We have done that. We [will] have almost paid down one-half of the national debt in the next decade – rather significant, good for the economy ... Some of [the excess] ought to go back to the American people by way of tax reductions, tax reform measures and the like.” 55

Only after 1999 did Domenici begin to wither in his commitment to fiscal responsibility. While some of his actions after the 2000 presidential election can be attributed to the budget being in balance, Domenici continued to employ supply-side rhetoric even after structural deficits returned. 56 In 2001, Domenici had difficulty passing a budget resolution including President Bush’s proposed tax cuts through the Budget Committee. He thus proceeded to take the draft document directly to the Senate floor and proposed Bush’s $1.6 trillion tax cut as a floor amendment, where he prevailed 51 to 49. 57 Domenici was adamant about the size of the tax cut; in floor speeches, he chastised Democrats’ substitute economic stimulus amendments, which would have cut from $746 billion to $1.4 trillion in revenues over the same period. 58

In 2004, he also justified tax cuts as legitimate tools for economic stimulus. The recession earlier in the decade required tax cuts, he argued:

When you get a budget and it is deficit time, and the debts are as big as they are, people generally are too gloomy. I have been there when the deficits were bigger than they are now. I have been there when they were less. Frankly, I think what is good to know is that the American economy ... is in pretty good shape ... We have cut taxes not only because we like to cut taxes ... but because we think an economy in recession needs to have taxes cut if it is going to get out of recession. 59

Even in 2004, then, his conversion to supply-side economics was not yet complete. After all, many Democrats and Republicans agree on the need to cut taxes, increase spending, or adopt other stimulatory policies during recessions. Moreover, promoting economic growth through tax
cuts has always been part of Domenici’s preference structure. Fenno notes of Domenici in 1981: “He would compromise on budget balancing when he believed that became necessary to a healthy economy. But he gave ground grudgingly.” But Domenici’s commitment to balanced budgets was significantly deteriorating by 2004, to be sure. While he had aggressively cut Medicare spending in the 1980s, by 2003 he argued in favor of the Medicare prescription drug bill, claiming that “we can’t afford not to” adopt it.

Domenici’s full conversion only becomes apparent in 2006, when he pushed for extending Bush’s tax cuts despite what he described as a strong economy. A press release his office issued quoted Domenici praising news about the economy and claimed that downward projections in deficits were “in part a direct result of the pro-growth policies we put in place, including tax cuts for every American.” Domenici then proceeded to argue that allowing the tax cuts to expire would cause significant harm to the economy. That Domenici continued to push for tax cuts when the economy was strong is revealing. Before this time, he had combined a desire for budget balance with the recognition that the economy sometimes required stimulus, which could result in short-term deficits. But by this time he had embraced sustained tax cuts as necessary to preserving already-occurring economic growth. Moreover, Domenici’s claim that tax cuts helped to reduce the deficit shows his embrace of supply-side economics. Commentators such as Stan Collender have repeatedly pointed out that reports revising the deficit downward are not credible because the initial estimates were artificially inflated. Thus it follows that the tax cuts play a much less significant role in reducing annual deficits.

Balancing National Responsibilities and Constituency Relations

Domenici clearly saw himself as a trustee of the public interest. Surely his position as Budget Committee chair contributed to how Domenici perceived his role, for one of his core
responsibilities was to make decisions on national priorities. Domenici sought to remain in touch with his New Mexico constituents even as he took a lead role in addressing national problems:

> If I can come through six years and have people say, 'He didn’t vote for exactly what my group wanted, but he voted in the way that we now realize is good for the country,' I’ll be satisfied ... I want to be in touch, but we’ve got problems that might require national leadership. It may be in history that people will say, 'Hey, Pete was right.' ... I’m hoping I can please constituents without being for everything they want. 64

Domenici did not see his job in terms of enacting the preferences of his constituents; rather, he sought to serve the best interests of the country as a whole. But how did Domenici fulfill the responsibilities of his position while remaining in touch with New Mexico voters? Caution permeated his desire to be a guardian of the public interest; he feared “losing [his constituents’ electoral support] piece by piece” if he voted too boldly.65 Specifically, he feared his constituents would think he had “gone Washington” and had abandoned them if he did not remain in close contact.66

Domenici thus clearly perceived the possibility that his formal position would conflict with preserving his electoral viability. Interestingly, he was able to increase his margins by adopting an ambitious national legislative agenda.67 Fenno notes that he gained favorable press coverage in the state by becoming a national political player; New Mexico citizens were excited that an important legislator was from their state.68 And by providing substantive benefits to his state through defense spending and technological research,69 Domenici was able to balance his national leadership responsibilities and his desire to keep in touch with voters.

Domenici also acted as a trustee in his role as Budget Committee leader. Domenici’s constituted role is unique among the three cases in this chapter and offers an interesting angle from which to analyze trusteeship. To what extent does Domenici act independently of his fellow Republicans’ preferences and attempt to persuade them into accepting his position? Despite the constraints that his colleagues’ preferences imposed, Domenici displayed considerable
independence. By inserting reconciliation instructions into budget resolutions, he pushed other Republicans to reduce the deficit. In the 1990 Budget Enforcement Act, he called upon committees to achieve the savings that reconciliation instructions required:

The issue before us is whether or not the U.S. Senate and the U.S. House in the next 15 or 20 days will have the courage to change programs of the Federal Government sufficient to make the savings that their respective committees have been direct to do in this budget resolution. That is hard work ... I am going to give you a rule of thumb. If no one is complaining and you are not hearing from the American people and from lobbyists, you are not doing your job. Because what we have instructed in this budget resolution cannot be done without pain.70

Domenici, at this time the ranking member, pushed strongly for budget savings in 1990, even though they included significant tax increases. In an election year, he rallied members of other committees to follow the Budget Committee’s plan for achieving deficit reduction. But once Domenici left the chair position, he may not have seen it as his responsibility to push for.

WILLIAM PROXMIRe: MODERATELY LIBERAL OUTSIDER

The series of immense Federal deficits represents the biggest moral and intellectual failure of our Government in this generation. Who is responsible for that failure? One institution: The Congress ... The spectacular failure of our Federal Government to bring the budget under control is not the failure of the President or the pressure groups or the people of the country. They cannot spend or tax. Only the Congress can do that. The failure of fiscal policy is the failure of the Congress.71

—Sen. William Proxmire, 1985

Sen. William Proxmire’s approach contrasted greatly with Domenici’s. Rather than cautiously testing the political waters and acting as a consensus-building deal broker, he proposed deficit-reducing amendments without regard to their political viability. Proxmire actively participated in the budget process during his time in the Senate, despite his lack of a constituted position in the process. Proxmire shares only a few characteristics with Kingdon’s policy entrepreneur. While his formidable research and knowledge of particular spending programs may have qualified him as an expert, he never held a formal position in the budget process. Because he lacked membership on the Budget Committee, his direct involvement in the
budget process was restricted to the floor. Moreover, although he was extremely persistent in pushing his policy priorities, his "lone wolf" reputation is hardly indicative of someone with negotiating skills or strong political connections.

A review of Proxmire's entries in the *Congressional Record* and his multiple published books on government waste reveal that he initially offered economic reasons for reducing the deficit, but later replaced economic reasons with moral and political rationales for doing so. Proxmire's preferences in how to achieve deficit reduction became increasingly liberal over time. Initially, he was staunchly opposed to tax increases; later on, he indicated a willingness to increase taxes if revenues were directed toward deficit reduction. Proxmire argued that elected representatives should act in a way that strongly resembled Burke's notion of trusteeship, but Proxmire himself made exceptions to provide benefits to core parts of his electoral constituency. The otherwise frugal attitudes of his constituents helped support his attempts to cut the deficit.

*Proxmire the Lone Wolf*

Proxmire bears only a small resemblance to the successful policy entrepreneur Kingdon describes. Through his own extensive research and in his capacity as Chairman of the Banking and Housing Committee, Proxmire became an expert on many spending programs. Proxmire took it upon himself to comb through audits and reviews to find examples of wasteful spending. From these reports he awarded so-called "Golden Fleece Awards" for what he thought were examples of ridiculous uses of federal money. He even published a book, *The Fleecing of America*, which chronicled many of these examples.

Despite this expert status, he did not propose cuts to many specific programs in floor amendments. In all but one of his deficit-reducing amendments, he simply reduced total budget authority in the budget resolution, proposing to leave it "up to the Budget Committee" to decide
where to make specific program cuts. Other amendments reflect his expertise on banking and housing issues. In 1977, Proxmire successfully fought fellow Democrat and Budget chair Edmund Muskie (D-ME) to increase funding for community development and low-income housing assistance. His lone amendment cutting a specific program was in 1981, when he offered an amendment cutting funds for the Export-Import Bank program, on the grounds that cuts had to be spread across the board.

Proxmire's persistence is unmatched in this study. Even when he must have known that his 5% budget authority-reducing amendments had no chance of success, he offered these amendments year after year and defended them at length on the floor. 1981 was a defining year for Proxmire that reveals much about his leadership style. Even in a watershed year for domestic spending cuts, he criticized Reagan and the Budget Committee from the right. According to Proxmire, they were not cutting enough spending:

If I had my way, we would cut deeper than President Reagan and reduce the deficit even more. But the committee has cut less ... This amendment would require us to bite the bullet now ... not two or three years down the pike but this year ... Oh sure, the Budget Committee tells us that in 1982 or 1983 we will do better. I propose we do better right now. So this is a bite-the-bullet-now amendment. All aboard who really believe in cutting now and not putting it off.

Later in 1981, he referred to Reagan's budget cuts as "a feeble little pussycat of a program" and considered smaller deficit reduction attempts insufficient for controlling inflation. In 1981, Proxmire exploited the political salience of inflation to advance his preferences. Proxmire argued: "[Reagan] has made a start, but the start simply does not do the job ... if this program does not bring inflation and high interest rates under control, we will intensify the suffering of these groups. Their sacrifice will be in vain." For Proxmire, deficit reduction was an all-or-nothing gambit; he saw little use for spending cuts unless they brought the budget into balance. Only grudgingly did he support incremental reductions in the deficit. He lamented in the debate
over the fiscal 1988 budget resolution, "I am going to vote for this budget amendment, but with a sense of foreboding. We should be reducing the deficit much more, but this proposal is the best that has any chance of passing the Senate now." 79

**Acting Outside the Budget Committee**

Although Proxmire was a uniquely persistent expert, he deviated from other characteristics of the prototypical policy entrepreneur. His lack of a position on the Budget Committee gave him much less influence on budget policy than an inside player like Domenici. Even though he was a member of the Appropriations Committee, the 1974 Budget Act had moved most budgetary decisions to the Budget Committee by the time Reagan came into power. 80 Moreover, his negotiating skills and political connections were anything but strong. His individualist and brash style — even by contemporary standards — gave him few allies. Indeed, National Journal’s *Almanac of American Politics* wrote in 1982 that he “combines parsimoniousness with an utter disdain for the camaraderies most politicians enjoy. He is the last man in the Senate who will go along to get along; he constantly finds himself as the lone man on votes.” 81 Proxmire forcefully advocated for deficit reduction on its merits and spent little time bargaining or compromising. His lack of connections may explain his persistence even when his proposals were unlikely to succeed: he was not so much an entrepreneur as he was a lone wolf.

**Proxmire and Deficit Reduction: Adapting to External Conditions**

The most frequent and most thoroughly explained reason that Proxmire offered for deficit reduction was based on the economic rationale. Inflation, already a salient issue among elected leaders and the public in the early 1980s, was a concern Proxmire latched onto in order to build support for his policies. As a Senator in office through the stagflation of the 1970s, he attempted to frame his spending cuts as a solution to the troubled economic times. Proxmire argued at
length that federal borrowing had an inflationary effect and put upward pressure on interest rates. He also argued that reductions in federal deficits would have “a terrific psychological effect” for investors and financial markets. Proxmire viewed all other economic issues as secondary to the deficit. He argued, “Rapid rollback of the Federal deficit is not the most important thing in economic policy today – it is the only thing … The economic goals of full employment, balanced growth, and international competitiveness are [not] attainable so long as the Federal deficit is at a dangerous level.” Proxmire believed deficit reduction was the key to economic growth, for reducing interest rates would enable increased investment, home-building, and other forms of economic activity. Consequently, Proxmire focused on gaining savings from domestic discretionary spending.

Despite his emphasis on the economic impact of deficits, Proxmire also used political and moral appeals once inflation subsided. Proxmire viewed the deficit not only as a hindrance to economic growth, but also as simple waste. The billions of dollars used to pay interest on the national debt, in his view, could be better spent on countless other priorities. He laments,

The supreme irony is that interest on the debt will not only soon be the biggest and most mandatory of Federal expenditures, it is also the most useless. These hundreds of billions of dollars of interest payments do not educate a single child. They do not buy a nickel’s worth of national defense. They provide no environmental protection or anything else of value.

It is through this appeal that Proxmire came closest to trying to forge consensus on the need to act. He argued that deficits undermined his colleagues from achieving their own priorities.

Although a thorough search of the Congressional Record yielded only a single reference by Proxmire to the moral justification for deficit reduction, it nonetheless deserves attention. In this 1988 statement, he framed the need for deficit reduction in a distinctly moral tone:

Think of the injustice we impose on our children and grandchildren by failing to act. Our children will be forced to bear a massive interest burden of hundreds of billions of dollars every year throughout their lives. They will not only have to pay for all the social programs
justice requires in this compassionate country. They will not only have to bear the continuing massive cost of defending freedom in this dangerous nuclear world. Their Government will have to spend far more than it spends for either social justice or national defense to pay interest on an indebtedness that the Government built up in the last seven years, because in our cowardice and selfishness we insisted on living beyond our means.  

Deficits are immoral, in Proxmire's view, since they shift the costs of benefits to those who will not enjoy those benefits. Deficits prevent future generations from making their own choices about priorities in taxation and spending, instead burdening them with interest payments on debt their parents accrued that serves no constructive purpose.

Proxmire: From Spending Cutter to Tax Increaser

Proxmire's preferences on how to achieve deficit reduction evolve through his time in the Senate. His pushes for spending cuts and resistance to tax increases in the early 1980s put him into category I of Figure 3.1. Proxmire begins his amendment activity with a clear preference for spending cuts. Despite his push for low-income housing and community projects in the 1970s, Proxmire was very much on board with the mandate for smaller government he believed voters issued by electing Reagan in 1980. Even as he pushed for balancing the budget in a single year in 1981, he adamantly opposed tax increases to accomplish this goal. His 1981 amendment to cut the deficit by nearly $50 billion — thereby balancing the budget — did not reduce the size of Reagan's proposed tax cuts. He argued that reducing the size of Reagan's tax cuts would hinder economic growth: "The only way we can get this economy to move ahead with tough cutbacks in spending is to cut taxes and provide the incentive for business to expand, for our people to save and invest, and for the private sector to take up the slack."  

Proxmire's rhetoric in the second half of the 1980s reveals a clear liberal progression. By 1988, he believed that there was less need for spending cuts and that some programs even merited increases. At this time, he went on record in support of tax increases "so long as the increase [in revenues] is dedicated to reducing the deficit." Throughout his career in the Senate,
Proxmire sought defense cutbacks. This willingness can be traced back to his 1970 book, *Report from Wasteland*, in which he argued that the military-industrial complex was responsible for massive amounts of budgetary waste. Throughout the decade, Proxmire continued to push for defense reductions, calling the perception that the U.S. military was inferior to the Soviet Union “the most costly illusion in the American Government” at the time. Proxmire also criticized Reagan’s “Star Wars” space defense program, arguing that self-avowed conservatives ought to oppose such a costly and wasteful endeavor. Throughout his tenure in the Senate, he opposed any cuts to Social Security and did not address Medicare spending, but supported implementing PAYGO budget rules for taxes and spending.

*Electoral Interactions: Cutting Other People’s Spending*

Proxmire maintained a unique relationship with his electoral constituency through which he gained great popularity. While he espoused himself as a trustee in the fashion of Edmund Burke, he also took care to provide material benefits to voters on issues that directly affected them. Proxmire spoke on multiple occasions regarding how elected leaders ought to relate to their constituents, especially on unpopular measures like deficit reduction. He argued that leaders had to override public opinion because the public had not reconciled their conflicting desires for low taxes and expansive government spending. Proxmire articulated his views on stewardship in 1987, shortly before his retirement:

> Senators should always [vote their conscience, regardless of public opinion] … The voice of the people is not the voice of God. But it merits our careful attention … [but] our constituents do not serve in office. We do. That means we should decide our priorities. We should advance programs that have the highest priorities. We should cut programs that have lower priorities. … We let the Gramm-Rudman sequester make the across-the-board cut that shows we support deficit reduction. That may be smart politics. It is not leadership.

Proxmire briefly entertained the idea that Americans might support a tax increase – after all, polls show they support both deficit reduction and many government programs. But he rejected
this conclusion; he asserted that Americans want to have both programs and low taxes. Since leaders are elected to office, however, they have responsibilities to govern for the well-being of the entire nation. Accordingly, they should vote their consciences on deficit reduction.

Proxmire’s trustee conception of leadership is facilitated in large part by his constituency. Wisconsin does not have an expansive defense industry, making it unlikely for voters to punish him for cutting such spending. Moreover, Proxmire’s “frugal” Midwestern constituency was largely supportive of his efforts to cut spending, especially when they saw it as wasteful. Even though Proxmire believed leadership meant voting one’s conscience in spite of public opinion, he often did not need to deviate far from his constituents’ views in order to support deficit reduction. On the other hand, when pieces of legislation did impact his constituents directly, he supported them. In 1981, for instance, just one year before his bid for reelection, he opposed a bill cutting spending because of its cuts in dairy subsidies. Domenici called Proxmire on this apparent contradiction, claiming, “I just can’t believe the senator from Wisconsin, who is always willing to cut someone else’s spending, would have the tunnel vision to vote against the bill on the basis that the milk price subsidies are devastated.” Anyone can pick and choose individual cuts to make in such a large budget; but leadership, at least in its ideal form, involves more than simply cutting other people’s preferred programs while maintaining one’s own. The chapter now looks at a leader from the same state who was willing to cut spending for his own voters.

**RUSSELL FEINGOLD: (MORE) LIBERAL COMMITTEE MEMBER**

_The word comfort is not what comes to mind. I am not comforted by voting for [the 1993 deficit reduction reconciliation] bill. That is not what we are here to do, to do things that are comfortable. But I can vote for it in good conscience. In good conscience, I feel I have to vote for this bill. I have four children. I hope someday to have grandchildren ... I do not want them to say, ‘Gee, my dad, or my grandfather, was a U.S. Senator. Big deal, he came down here and spent the money that we could have today. He got his name in the paper, everybody knew who he was. But he left me the bill.’_

—Sen. Russell Feingold, 1993
At first glance, Sen. Russell Feingold bears a very strong resemblance to Proxmire. After all, they are both Democrats and are from the same state; since their constituents and electoral bases’ preferences are almost certainly similar, it comes as little surprise that their ideologies are similar as well. But a closer examination of Feingold reveals important and substantial differences from Proxmire. In the first place, his authority stems not only from expertise on the issue, but also from his membership on the Budget Committee. Moreover, Feingold’s reasons for deficit reduction rely much more upon morality than economic or political rationales. In terms of ideology, Feingold’s emphasis on fair shares of the budget and resistance to tax cuts reflect a much more liberal approach to balancing the budget than Proxmire. Finally, Feingold departs from Proxmire in relations to his electoral constituency. Feingold appears willing to accept greater electoral risk in order to maintain a principled stand on budgetary and other issues.

**Feingold’s Resemblance to the Policy Entrepreneur**

Feingold’s attempts to reduce the deficit show several similarities to the policy entrepreneur Kingdon describes. First, consider Feingold’s expert status. When first running for the Senate in 1992, he developed a deficit reduction platform, which the conservative *National Review* described this way: “The centerpiece of his campaign is an 82-point economic plan that calls for $323 billion in tax hikes and massive cuts in defense spending. His television ads openly tout his opposition to a balanced-budget amendment, term limits, and a middle-class tax cut.”97 Feingold also gains authority on the issue through his position on the Budget Committee, which affords him both the opportunity to influence the choices members will have on the floor and to develop expertise and credibility on the issue.

Despite his differences with Proxmire, Feingold does have two points in common with him in terms of entrepreneur status. First, Feingold shares much of Proxmire’s persistence. In the
mid-1990s, before and during the 1997 balanced budget agreement, Feingold repeatedly resisted attempts to cut taxes until the budget was in balance without using the Social Security Trust Fund. In a floor debate of the 1997 budget agreement, Feingold expresses his continued commitment to fiscal responsibility:

> Though I am pleased we are on track to balancing the unified budget, I have mixed feelings with regard to the specifics of the tax cutting aspects of the bipartisan agreement ... I am particularly concerned at what appears to be backsliding on our commitment to fiscal prudence and responsible budgeting by passing a tax cut before we have eliminated our budget deficit ... I very much want to support a tax cut, but it simply isn't fiscally responsible to enact a tax measure with an annual cost of $64 billion before we have balanced our budget.98

For Feingold, tax relief is only on the table after the unified budget is balanced; before then, tax cuts must take a backseat to deficit reduction. Feingold even characterized the near $500 billion in savings in 1993 as “being relatively modest” and as a mere “down payment” on the budget deficit.99 Feingold’s lack of outreach and compromise is also similar to Proxmire undeveloped negotiating skills. While Feingold keeps spending cuts – including to entitlements – on the table, his amendment activity reflects only tax and spending increases.

More Constituted than Proxmire, but Less than Domenici

Feingold’s position on the Budget Committee affords him the opportunity to have a greater level of participation in the decision-making process than Proxmire. Feingold has two chances to seek adoption of his preferences: in committee and on the floor. When he fails to gain victory in the Budget Committee, he often takes his ideas to the Senate floor for consideration. On issues ranging from making “smart” Medicare cuts to fending off tax cuts, Feingold has attempted to exert significant influence over budget policy on the floor since being elected. In 1995 and 1996, for instance, Feingold unsuccessfully attempted to overturn tax cuts that were adopted in the committee report in floor amendments. While Feingold is fairly active in terms of floor amendment activity, he often champions others’ amendments rather than proposing his

**Feingold and Deficit Reduction: the Senate's Moral Conscience**

Feingold's rhetorical justifications for deficit reduction reflect a much greater reliance on moral appeals than on economic or political ones. This is especially apparent after Republicans gained unitary control of government in 2001, passing massive tax cuts, entitlement expansions, domestic and defense discretionary increases, and allowing PAYGO rules and spending caps to expire. Feingold cites future generations' well-being as the reason to reverse all of these policies, calling for tax increases, reforms to Medicare Part D, and cuts to defense spending. Feingold's floor statements are clearly rooted in concerns about justice:

> Every dollar we add to the Federal debt is another dollar that we are forcing our children to pay back in higher taxes or fewer Government benefits. When we choose to spend on current consumption, through appropriated accounts or mandatory spending or tax cuts, without paying for that spending, we are robbing our children of the opportunity to have their own choices. When we spend on our wants, by cutting taxes or through Government programs, without paying for those decisions, we are saddling our children and even our grandchildren with debts they must pay from their tax dollars and their hard work. That is not right.¹⁰⁰

Feingold uses similar rhetoric in many entries of the *Congressional Record*, consistently framing his policy remedies in terms of a powerful symbol: future generations' freedom to set their own priorities and their standard of living. In this way, Feingold is very much an example of a policy entrepreneur. He develops a set of policies and seizes opportunities – record budget deficits, for instance – to “couple” the problem and policy streams through moral appeals.¹⁰¹ Feingold puts great weight on the ability of future generations to choose their own preferences, framing this as a fundamental goal of policy. Preserving this freedom for future generations is paramount; while he certainly acknowledges contemporary demands on the budget, these demands should be fully paid for and not left for future generations to finance.
Although the intergenerational justness of budget policy is clearly the emphasis on Feingold’s rhetoric on deficit reduction, he gives at least some weight to the economic and political justifications for deficit reduction. He argues that deficit reduction should be a top priority because it will improve individuals’ and families’ standards of living both now and in the future. Consequently, he believes tax cuts should be delayed until after the budget is balanced. Politically, Feingold sees the importance of cutting wasteful programs and expenditures from the budget. Not only do inefficient and ineffective programs reflect poorly on the capacity for government to address problems, but continuing to spend money on them increases the pressure to cut other, more deserving government programs. Thus Feingold pushes for selected spending cuts partly because of his belief in the efficacy of government.

A Liberal Deficit Cutter?

Feingold’s ideological preferences put him in a more liberal category than Proxmire. Feingold is deeply concerned with fair shares of the budget and is willing to finance more government programs through higher taxes. Nonetheless, he is willing to cut spending in certain areas. Feingold thus appears to fall between categories II and IV. Like Proxmire, he is very willing to cut defense spending. In his view, defense spending is hardly sacrosanct: “I do not believe that there can ever be a magic number, a dollar etched in stone, that shields any department or agency budget from Congress’ careful scrutiny ... the defense budget should go through the scrutiny of public debate, where hopefully waste and nonessential spending will be reduced – just as we do with every other bill before Congress.”

Feingold is also willing to cut discretionary and mandatory spending, at least to some extent and in a certain way. In terms of discretionary spending, Feingold shares Proxmire’s abhorrence of government waste on the grounds that it puts pressure to cut other, worthy
programs. Feingold is immensely concerned with fairness in making budgetary decisions, but he is nevertheless willing to consider cuts for domestic discretionary programs. In debates on the 1997 budget agreement, he cited four reasons to push for more spending cuts: to bring the budget into balance without relying on Social Security’s trust fund; to begin to pay down the national debt; to enable the enactment of a “fiscally responsible tax cut;” and to improve the effectiveness and efficiency of government programs. Despite this professed willingness to consider domestic spending cuts, however, he is remarkably vague about the programs that should be cut and does not propose any deficit-affecting amendments cutting specific programs. Indeed, the only specific programs he proposes eliminating are the International Space Station and the superconducting super-collider.

Feingold claims he is willing to make several cuts to Medicare, but will not consider cuts to Social Security. Much of his willingness is due to his acknowledgement of entitlement programs’ long-term liabilities. Arguing against the Bush-proposed tax cuts of 2001, Feingold asserted, “If the right hand of this Government knew what the left hand was saying about our future commitments, we would not be acting first to cut taxes and only later taking steps to extend the lives of Medicare and Social Security.” Although he is willing to make some cuts in Medicare, however, he is very selective about the cuts that he is willing to support. While he proposed an amendment eliminating “unnecessary overpayments to private Medicare plans,” he strongly opposes proposals that “cut at the heart of the health care of the people who need” the program. In contrast to his willingness to make certain strategic cuts in Medicare, Feingold expressed unwillingness to alter Social Security. Because he views it as a retirement program that provides significant amounts of financial assistance to a deserving group, he believes the program should not be significantly altered.
Feingold has strongly and vocally resisted virtually all efforts to cut taxes since being elected to office. He argues on the one hand that they detract from the institution's commitment to balanced budgets, and on the other hand that they make accomplishing that goal more difficult. In terms of commitment to balanced budgets, Feingold expresses a desire to reduce taxes but is extremely averse to considering tax cuts before the budget is balanced. Absent this precondition, Feingold believes tax cuts are fiscally irresponsible. He argues: “American families will benefit enormously by the Federal Government bringing down the deficit and achieving a balanced budget. Anything that diverts us from that course should be resisted until we have finished the job.” To the extent that Feingold will consider tax cuts, they must meet two criteria: they must be fiscally responsible by promoting economic growth and not adding to the national debt; and they must be fair. Feingold also believes that tax cuts make progress on the deficit more difficult to achieve for two reasons. First, they mean that more savings must be gotten from other places — including places in which he likely opposes cuts, such as parts of Medicare and many domestic programs. Second, politically, including tax cuts in deficit reduction packages often makes them “politically unsustainable.”

Pervasive throughout Feingold's ideology is a concern that groups receive their fair shares of the budget. One finds his commitment to fair shares of the budget through his attempts to reduce government waste, control mandatory spending, and his resistance to tax cuts before balancing the budget. For government waste, he remarks: “The task of reducing the federal deficit is enormous and it will require hard decisions and shared sacrifices by all Americans. But we cannot expect our people to shoulder willingly their fair share of the sacrifice when billions of dollars are lost through government waste and mismanagement.” In terms of mandatory spending, his willingness to make cuts in Medicare is predicated on the condition that cuts are
fair. Cuts must not be "mean" and should not be used to finance tax cuts or increases in
discretionary spending. Feingold expresses belief in the "shared sacrifice" principle, asserting
that "we cannot argue that changes to Medicare are needed to lower the deficit and then devote
our very scarce resources to tax cuts and defense increases."113 Moreover, his emphasis on
fairness precludes altering Social Security. Finally, Feingold's conceptions of fairness shape
his attitudes about tax cuts and when he is willing to consider them. Feingold argues, "The
fundamental premise of any plan to balance the budget rests on the willingness of the Nation to
sacrifice, but we cannot expect the Nation to embrace a plan which calls for some to sacrifice
while providing tax cuts for others."114 Throughout all of these policies – domestic spending,
mandatory spending, and tax cuts – Feingold's commitment to deficit reduction is carefully
balanced against his deep concern for fairness.

Electoral Interactions: Ceding Votes to Maintain Principles

While the frugal Midwestern constituency that supported Proxmire's deficit-cutting
efforts also allows Feingold to push for tough fiscal choices, Feingold appears willing to tolerate
significantly greater electoral risk than Proxmire. All of Feingold's victories have been between
51% and 56%, far closer than almost any of Proxmire's margins.115 Part of this enhanced risk is
no doubt due to his other maverick stances, including opposing the first Gulf War in 1991, voting
against the PATRIOT Act in 2001, voting against the Iraq war authorization in 2002, and
imposing constraints on his own campaign contributions. However, while Feingold supports
some measures that will benefit farmers in his state, he is also willing to vote against local
interests in a way that Proxmire was not.

A noteworthy example of Feingold's independence is in a fiscal 2001 emergency
appropriations bill, when he voted against $100 million in federal aid for dairy farmers.
Especially notable about this vote is that: first, he supported the provision on its merits; and second, he voted against it despite its wide margin of passage. Feingold voted against the aid despite supporting its merits on the grounds that it was improperly included as part of an emergency spending bill, not subject to budget enforcement rules. This principled stand is a clear stand-out from many other Senators in the chamber. Moreover, Feingold chose to vote against his electorate’s material interests despite knowing his choice would not change the outcome of the vote. The bill passed by a vote of 86-8; Feingold was among only a miniscule minority of members.\textsuperscript{116}

Feingold espouses the belief that Senators are trustees rather than mere delegates of their constituents’ preferences. He maintains close contact with his constituents by holding “listening sessions” in all of Wisconsin’s counties. However, he made clear to his constituents that he would not support legislation simply because his constituents favored it. Feingold recalls how he communicated this message to voters in his initial Senate bid:

\begin{quote}
We apparently lack the will to ... cut any Federal spending [program] that might benefit some constituency. We have over 3,000 farmers in Wisconsin who collect wool subsidy payments from the Federal Government. I told them when I ran for the U.S. Senate that they might have to give up those kinds of payments if we were ever going to balance the Federal budget ... We have to cut Federal spending. I do not enjoy telling my constituents that a program they benefit from is going to be terminated. But that is the kind of tough medicine that all Americans are going to have to take if we are going to get the Federal deficit under control.\textsuperscript{117}
\end{quote}

In Feingold’s view, everyone must sacrifice to reduce the deficit. Deficit reduction must be done in a fair way, and Feingold argues that programs that are not necessary should be terminated or given reduced funding in order to accommodate the two goals of deficit reduction and fairness.

Feingold also rejects the argument that the public must necessarily support the specific combination of spending cuts and tax increases in a deficit reduction package. Responding to Minority Leader Robert Dole (R-KS) on the Senate floor in 1993, Feingold asserted,
Chapter Three – Varieties of Leadership: Three Deficit Reduction Entrepreneurs

The Republican leader has been heard to say on this floor ... that he thinks we ought to have a plan that the American people would like ... I think that is part of the problem. The question is not whether the American people should like a deficit reduction plan. How in the world could they like a deficit reduction plan? What is there in there to like? There are taxes and there are spending cuts.\textsuperscript{118}

Feingold argues that since the public will not "enjoy" any kind of deficit reduction, legislators should exercise discretion in deciding how to achieve savings. In this way, Feingold encouraged legislators to decide for themselves how to balance the budget.

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Senators Domenici, Proxmire, and Feingold all recognize – for at least most of the time, in Domenici's case – the importance of reducing deficits. These three entrepreneurs share several characteristics. They all hold a conception of themselves as trustees who do more than cede to the preferences of their electoral constituents, but they also take either substantive or formal efforts to remain in favor and in touch with voters in their respective states. Feingold stands out in his willingness to buck his constituents' immediate preferences, indicating a potentially higher risk tolerance. Similarly, they all use moral appeals to at least some extent in order to justify their decisions. The three entrepreneurs also differ in important ways. While Domenici has been a highly-involved player throughout the course of dozens of budget processes, Feingold is only involved to a limited extent. Proxmire is entirely outside the formal leadership positions of the budget process. Moreover, each entrepreneur prefers to reduce the deficit in a different way.

Attempts to exercise intergenerational leadership appear throughout the cases examined in this chapter, but to what extent and in what ways are leaders successful in advancing deficit reduction? Given the fiscal shortfall facing the nation, leaders have certainly failed to solve the problem, although the situation is not nearly as grim as it would be without their efforts. The institution is not responsive to all leaders' attempts to exercise stewardship. At what points do leaders stumble in attempting to address the deficit problem? The amendment activity and
qualitative analysis in Chapters Two and Three suggest that the leadership failure is a result of entrepreneurs' lack of consensus-building on policies rather than indifference toward it as a problem, at least until recently. If assembling a policy consensus on deficit reduction is the point at which leadership efforts fail, how might Domenici, Proxmire, and Feingold's appeals to stewardship facilitate consensus-building? Chapter Four addresses leaders' failure to build consensus and evaluates the ability of moral appeals to facilitate consensus formation.
NOTES FOR CHAPTER THREE

4. Domenici is in many ways the prototypical “coalition leader” that Arnold identifies. This coalition leader does not “choose among paired alternatives; they define those alternatives.” Still, he is constrained by the “need to attract the support of a majority of legislators.” See Arnold, R. Douglas. 1990. *The Logic of Congressional Action*. New Haven: Yale University Press. 7.
9. The converse does not hold true, as the last chapter makes clear. Members seeking to undo savings gained in the Budget Committee enjoyed much greater success, especially in years with large amounts of savings. This lack of floor success for deficit-reducing amendments is attributable to savings already gained in committee and a general deference to the committee. Deference to the Budget Committee appears especially important in the first few years of the post-1974 budget process.
27. *Ibid., 15.*
29. Fenno describes Domenici’s attempts to traverse these sometimes competing goals. When the goals came into conflict, he repeatedly compromised on policy in order to protect the budget process. See Fenno 1991.
Chapter Three – Varieties of Leadership: Three Deficit Reduction Entrepreneurs

33 Ibid.
34 Ibid.
36 Ibid, 48.
38 Fenno 1991, 82.
40 Ibid, 90.
44 Ibid, May 9th.
46 Fenno 1991, 50.
49 Fenno 1991.
50 Ibid, 87.
53 Palazzolo 1999.
56 In 2006, Domenici’s Senate Office issued a press release in which he 1) cited news of a strong economy and 2) called for the Bush tax cuts to become permanent. This reflects a full conversion to supply-side economics, for he was pushing for tax cuts even after they were no longer necessary for economic stimulus. Moreover, the only way he could avoid acknowledging the existence of structural deficits was for him to argue that tax cuts would help the economy “grow its way out” of deficits, a central tenant of supply-side economics.
60 Fenno 1991, 46-47.
62 Domenici, Office of Senator Peter V. 2006.
65 Ibid, 66.
66 Ibid, 179.
67 After a disappointing 53% victory in 1978, he has expanded vote shares to 72% in 1984, 73% in 1990, and 65% in both 1996 and 2002. See Roberts, David K. 2007. “From Cutting the Deficit to Cutting Taxes

Fenno 1991.


For example, see Can Congress Control Spending? (1973), The Fleecing of America (1980), and Report from Wasteland (1970).


Ibid.


Ibid. 1179.


Ibid.


Kingdon 2003, 182.


In 1992, Feingold won by a margin of 53% to 46%. In 1998, he won very narrowly, 51% to 48%. His most recent reelection contest in 2004 saw his widest margin to date, where he won 56% to 44%. See Almanac of American Politics. 2006. New York: E.P. Dutton.


The nation’s massive fiscal shortfall and the demographic trends exacerbating it will require elected leaders to make morally and politically difficult decisions. Although they can ease some of the pain of these decisions by promoting economic growth, policymakers will be unable to avoid decisions that impose significant costs on either present or future generations. Moreover, legislators will face formidable political and institutional hurdles as they attempt to equitably balance the interests of their electoral and moral constituents. Even if the public recognizes the deficit as a problem, one has difficulty imagining that a popular revolt calling for benefit cuts will emerge. Leaders must therefore embrace an expanded notion of constituency and adopt a trustee role-orientation in order to meet their obligations to future generations. But even after overcoming exogenous obstacles to stewardship, entrepreneurs seeking to reduce the deficit must still build consensus among their colleagues on two fundamental premises: first, that fiscal irresponsibility is a moral problem that they should address; and second, that the entrepreneur’s means of addressing the problem is a fair way to address the problem.

Achieving consensus in the problem and policy contexts often proves illusory, as the previous chapters show. In response, some scholars go as far as to conclude that the deficit is an intractable problem on which successful leadership is impossible; Hager and Pianin contend, “The deficit has so badly polarized the two political parties that the problem seems, at times, beyond the power of democratic government to fix.” But the previous chapters also confirm that achieving consensus is possible and has been accomplished on several occasions. Nonetheless,
one should not overstate the potential for leadership on the deficit problem; the institution often proves unresponsive to leadership attempts. Even when entrepreneurs in the Senate succeed in passing politically difficult entitlement cuts or tax increases, legislative conferences may delete the provision or the President may veto the bill.

Chapter Four thus reflects on leadership attempts in the budget process. In light of entrepreneurs’ stewardship efforts, it considers the efficacy of moral appeals in achieving consensus on the extent of the deficit problem and how it should be addressed. Contrary to some scholars’ contentions, leadership does take place in the budget process independent of contextual factors. But political and institutional barriers often stifle leaders’ attempts to address the problem. Moral appeals provide a starting place for consensus-building in the problem and policy streams, but they cannot substitute for mutual trust and substantive policy compromises.

**CONTEXT, LEADERSHIP, AND POLICY SUCCESS**

In the context of policymakers’ opportunities and constraints, what does amendment activity reveal about whether leadership emerges in the budget process? Some scholars and commentators contend that the nation’s fiscal imbalance is a failure of leadership; in their view, leaders have neglected the problem, choosing instead to pursue contemporary priorities while leaving the bill to future generations. Observers are correct that the nation’s unmet fiscal liabilities constitute an immense failure of ethical leadership, but they err in attributing the failure to complete indifference on the part of leaders. To the extent that neglect is apparent among policymakers, it appears to be only a relatively recent phenomenon. Moreover, not all policymakers in the current period are themselves apathetic to the problem. The failure, rather than a mere lack of effort, is instead largely a failure to reach consensus on the proper solutions.
Entrepreneurial action is evident at many stages in the budget process. First, Budget Committee leaders and members make decisions that significantly shape the context in which floor members operate. By cutting spending or increasing taxes in the committee report, Budget Committee members influence the floor debate and influence rank and file members' expectations. And once the resolution reaches the floor, procedures give members extensive opportunities to modify it. While successful deficit reduction attempts most often began in committee, entrepreneurs outside formal leadership positions were sometimes able to achieve significant savings. Several contextual factors shape members' amendment activity. Patterns suggest that Budget Committee decisions, the presence of deficits over a long period of time, and the distance to congressional and presidential elections all affect whether members propose floor amendments and the kinds of amendments they propose.

Conditions influence members' amendment activity, but conditions alone cannot explain all of legislators' actions and decisions. Kingdon's model of policy change assumes leaders will pursue their preferences when conditions are suitable, but stewardship-oriented leaders must be in the institution before they can affect policy. Moreover, even when such leaders are in the institution, conditions alone do not explain policy success. Rather, leaders have an important role in overcoming political and institutional obstacles. Palazzolo concludes, "Even when conditions are right for a bipartisan budget deal, the process cannot produce a successful outcome without leadership." Rather, success is largely contingent upon the efficacy of individual leaders. Palazzolo puts particular emphasis on party leaders, who "must protect their parties' principles in bipartisan negotiations, frame the policy choices in favorable terms, convince members to vote for those choices, and look out for the political interests of individual members."
Evidence from Chapter Three suggests that deficit-reducing entrepreneurs usually have, to varying degrees, a moral basis for their entrepreneurial behavior. All three at least claim to be trustees of the public good rather than as mere delegates to their electoral constituencies' demands, even if they do not or cannot fulfill that tall order in practice. By acting as trustees, deficit-reducing entrepreneurs embrace a conception of their constituencies that goes beyond their contemporary voters. Rather, it includes those whose well-being is immensely affected by leaders' decisions, but who lack representation in the decision-making process. Future generations comprise one such moral constituency; accordingly, leaders seeking to reduce the deficit have cited future generations' economic well-being as a basis for making tough choices on fiscal policy today. Some go beyond the long-term economic appeal, however, and cite future generations' freedom to choose their own policy priorities as a reason to reduce the deficit. In both cases, entrepreneurs are exercising moral leadership by acting as stewards for the future.

Effective leadership strategies can significantly improve the chances that the institution will address a problem; nonetheless, leaders' attempts to address the deficit have often proved in vain. Almost five times as many deficit-increasing floor amendments passed than deficit-reducing ones. And while deficit-reducing amendments succeeded less than 7 percent of the time, deficit-increasing amendments enjoyed around a 31 percent passage rate. Moreover, savings the Senate included in its budget resolution have sometimes been stripped from final legislation. For instance, the Senate first attempted to use reconciliation instructions to achieve budget savings in 1979, but the House defeated the instructions in conference. And in 1997 the Senate passed floor amendments that would have imposed a means test and eligibility age increase on Medicare, only for the provisions to be stripped in the final version of the bill.
Contrary to many commentators' assertions, elected leaders have indeed attempted to reduce the deficit. This thesis has examined one prominent place where they have attempted to do so: the budget process. However, leaders have been less successful in achieving policy success on their proposals. Indeed, members have certainly failed to do enough to address the nation's long-term fiscal imbalance. And since 1998, the balanced budget norm has seriously eroded, especially among Republicans. To the extent that entrepreneurs have attempted to reduce the deficit, they have often failed to build consensus on their means of addressing the problem. Whereas apathy is a relatively recent phenomenon and one that is not shared by all policymakers, the inability to reach consensus has plagued entrepreneurs' deficit reduction attempts since before the 1974 Budget Act.

Increasing leaders' efficacy on an issue with which politicians and political institutions struggle is contingent on properly identifying the source of the leadership failure, since solutions will vary depending on the nature of the problem. If apathy or neglect of the fiscal shortfall is the source of the problem, leaders seeking to address it would be well-served to focus on framing their policies in favorable terms. Solutions for policy dissensus, on the other hand, call for building trust between members, finding points of agreement on policies, and building agreement where it did not previously exist. Commentators thus err in describing the leadership failure simply in terms of apathy, with important implications for remedying the failure. The chapter now evaluates the capacity for moral arguments to help achieve problem and policy consensus on the deficit problem.

**Consensus-Building: Problems & Policies**

One core argument this thesis advances is that legislators have, contrary to popular opinion and some scholarly analysis, attempted to address the deficit problem. This is not to
make excuses for legislators, however; certainly, elected leaders have not done enough to address the nation’s long-term fiscal shortfall. But leaders have often failed to pass even limited solutions when they have attempted to tackle the deficit problem. Chapter Two suggests that a lack of policy consensus has accounted for leadership failures since the 1970s; more recently, consensus has broken down in the problem stream as well. A lack of consensus thus accounts for both leaders’ failures to reduce the deficit enough as well as leaders’ lack of success in attempting to reduce the deficit.

_Dissensus in the Problem Stream_

The first point at which consensus can break down is in recognition of the problem. Leaders have not always failed to recognize the deficit problem; indeed, the deficit was an important campaign issue through many of the years this study examines. But other policy priorities have displaced both parties’ commitment to the balanced budget norm since the short-term deficit problem temporarily disappeared in the late 1990s. Unlike what the crisis-response theory of policy change might predict, however, leaders’ recognition of the problem has not returned along with large, persistent deficits.

Republicans have drastically departed from their former commitment to small government, balanced budgets, and low taxes. Of the three principles, only low taxes remain. Amendment activity lends credence to the view that Republicans have become unmoored from their espoused principle of fiscal responsibility. Indeed, since 1998 only one Republican has proposed deficit-reducing amendment. And even this attempt was a tax increase. Senator Domenici, once a powerful force for fiscal responsibility in the Republican Party, now appears to have embraced supply-side economic principles and an expanded role for government without the corresponding taxes necessary to finance it. Republicans, who espoused deficit reduction as
part of their “Contract With America” in 1994, managed to preside over a dramatic fiscal
deterioration when they achieved unitary control of government in the 2000 elections. Their
choice to focus on tax cuts that primarily benefit the wealthy and their pursuit of a massive
entitlement expansion not offset by tax increases or spending cuts occurred at the precise time
that the country needed to begin saving to accommodate the retirement of the baby-boom
generation and the permanent increase in Americans’ median age. Surely contemporary
Republicans, because of their reckless policies and failure to address the nation’s long-term fiscal
problems while in power, deserve a great deal of blame for the recent worsening of the fiscal
outlook.

Although Republicans’ greater power in shaping fiscal policy in the past six years
arguably affords them more responsibility, Democrats are hardly blameless in failing to address
the nation’s long-term fiscal problems. Entitlement programs supported by Democrats will
eventually become the largest contributors to the fiscal gap. Moreover, they have fiercely
objected to means-testing and other cost-saving measures on the grounds that such policies will
undermine political support for the programs. At the same time, Democrats have ceased to
articulate reasons why taxes are important and necessary. More fundamentally, Democrats have
failed to frame effectively the debate over taxation in moral terms. Murphy and Nagel write,

Most people are coming to believe that even under capitalism the ... allocation of [the
economy]’s product between public and private control is a legitimate object of continual
collective choice, and that this choice must be made on grounds that justify it not only
economically but morally ... There will always be room for disagreement over the values
that should determine that choice. But at least such an outlook provides a clear place for
the application of standards of justice to tax policy.6

Democrats are, for understandable reasons, hesitant to reveal their preferences for tax increases.
But in their aversion to talking about appropriate levels of taxation, they have conceded key
premises to opponents. Both cross-sectional and longitudinal justice almost certainly demand
some increases in taxes; Democrats, in turn, must be able to offer persuasive reasons to accept those increases to the public.

During the time period under examination, Democrats have displayed some respect for the balanced budget norm, but other policy priorities have substantially tempered their commitment to the norm. Democrats’ deficit-reducing amendment activity after 1997 has entirely consisted of tax increases, but most of these amendments are paired with spending increases, leaving only a marginal net reduction in the deficit. Moreover, tax increases may reduce the deficit, but addressing benefits is essential if elected leaders are to satisfy the demands of intergenerational justice. A phased-in increase of payroll taxes, if large enough, could easily make Social Security solvent, but taxing the future to pay for current beneficiaries hardly solves the problem in a just way.

**Dissensus in the Policy Stream**

The second point at which consensus often breaks down occurs after leaders have recognized that the problem exists, when they are proposing policies to address it. Leaders have not always agreed that the deficit is a problem, but even when they have, they have had difficulty building a policy consensus. Both parties appear unwilling to cede ground on their cherished policy priorities. Democrats, despite chastising Republicans for fiscal recklessness in the 2006 congressional elections, have attached substantial amounts of unrelated domestic spending to emergency spending bills for the Iraq war, and have shown no collective interest in embracing entitlement reform.

For their part, Republicans remain committed to tax cuts and have even fought to increase entitlements. Peterson sorts Republicans into three camps, all of which put little emphasis on the balanced budget norm. Starve-the-beast Republicans argue that the only way to
restrain government spending is to deprive legislators of the revenue needed to finance it. Fiscal brinksmanship, they believe, will force Democrats to go along with domestic and entitlement cuts. Supply-side Republicans pursue tax cuts on the grounds that they create economic growth. Some even argue that tax cuts can finance themselves through economic growth, despite the lack of empirical evidence and mainstream economists' disagreement. Finally, big-government conservatives embrace spending to advance national “greatness” in foreign policy and compassionate conservatism in domestic policy.

Besides being committed to deficit-increasing policies, both parties appear unwilling to compromise on how to reduce the deficit. Chapter Two shows that Democrats prefer tax increases to reduce the deficit to a much greater extent than Republicans. This trend toward tax increases has markedly increased since 1998. Spending cuts account for slightly over half of all Democratic amendments reducing the deficit, but all of Democrats' deficit-reducing amendments after 1997 are tax increases. While some Democrats are willing to cut domestic spending, the party as a whole does not share this view. Far more Democrats look to defense spending for budget savings. Republicans uniformly and adamantly reject tax increases on the grounds that they would hinder economic growth and are not fair to taxpayers. Republicans are much more likely to turn to domestic discretionary programs to achieve deficit reduction, but Democrats consistently refuse to balance the budget at the expense of the poor.

Yet ceding ground on policy priorities is crucial for successful leadership on the fiscal shortfall. Current Senate Budget Committee chair Kent Conrad observes that “these problems are so big, and so serious, the only conceivable way that they are addressed when you have the president of one party, Congress in control of the other party, is if both sides, and I emphasize both sides, are prepared to give up their fixed positions.” Divided government, although it can
diffuse the public's blame for unpopular choices, also requires leaders to compromise in order to achieve policy success. Entrepreneurs seeking to address the nation's fiscal ills must therefore present arguments that help to break members of both parties out of their entrenched positions.

**Possibilities of and Limits to Moral Arguments**

On several occasions, coalition leaders have indeed overcome displacement of the balanced budget norm as well as policy dissensus. In the 1980s and 1990s, Domenici successfully persuaded sufficient numbers of Republicans to accept tax increases, albeit only grudgingly, to achieve significant amounts of deficit reduction. Indeed, most major deficit reduction agreements have relied on a mixture of tax increases and spending reductions. To the extent that apathy toward deficits and displacement of the norm exist among elected leaders, it appears to be a relatively recent development.

Even so, it is not shared by all legislators, as Senators like Russ Feingold and Kent Conrad are raising the issue in the 110th Congress. Policy dissensus, too, has been overcome in almost all deficit reduction deals in the past. Since coalition leaders have triumphed over these two points of consensus-breakdown in the past, what steps can they take to overcome them in the face of contemporary fiscal problems? Although moral arguments are not sufficient for achieving problem and policy consensus, they offer a powerful way to frame the issue in a way that makes the problem more difficult to ignore and facilitates compromise on how to address it.

Before elected leaders can convince their colleagues or the public to embrace a deficit-reducing package, they must build consensus on the nature and extent of the fiscal problem. Multiple reasons preclude economic arguments from adequately ripening consensus in Kingdon's problem stream. First, economic arguments regarding deficit reduction are too easily disputed to have a significant effect, at least in the absence of significant economic crises that
policy entrepreneurs might attribute to budget deficits. Economic arguments are often dismissed because one cannot say with enough certainty that the economy would have been significantly better off with smaller deficits, simply because the claim is not easily verified.

Moreover, even when economic conditions are poor, deficit-reduction policy entrepreneurs may not convince their colleagues or the public that deficits are responsible for economic problems. On the contrary, supply-side economists and Keynesians may prevail in using economic slowdowns to push for even more deficit spending to “prime the pump” of the economy. If leaders rely on economic appeals alone, they risk allowing economic problems to open windows of opportunity for policies that worsen the long-term fiscal shortfall.

But economic arguments are insufficient in a third respect as well. Because most of the negative economic effects of deficits are long-term rather than immediate, appeals to contemporary economic self-interest fail to justify the long-term reforms necessary to meeting the demands of intergenerational stewardship. One might argue that younger contemporaries have an interest in preserving the sustainability of entitlement programs so that one day they too can benefit from them, but such reasoning gives no motivation for such individuals to address problems that will arise more than one or two generations down the road. Economic arguments thus appear wholly inadequate as a basis for entrepreneurs to build consensus on the existence and scope of the fiscal problem.

Moral arguments are more difficult for leaders to dismiss and offer a more vivid way to frame the long-term fiscal shortfall than economic arguments. Kingdon writes that successful policy entrepreneurs make use of symbols that create “personal viewings of problems.” By creating such personal viewings, entrepreneurs attempt to build consensus on the existence and severity of a problem. Appeals to intergenerational justice serve this end much more effectively.
than economic arguments. Entrepreneurs' argument that fiscal irresponsibility undermines future generations' well-being taps in to the powerful vision of a constantly-improving future. This ideal, the promise of a better tomorrow, prevails across party and ideological lines. Consequently, entrepreneurs can use appeals to intergenerational justice to build consensus that a problem exists. Leaders can develop the problem consensus even in the absence of consensus that sustained deficits undermine future generations' economic well-being, for fiscal irresponsibility harms future generations in other ways. Specifically, sustained fiscal irresponsibility limits the range of choices available to future generations in fiscal policy. Future generations' freedom to decide their own priorities, in addition to appeals for their economic well-being, thus represents a potentially powerful political symbol available to entrepreneurs.

One noteworthy example of entrepreneurs' use of moral appeals is liberal critics' adoption of anti-tax rhetoric. Diane Lim Rogers, a research director at the Brookings Institution, recently argued against repealing the estate tax, which conservatives have labeled the “death tax,” on the grounds that it imposes a “birth tax” on future generations. Rogers argues, “This ‘birth tax’ is a true cost imposed on all American babies ... Through the harmful effects of deficits on national saving, these future adults will be less likely to have the means to pay off these debts and are in danger of facing a lower standard of living than adult Americans today.”

The “birth tax” appeal has the capacity to attract cross-ideological support, as Sen. Tom Coburn’s (R-OK) use of similar rhetoric shows. In February of this year, Coburn objected to an appropriations bill because it increased the burden on future generations: “The fact is there is a $453,000 birth tax for every child who is born this year in this country, and it is going to grow by over $1,000 with this bill. So it is going to go to $454,000. Now, imagine what you have to earn a year to pay the interest on that.” Rogers and Coburn, who likely disagree on many other
issues, can find common ground on the illegitimacy of imposing vast fiscal burdens on future
generations. Appeals to intergenerational justice can thus foster problem recognize across
ideological divides. While liberals may need to make broader arguments about the fairness of
taxation itself in order to advance many of their policy priorities, they can likely find some areas
of agreement with conservatives on the principle of intergenerational fairness.

Moral appeals for deficit reduction play an important part in facilitating compromise on policy solutions once leaders have recognized the problem. To be sure, leaders must still work hard to build coalitions and negotiate majority-winning compromises. However, moral appeals can assist in both these tasks. The powerful symbol that moral arguments invoke is universally shareable. Both Democrats and Republicans can embrace Americans' belief that the future should be better than the present. If entrepreneurs can convince their colleagues that current policy is a threat to this ideal, legislators are more likely to compromise on how to address the problem. Moral appeals thus serve an important wheel-greasing function in fostering policy change.13

Moral appeals also assist coalition leaders to assemble majorities around policy solutions once the appeals have helped to ripen the problem stream. Elected leaders, if they believe the problem is severe enough and the goal important enough, are much more likely to exhibit flexibility in considering remedies. Moreover, moral appeals can build consensus on policies because a shared recognition of the deficit problem is a fundamental condition to the formation of windows of opportunity. If elected leaders perceive an opportunity to enact substantive change on a problem in the status quo, they are more likely to come to the bargaining table and compromise on policies. Kingdon describes the conditions for leaders to compromise:

When the issue isn't really hot, advocates hold firmly to their extreme positions. But when the issue has a serious chance of legislative or other action, then advocates become more flexible, bargaining from their previously rigid positions, compromising in order to
be in the game ... One stakes out an extreme position early, then compromises when the window opens.14

Observers should not treat elected leaders’ positions as static; rather, their positions can become malleable under more favorable contextual circumstances. One important contextual factor is problem recognition. Moral appeals have the potential to facilitate consensus development at the policy level by developing a shared recognition of the deficit as a problem that requires action.

Senator Domenici’s attempts to build consensus on deficit reduction packages clearly reflect the use of moral arguments to facilitate compromise. The budget process for fiscal 1986 is a prominent example of Domenici’s strategy, where he attempted to corral Democrats to embrace a deficit reduction package consisting only of spending cuts:

I know it has been a difficult debate and feelings have sometimes been strained. But the magnitude of the deficit problem we face, and therefore the debate we have been engaged in on that issue, goes far beyond any personal feelings or petty differences. The substitute deficit reduction agreement we have proposed tonight achieves what the cynics thought impossible: we have significantly reduced the projected deficits ... with no increase in revenues ... The promised land [of a balanced budget], while a long way from being reached, has at least taken a major step toward being achieved tonight. I do not deny that this substitute proposal may not meet everyone’s particular desires. But it does, I contend, meet everyone’s broader goal of significantly reducing the deficit.15

Domenici’s call for Democratic concessions proved unsuccessful, however; he was unable to persuade Democrats to accept his package. The budget resolution passed on party lines, leaving Republicans with a sense of political vulnerability for the upcoming elections.16 Rhetorical pleas for concessions by themselves, therefore, cannot substitute for substantive policy compromises. But they can soften up the political environment to facilitate compromise.

Domenici’s failure to achieve substantial levels of Democratic support might cause one to question the efficacy of moral appeals for problem recognition and policy consensus. After all, shouldn’t leaders have achieved more deficit reduction if appeals to justice were truly effective? Woodruff argues appeals to justice have “little motivational power” and do not “move people to
act or refrain from action." But to conclude that moral appeals have no consensus-building value is too sweeping of a conclusion. First, moral appeals have been associated with successful deficit reduction attempts in the past. While it is true that this association does not establish a definite causal relation, one has difficulty arguing that elected leaders would address long-term fiscal problems with economic self-interest as their sole motivating force.

Second, leaders may not have engaged in more deficit reduction because justice is a multi-faceted concept. Contemporary citizens certainly have legitimate claims on the budget; such claims can crowd out calls for intergenerational justice. But in this situation, leaders’ decisions still remain grounded in advancing justice; the problem is not to convince leaders that justice should guide their decisions, but rather that they should prioritize intergenerational justice over other forms.

Third, the substance of policies under consideration still influences whether legislators will support the measure. Moral rhetoric can grease the wheels of compromise, but it does not eliminate friction; substantive policy compromises remain important, as Domenici’s failure to gain Democratic support in 1985 indicates. Democrats may be willing to cede some ground on entitlements and Republicans eventually cede some ground on taxation, but neither party have political or ideological incentives to go along with deficit reduction if the other side does not share in the burden.

Finally, moral appeals are not necessarily ineffective because circumstances exogenous to leaders’ strategies affect the possibilities for policy consensus. For example, partisan polarization and distrust on other issues can have spillover effects on the prospects for deficit reduction. If leaders of both parties do not trust one another on other policy issues, they may not attempt to broker deals on deficit reduction. After all, as Light points out, the politically sensitive
nature of deficit reduction requires a significant degree of trust among brokers.\textsuperscript{18} Given the current lack of trust between Congressional Democrats and President Bush on almost every policy issue, prospects for deficit reduction would likely be dim even if they both recognized the problem and shared some ground on how to address it.

The efficacy of moral arguments is contingent, ultimately, on individual leaders’ acceptance of them. If leaders reject the arguments, they are not likely to reduce the burden on future generations. Leaders’ acceptance of moral arguments, in turn, depends on how elected leaders conceive of their constituency. To return to the question Gutmann and Thompson raise, to whom do leaders owe an account? If the answer is voters and not moral constituents such as future generations, they are not likely to find moral arguments persuasive. Ruscio asserts, “There is no way to address adequately this problem of moral constituency unless we construct a model of leadership that goes beyond politics as merely the pursuit of individual advantage.”\textsuperscript{19} Since the nation’s fiscal problems are long-term, self-interest does not justify swift and painful action on behalf of distant – and indeed, non-existent – others. Embracing future generations as part of leaders’ extended constituency, as Gutmann and Thompson call for, thus emerges as a fundamental condition for leaders to fulfill intergenerational obligations.

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Immense challenges lie ahead for contemporary and future leaders, for fiscal and economic conditions will force them either to sacrifice expected benefits or low taxes for their electoral constituents, or to defer the costs of contemporary excess into the future. Yet contemporary leaders have a responsibility to leave future generations with as many opportunities as currently-living individuals enjoy, or at the very least, not to inflict deliberate harm upon them. Should policymakers attempt to fulfill their stewardship responsibilities, they
will face obstacles at every stage of the process. They will likely need to work on a bipartisan basis as they manage internal tensions, override interest group preferences, and convince colleagues to embrace a collective good in lieu of a particularized benefit. Development of the politics, problem, and policy streams is currently in its infancy; consensus now breaks down at all these stages, notably in the problem recognition and policy consensus stages.

But one too easily dwells on the obstacles to deficit reduction without considering the opportunities that leaders have for improving the well-being of future generations. Formal leaders have significant expectation-shaping power in the budget process, as Domenici's actions as chair of the Budget Committee in the 1980s and 1990s make clear. Moreover, informal leaders such as Proxmire can keep other members in check by pointing out exorbitant spending on low-return programs, even if their specific policy proposals do not succeed. Shaping expectations of the public and other policymakers is essential for addressing the nation's fiscal imbalance. Jacobson laments the unrealistic expectations policymakers set in the 1980s and the problems this created when leaders eventually decided to reduce the deficit in 1990:

There is more than a touch of poetic justice in [leaders' need to betray core constituencies to reduce the deficit]. Republican presidents and congressional Democrats prospered politically during the 1980s by pandering to their respective constituencies, promising something for nothing, benefits and programs without the taxes to pay for them. When leaders of both parties finally felt compelled to take on the deficit, they found themselves menaced by the political wrath of an indignant public that they had left quite unprepared to face fiscal reality.

Thus expectation-setting is necessary for leaders to successfully reduce the deficit while minimizing political costs. Leaders have the ability to shape their context by managing the expectations of constituents. If leaders do not promise a free lunch to their constituents, but instead call upon them to accept sacrifices in order to advance the well-being of their grandchildren, leaders might be surprised at their constituents' responsiveness. But until leaders
begin to ask for more from their constituents, they may be right to perceive electoral disincentives for making tough but necessary choices.

Moral arguments should play a substantial role in convincing voters and elected leaders to make sacrifices by paying more taxes or enjoying fewer benefits. Moral arguments can also soften up policymakers’ dedication to their policy preferences by increasing the saliency of the issue. Managing expectations, at one level, involves not promising free lunch benefits or tax cuts. But at another level, it entails establishing obligations. By establishing future generations’ well-being as a contemporary obligation, elected leaders can influence what their voters expect from them in terms of taxes and benefits. Moral arguments thus assist in structuring the terms of the debate in a way favorable to policy change, even if the policy change is not immediately adopted.²²

Nonetheless, one should not be naïve enough to believe that expectation-setting is a simple matter or that moral arguments alone are sufficient to sway the electorate and an entrepreneur’s colleagues. Indeed, presidential priorities constrain the capacity for legislators to exercise leadership. Legislators have not seriously considered many deficit reduction proposals if the president opposed them. Moreover, political incentives in the U.S.’s political system, at least in the short term, provide incentives for candidates and parties to offer free-lunch proposals. Leaders claim that tax cuts pay for themselves and universal health care would offset its costs through enhanced productivity and reduced absenteeism; such arguments from both parties offer only an illusion of responsibility. Nor can moral arguments alone persuade politicians to cede ground on key policy priorities. Democrats will not embrace massive cuts to entitlement programs, at least without serious concessions on taxes from Republicans; to the extent that they are committed to generational responsibility, they would rather increase taxes to fund the
programs. Republicans, on the other hand, are skeptical of tax increases, since they believe the
government will simply spend any new revenues. But between these two extreme camps is a
middle ground that entrepreneurs have found in the past and, one hopes, are capable of finding in
the future. Moral arguments, coupled with substantive policy compromises, are key instruments
for entrepreneurs attempting to build consensus on the deficit problem and the solutions to it.
NOTES FOR CHAPTER FOUR

2 Palazzolo 1999, 196.
3 Ibid.
5 Palazzolo 1999.
10 Ibid, 204.
20 Palazzolo 1999, 196.


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