

The history of the 'budget process'

It's not only paralyzing, but unconstitutional, writes Susan Kokinda, describing how it was gradually imposed on the Congress.

President Reagan's March 23 initiative to mobilize the scientific and technological capabilities of the nation for the purpose of developing directed-energy beam weapons has put the issue of nation-building back on the agenda of the American republic. And with that potential comes the possibility of ending the constitutional abomination known as the "budget process." For it is the case that the recent, ever-more-frenzied exercise of "cutting the budget deficit" has brought the process of nation-building to a halt, has eroded the institution of the Congress to a point of functional immobility, and has put U.S. economic sovereignty further into jeopardy.

What is a budget process?

The Constitution of the United States says nothing about a federal budget. For 132 years, the republic functioned without a federal budget. For 186 years, Congress functioned without a budget process.

In 1974, when Congress enacted the Budget Act, the federal deficit stood at \$4.7 billion. In the half decade following that enactment, the deficit has averaged in the range of \$50 billion. And in the last two years of congressional and presidential fixation on the budget process, the deficit has risen from \$60 billion to a projected \$200 billion in 1984.

Before dissecting the process and its parentage, look at how it has affected Congress.

The budget ritual entails passage of a First Concurrent Budget Resolution by May 15, which sets spending guidelines for congressional committees, and a Second Concurrent Budget Resolution by Sept. 15, which sets actual ceilings. The revenue and expenditure figures which the Senate and House endlessly massage are totally disembodied from any real political economic processes. They are delivered to the Congress by the oracle of the systems analysis god—the Congressional Budget Office. The purpose of the ritual is to "close the deficit."

The "budget process" embodies a subversive politic and economic ideology insinuated into American governmental institutions by the opponents of technologically-based progress. In modern terminology, this ideology is known as systems analysis. It entails the imposition of arbitrarily fixed parameters upon a decision-making process. Under budget-

ary brainwashing, Congress ignores the essential determinants of nation building—directed credit channeled into the areas of greatest economic advance—and rearranges numbers within the linear confines of a preordained, increasingly shrinking "system." Such is the economics contrived by the British East India Company's Jeremy Bentham, John Stuart Mill, and Parson Malthus.

The Invisible Hand in this ritual is the Federal Reserve Board. Never mind that the credit policies of the Federal Reserve have collapsed the tax base of the U.S. economy at a rate which cannot be matched by budget cuts: U.S. national defense or NASA must be sacrificed to the budget god.

In 1981, three-quarters of the votes taken by the U.S. Senate were devoted to the budget process. So ensnared was Congress that by November 1981, one month *after* the start of the 1981 fiscal year, only one appropriations bill had been passed. The other 12, including defense, energy, and NASA, were lumped under a "continuing resolution" which funded programs at previous levels, regardless of congressional intent or national need.

But the budget god demanded more. Under a process known as "budget reconciliation," the House and Senate Budget committees mandated *substantive* changes in the laws governing federal programs—such as, for example, eligibility requirements for disabled people to qualify for federal assistance. The *Congressional Quarterly* described the results: "Using reconciliation to cut billions of dollars from hundreds of federal programs had its advantages. Considering all the programs in one bill short-circuited the lengthy deliberative process of hearings on separate pieces of legislation. . . . In several months of budget work, Congress passed perhaps as many far-reaching changes in basic law as it would in a conventional two-year session."

"Special interest groups"—constituents, as they used to be known—were effectively cut off from this activity as the final reconciliation bill was hammered out by a joint House-Senate conference committee comprised of 250 members of Congress!

One shudders to think of President Kennedy's space program caught in the throes of the budget process. Between first and second concurrent resolutions and continuing resolutions and reconciliation, Congress would not have found

time on its busy budget agenda to actually authorize the legislation until mid-decade. And as for actually appropriating money for the program which gave the greatest productivity boost to the U.S. economy of the past two decades, "Well, I'm sorry; budget function line 123 allows enough money to send the spacecraft to the moon, but not to bring it back."

Systems analysis versus the American System

At one time, Congress occupied itself with the duties outlined in Article II, Section 8 of the Constitution—exercising sovereignty over credit, promulgating tariffs to protect American industry, directing a system of internal improvements, fostering advances in agricultural, scientific, and industrial technology—in short, nation-building. What we now call fiscal questions were not the center of economic discussion, but were a *very* subordinate aspect of overall economic policy.

True, continual efforts were made to use the budget as a weapon against the American nation. Using the all-too-familiar rhetoric of cutting government spending, Thomas Jefferson's Swiss-born Treasury Secretary Albert Gallatin crippled the infant American navy, much to the satisfaction of Gallatin's attacking British allies in 1812. But the ability of Congress and the presidency to mold the impulses of the population into a coherent program for nation-building was largely intact through much of the 19th century, as exemplified by the process of directing internal improvements.

The Army Corps of Engineers—an outgrowth of the most advanced concepts of Leibnizian economic science—drafted plans for needed projects and presented them directly to the Rivers and Harbors Committee. The committee weighed competing claims of constituencies against national needs and appropriated money according to the results of those deliberations. No Office of Management and Budget intervened. No Budget committee or even Appropriations Committee stood between the Rivers and Harbors Committee, the Corps and the constituencies. It was this uniquely American form of government that built the nation.

In 1888, the Anglo-Swiss oligarchy which had never reconciled itself to the permanent existence of the American republic announced its intention to destroy that capability. An anglophilic professor named Woodrow Wilson authored a book entitled *Congressional Government*, which called for amending the Constitution for the purpose of installing a British parliamentary system.

"The Committee on Rivers and Harbors represents, of course, the lately acquired permanency of the policy of internal improvements . . . with the culmination of the protective tariff, the so-called American System of protective tariffs and internal improvements has thus at last attained to its perfect work," he wrote bitterly. "No description of our system of revenue, appropriation, and supply would be complete without mention of the manufacturers who cultivate the favor of the Committee of Ways and Means, of the interested

parties who walk attendance upon the Committee on Rivers and Harbors. . . ." Wilson would have loved the reconciliation process.

Wilson proposes as a replacement for that "inefficient" and "corrupt" system a budget process. He advocates the creation of an *external legislative commission* of "skilled men, old in political practice and legislative habit, whose official life is apart" from the Congress, to usurp the economic policy-making powers of representative government. An extra-constitutional commission which would prepare the federal budget had first been proposed by John Stuart Mill.

During the Teddy Roosevelt and Progressive eras, the cries for a federal budget invoked the need for "scientific management" and "governmental efficiency." In 1911, a Presidential Commission on Economy and Efficiency was created, advocating a federal budget. One of the consultants to that Commission, William F. Willoughby, who was to play a major role in writing the budget legislation soon passed, candidly contemplated the extent of the subversion. "It is desirable to point out the great possibilities that are embraced in a system under which action upon the floor of the legislative chamber may be determined by an outside organization which has no legal status and which is subject to no control other than which it is willing to impose on itself."

Then, in 1913, President Wilson—using the tactics of party discipline borrowed from parliamentary government—ramrodded the Federal Reserve Act through Congress. With this final surrender of sovereignty over credit policy, Congress was ready for the imposition of an external budget process.

Members of Congress were not oblivious to the dangers. New York Democrat John Fitzgerald warned, "This means the elimination of Congress from very much of the the work which it now does. . . . Many who are urging the adoption of a budget in the United States are really in favor of a very revolutionary change in the whole system of government." Sen. James Reed warned that it "enables Congress once more to abdicate its powers."

But Congress, weakened by years of "progressive era" scandal-mongering about corruption, porkbarrels, and inefficiency, passed legislation in 1921 which established a federal budget for the first time. The Bureau of the Budget was born. (Its first director was Charles Dawes, who later presided over the economic prelude to Hitler known as the Dawes Plan). Congress reorganized itself to facilitate working with the Bureau of the Budget by establishing the House and Senate Appropriations Committees as mediators between the standing committees, such as Rivers and Harbors, and the actual disbursement of funds.

Fifty-three years later, a similar process of scandal-mongering and ideological brainwashing had eroded congressional will, and Congress undercut itself even further. The following epitaph is in sight: "Where once stood a Constitution, stands a budget process."

To be continued.