Making "Common Sense" of Federal Budgeting

Joseph White, Carleton College

Explicitly in political discourse, and at least implicitly in academic discussion, budgeting for governments is frequently compared to budgeting for individuals or for households. These arguments sound like "common sense," but they can be misleading because they misrepresent the difference between government budgeting and the processes to which it is being compared, or because the underlying assumptions about individuals and households are wrong. This article addresses the common analogies more carefully in order to generate both analytic and normative observations about how government budgeting works or fails.

Budgeting is a ubiquitous, frequently controversial, and almost always dissatisfying aspect of government. Because it influences so many decisions and provokes so much debate, budgeting attracts study from a wide variety of perspectives, ranging from welfare economics to public choice, public administration, political science, and political anthropology.

Federal budgeting has been especially controversial over the past two decades of partisan war over the unbalanced budget. These battles have provoked a great deal of explanation (Drew, 1996; Gilmour, 1990; Haas, 1990; Hager and Pianin, 1997; Makin and Ornstein, 1994; Maraniss and Weisskopf, 1996; Penner and Abramson, 1988; Schick, 1990; Steuerle, 1991; White and Wildavsky, 1991; Woodward 1994). As a participant in the explanatory effort, I have been struck by the extent to which public debate and attitudes seem to proceed not from the insights of academic fields but from a different set of perspectives.

The distinction is most evident in attitudes towards budget balance. Although there are macroeconomic arguments for balancing the federal budget, the discipline of economics provides no basis for saying that the difference between balance and, say, a deficit of one half of one percent of the gross domestic product is very significant. Yet "balance" per se has great political meaning. James D. Savage (1988) has described the roots of the balanced budget ideal in American politics. His argument about the political values and interests the ideal has served can explain who chooses to manipulate the appeal, but it cannot fully explain the attraction of the balanced budget ideal for apolitical, inattentive citizens.

Instead, budget balance and other values tend to be based on simple principles, such as, "I have to balance my budget so the government should, too." This is a commonsense understanding: it operates by considering government budgeting as if it were something closer to everyday experience for most people (thus, common and sensible).

Unfortunately, application of what passes for commonsense about federal budgeting almost inevitably leads to disappointment. Governments do not budget the way citizens think individuals or families or business firms do or should.

Ironically, only part of the misunderstanding is because government is different; the rest is because the standards applied to government budgeting are not followed in everyday life, either.

This essay will highlight some points about budgeting, especially federal budgeting, that are revealed by making the comparison with financial planning for individuals or households carefully, rather than casually. Both causal explanations and normative conclusions follow from the analysis. My goals are to show that federal budgeting is less alien than it may often seem, to offer a new perspective on some common arguments in academic as well as citizen discourse, and to provide an example that may be used for further discussion of both budgeting and other subjects in public administration.

The first section compares budgeting for an individual (or any unit with only one relevant decision maker) and a representative government.[1] One theme involves how individuals' interests aggregate into collective decisions. The common argument that intense minorities force excessive spending by demanding it at the expense of inattentive majorities is basically wrong. But a less common argument about the natural inconsistency of collective as opposed to individual choice provides a basic explanation of the difficulty of deficit reduction. A second theme involves whether standards based on the experience of individuals either make sense for government or can convince individuals to support government action. I will show why the common argument that people must sacrifice for deficit reduction for "our grandchildren" should not be expected to convince rational individuals to pay. And, what should be obvious but is usually ignored, deficit reduction is almost inevitably unequal, rather than the "equal sacrifice" demanded by political rhetoric.

The second section then emphasizes the human relations aspects of budgeting, comparing budgeting for households (especially families) and for governments. This comparison shows how common critiques of budgeting depend on particular assumptions about the nature of the community, rather than on obvious standards of rationality and fairness. For instance, the virtue of budget balance itself, as a form of responsibility, must be balanced against the virtue of keeping promises within a community.

Government versus Individual Budgeting

"Other Peoples' Money"

Begin with the commonly made contrast between government and individual decision making. In private life individuals who consider spending also bear the costs. In government, those who campaign for spending of some sort bear very little of the cost.

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Thus government supposedly spends too much because of demands to spend "other peoples' money." In the words of a former economics professor at Texas A&M:

> the average spending bill we voted on in the last Congress cost about $50 million. The average beneficiary got between $500 and $700. There are 100 million taxpayers, so the average taxpayer paid 50 cents. You don't need a lot of economics to understand that somebody getting $700 is willing to do a lot more than somebody who is paying 50 cents. So every time you vote on every issue, all the people who want the program are looking over your right shoulder and nobody's looking over your left shoulder (Gramm, 1982, 37).

Nothing could be more commonsensical. This critique recurs in other forms with other protagonists. Thus William Niskanen (1971) emphasizes the incentives of "budget-maximizing bureaucrats" who get benefits (agency budgets) without having to worry about costs at all. Rational choice political theorists, such as Ken Shepsle and Barry Weingast (1984), or Emerson Niou and Peter Ordeshook (1985), emphasize the legislative side of the story.

The analogy is correct as far as it goes: the participants identified do have different incentives in competing for government budgets than the incentives individuals have in spending their own money. The analogy does not explain growing federal spending because it ignores the actual decision-making processes and the presence of other constraints.

Thus Senator Gramm is describing authorizations bills, which do not in fact spend the money. Programs compete with each other in appropriations bills that average $40 billion apiece, not $50 million. The appropriations committees are working to fit their bills into totals defined (formally or informally) outside the committees. Once the total came from the president's budget, after 1974 it came from the Congressional Budget Resolution, and since 1990 it has come from multi-year caps, or annual totals, negotiated in various budget summit agreements. But the process since the 1920s has been organized to keep spending within some total (White, 1995).

More powerful legislators may gain electoral advantage from using their power to direct disproportionate shares of federal projects back home. But such power shapes shares, not totals. The programs being described by Senator Gramm, by Shepsle and Weingast, and by other analysts as subject to the intense interest/small costs phenomenon would be distributive, discretionary spending programs. As Charles L. Schultze (1984), John Ellwood (1984), and many others have shown, such programs have long been a shrinking share of the economy, dwarfed as sources of budget growth by the major entitlement programs, such as Social Security and Medicare, which have strong support from majorities of voters.

That the most common comparison between individual and government decision making does not explain spending totals or imbalance, however, only shows that the comparison is poorly made, not that it could not be useful.

Niskanen's description of bureaucratic influence exaggerates or misstates both bureaucrats' interests and their power. His hypothesis was carefully assessed in a volume edited by Andre Blais and Stephane Dion (1991), which shows that many of Niskanen's underlying assumptions are highly questionable. Niskanen never specified which officials should be the agents of the theory. A theory that relies on bureaucrats' information advantages should emphasize top civil servants. Yet many of them do not display the hypothesized values, in part because their economic interest in larger budgets is ambiguous in a civil service system that does not automatically turn larger budgets into higher salaries. Public-sector unionism may provide a force for higher spending, but that has little to do with higher civil servants and "bureaucratic" power per se, and should be important only where the members are a big enough interest group to have serious power (e.g. teachers and police in cities, not the employees of the Food and Drug Administration in federal budgeting). The direct power of bureaucrats of other sorts relative to other contestants in the battle to shape federal budget totals does not seem great. All other things being equal, people in agencies surely want higher budgets and ask for them. But all sorts of people in politics want things they don't get. Niskanen's errors in stating his protagonists' interests and power leave only a cliché behind.

In common applications, the "other peoples' money" argument seeks explanation from analogy alone without sufficient attention to how government itself works. Many other factors, such as alternative sources of constraint, counter the logic that Senator Gramm and so many others emphasize.

That the most common comparison between individual and government decision making does not explain spending totals or imbalance, however, only shows that the comparison is poorly made, not that it could not be useful. Consider an alternative version.

Aggregating Individual Preferences into Collective Preference

Both the public as revealed by polls and elites as revealed by the tone and content of news reports have long supported a balanced budget—in principle. Majority coalitions endorsing any particular method to balance the budget have been much rarer. After 17 years of budget balance wars, Congress and the president enacted legislation in 1997 that promises a balanced federal budget by 2002, 33 years since the last one in 1969. That was possible mainly because good economic news allowed a much smaller package of deficit reductions than had been achieved in previous efforts (especially efforts in 1990 and 1993).

Plain old ignorance is one reason that support for budget balance is not accompanied by support for the practical means to achieve it. Many voters believe the federal government spends much more of its budget on unpopular programs like welfare and foreign aid than it does. Individuals should know more (on average) about their own budgets. But what about the elites that supposedly know better? Are they simply constrained by the public's ignorance?

As Kenneth Arrow (1951) argued long ago, consistent personal preferences can aggregate into inconsistent social preferences. In the budgeting case, if each citizen can think of the spending that he or she would cut to balance the budget, and the distribution of preferences about cuts is wide enough, it is possible for individuals to know they would balance the budget, and for the large majorities to oppose any particular measure.

Imagine that ten people contribute $9,000 each to a community with $100,000 in expenses, leaving a deficit of $10,000. The expenses are divided into ten activities, costing $10,000 each. Each person supports nine of the activities, and each opposes a different one. Each contributor has a consistent position about how to balance the budget (cut the program he or she dislikes) but 90 percent of the group would oppose cutting any specific program. Nobody would see a need to raise taxes, since each individual's spending preferences would fit available revenue. Everybody would oppose an across-the-board cut of $1,000 from each program because each would see such a cut as eliminating $9,000 in the wrong places in order to cut $1,000 in the right place. Everybody in the community wants a balanced budget, and knows it is possible, but it would not occur.

The numbers are different in federal budgeting, but the basic principle is the same. Informed liberal Democrats could sincerely endorse a balanced budget if it were achieved with defense cuts and higher taxes. Conservative Republicans would cut lots of programs for liberal constituencies. Rural legislators would cut urban programs, and vice versa. Investment bankers and the editors of the *Washington Post* would slash entitlements for the (affluent?) elderly. As a result, over the nearly two decades of effort to balance the budget almost everyone could view the failure to do so as unnecessary, while large majorities opposed any particular plan. That helps to explain not only the difficulty of balancing the budget, but one of the most peculiar aspects of the budget debate—the fact that compromise on achieving this goal, unlike many others, has been widely viewed as illegitimate. Since everybody knew it "could" be done, failure to do so seemed unnecessary.

Setting an overall budget constraint impedes aggressive minorities from exploiting majorities. It does not provide a way to assemble majorities to cut existing programs. So the "commonsense" understanding of the difference between individual and collective decision making is less instructive than the version based on Arrow's (1951) insights.

Budget Balance and Saving for Individuals and Governments

The practical difficulty of budget balance is only one issue; its desirability is another. The error in the commonsense statement "I have to balance my budget so the government should balance its own" is clear enough. In everyday life the poor may have to balance their budgets because they cannot get credit, but the rest of us often borrow. When our debt service burden becomes a smaller share of our income, we often go out and borrow more, such as to buy a larger house or nicer car. That said, we should take a closer look at the analogy. Given that borrowing is common, why do individuals claim they have to balance their budgets?

One answer might be that individuals (or firms) can borrow as long as it increases their assets. Thus borrowing for a house is different from some government spending. That interpretation is used to justify capital budgeting for governments. It should not be as convincing as capital budgeting advocates would like, because the government receives a much smaller share of the economic benefits of its investment than any private investor would (the government receives only its tax share of the economy). But it surely doesn't support the balanced budget norm.

Business firms basically attend to their debt burden, rather than saying debt per se is bad. Given stable interest rates, individuals and firms can run a deficit—that is, increase their debt—in a year by the same proportion as their income rises, without having to pay a larger share of income as interest. So why would individuals have to balance? One answer might be, that they have to balance over a lifetime, even if they do not balance in a given year. People, unlike business firms, expect to die. If you are going to die, you cannot pay interest forever.

A cynic would say that if you are going to die you have no need to worry about the people who will not get paid afterwards. A better reason for balance is that individuals expect to retire. Retirement matters because most people expect that their income will fall dramatically when they retire. Debt service would suddenly become a much larger part of income, and possibly insupportable. They need to reduce or eliminate their debt before retiring.

The federal government, however, will neither retire nor die.[2] Given current debt levels, the federal government could run deficits of just below two percent of gross domestic product forever, other things not much worse than equal, without increasing the cost of servicing the debt as a share of the economy. As an organization, its financial health would be stable or improving.

There is a weak analogy between certain activities of the federal government and personal retirement, and campaigners for a balanced budget strive mightily to alert the public to this condition. In the future, a growing proportion of Americans will be retired so the costs of spending for pensions and health care will be more of a burden. As a long-term concern, that is in no way comparable to the entire country retiring and living off investments.[3] Still, it provides a good reason to be cautious about debt burdens.

Political rhetoric goes too far, however, when caution about future debt is transmuted into a conventional wisdom that the federal government must balance its budget so the nation can save for America's future. Many eminent economists maintain that the best way to pay for future social insurance costs is to produce a larger economy through greater national savings, which the government can create by manipulating government savings. This argument is turned into shorthand demands for "saving for America's future" or that America "grow up before it grows old" (Reischauer, 1997; Rauch, 1997; Seidman, 1990; Peterson, 1996). The logic, then, is that the government can budget and save for the future like an individual can. We must balance the budget or run a surplus "for our grandchildren." This ubiquitous analogy fails as both economics and politics. Increasing government savings has virtues, but not to the extent the analogy suggests.

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Government cannot save for the nation in the same way that individuals save and invest for themselves for three reasons. First, an increase in government savings (lower deficits) can have the effect of reducing private savings, for some of the victims of benefit cuts or tax increases will reduce their personal savings to maintain some of their threatened consumption (CBO, 1997, 63). Thus an increase in government savings does not produce an equal increase in national savings. No such translation problem applies to personal savings. Second, as an increase in savings brings about an increase in investment, the larger capital stock that results means that there is more depreciation. At some point higher savings only replace the higher level of depreciation, and there is no further increment to productivity (CBO, 1993, 74-75). The same effect occurs when any business firm invests in real capital goods, but it does not occur when individuals invest in market instruments. Third, much of the increase in domestic savings that would result from an increase in government savings would not go to new investment. It would go to displace foreign ownership of investment goods. Such displacement is good because it means that Americans earn profits instead of foreigners earning them, but not as good as new investment because it does not increase productivity and therefore does not add to the gross domestic product (GDP) (CBO, 1993, 75).

For such reasons, the Congressional Budget Office in 1993 projected that "private investment might increase by about 30 percent of the decline in government borrowing" from a deficit reduction package (CBO, 1993, 76). Government "saving" does not equal national investment in the same way that individual saving equals individual investment.

Many economists who campaign for reducing the deficit or creating a surplus recognize some or all of these factors yet they cite a common rule of thumb: an increase in national savings of 1 percent of GDP will over a few decades yield a permanent increase in the size of the economy of the same size. Therefore, these economists even propose a budget surplus to raise savings (Aaron and Bosworth, 1997; Schultze, 1997). Yet the question of costs and benefits might give budget balancers pause. The prospect of the economy being 1 percent larger in 20 years might not justify abolishing the Navy, or federal Medicaid support, or some similarly large amount of federal activity. If deficit reduction is an investment, the return may legitimately be criticized as too low. The analogy should be followed all the way through.

Moreover, why would people agree to sacrifice their own consumption to reduce the deficit in order to help their grandchildren instead of just saving more for them personally? A woman can save more herself and put it in an account for her grandchildren, or she can let the government reduce her consumption by taxing or cutting spending and hope her grandchildren are the ones who actually benefit. Under what theory would one expect voters to let the government take their money and hope instead of increasing their own investments and being (relatively) sure?

No theory of individual self-interest would suggest such an outcome. The "savings" argument therefore implies that one should care more about the collective than about oneself and one's family. That is rarely made explicit, because it would be unlikely to work—especially since, even then, the virtue of deficit reduction would depend on what public goods are sacrificed.

If the logic of aggregating preferences suggests that appeals to interest in higher savings should fail, however, then how does deficit reduction occur at all? It occurs because of the most basic difference between deciding for collectives and deciding for individuals. An individual cannot exploit himself, but one part of the nation can exploit another. Majorities may take from minorities. If a majority takes "savings" mostly from a minority, then both the limited return and its uncertainty will matter less to the winners, for they have not given up as much consumption to begin with.

Unequal Sacrifice in Deficit Reduction

Any distributional analysis of deficit reduction packages will be controversial. Spending is compared to baselines whose underlying implications may themselves be disputed. For example, if spending on Medicare is lower than projected, is that a "cut" or not? The incidence of spending in many programs is difficult to define. For example, is spending on urban mass transit assistance targeted more to low-wage workers who use the system or to higher-wage unionized bus drivers? In many cases spending cuts are designed to obscure incidence. This is especially clear in the case of the most significant budget reduction innovation of the 1990s, long-term caps on discretionary appropriations.

Nevertheless, I doubt any analyst would maintain that any of the deficit-reduction packages since 1981 have met a standard of "sharing the pain" remotely equally. In the 1981 Omnibus Budget Reconciliation Act, about half of the total savings came from programs for the poor or working poor, the unemployed, and cities. Many other voters, of course, received major benefits from tax cuts or increases in defense spending.[4] In the 1982 Tax Equity and Fiscal Responsibility Act, about half of the deficit reduction came from business taxes, medical providers, dairy farmers, and civil service retirees. Cuts to business seemed justified even to many Republicans since they only repealed part of the massive benefits enacted the year before (White and Wildavsky, 1991, 249-58; *Congressional Quarterly*, 1985, 30; *National Journal*, 1982). The tax provisions of the Deficit Reduction Act of 1984 were a remarkably and intentionally obscure set of revenue raisers. Its priorities resembled those of the 1982 act, though on a substantially smaller scale (*Congressional Quarterly Almanac*, 1985).

The original package negotiated by Richard Darman (director of the Office of Management and Budget) with the Democratic congressional leadership in 1990 was an exception that proved the rule, being fairly balanced and therefore defeated by majorities of both parties on the House floor (White and Wildavsky, 1991). In the version that was passed, the major targets were the military, higher-income groups, and medical providers—hardly equal sacrifice. Thus, the revenue provisions lowered taxes for the lowest quintile while raising them most for the highest income groups.[5] If we allocate the unspecified savings in discretionary programs for fiscal years 1994 and 1995 evenly between defense and domestic spending, defense accounts for more than 70 percent of the five-year total.[6] With the Congress and the presidency then (barely) controlled by one party, the 1993 Omnibus Reconciliation Act favored Democratic priorities at least as clearly. Although savings in discretionary spending were expected to be much less targeted on the military, the Medicare savings were even more tilted towards providers, taxes were a larger part of the package, and approximately two-thirds of the revenue increases targeted wealthier Americans.[7]

The Republicans in 1995 tested the rule again and proved it again. Although they clearly favored Republican over Democratic priorities, the specific increases in the Part B premium and the potential impact of the bill's large Medicare and Medicaid cuts in programs for the elderly and disabled made it easy for President Clinton to rally majority public support for his veto.

The budget deficit reduction agreement of 1997 returns to the logic of targeting a minority. The Medicare cuts mainly target providers (at least in the five-year horizon that the agreement emphasizes). The discretionary spending cuts are obscure, and the president has claimed that the most popular priorities will be protected. Many voters can even expect tax cuts.

If the goal is deficit reduction, *inequality of sacrifice is not the problem but the solution.* Whether that is the same as "inequity" is a matter of values: if the people paying "deserve" to pay, then one may say the result is fair. But inequality is what we should expect from the difference between individual and collective decision making: *what for an individual is setting priorities, in a government becomes winners taking from losers.*

In the absence of a massive collective spirit, or perhaps very well-developed processes of corporatist consensus-building, the ability of a representative government to reduce a deficit depends on the extent to which majorities are willing and able to take from minorities. That is difficult but possible within the political system that James Madison and other founders designed to inhibit what Madison called the tyranny of the majority. Yet one aspect of the Madisonian design makes deficit reduction more likely than it otherwise would be—frequent elections. Frequent elections mean that the governing coalition can change often. Then a new majority may exploit a different minority. If different groups pay at different times, the total budget cuts and tax increases may be larger and more equal than in any single package. It is much easier to imagine the provisions of the 1993 and 1997 packages passing separately than as a single bill. Government may impose more pain if the governing coalition changes frequently.

Government as a Household, Not an Individual

We have considered whether the logic of savings and debt that applies to individuals applies to governments as well. The collective nature of government has another dimension: relationships among citizens. Relationships among citizens are a crucial aspect of government budgeting, because the budget is the set of terms by which people live together in the polity. It states who contributes what, and who receives what.

Commitments and Promises in Government Budgeting

Individuals budget so as to avoid discovering later that they cannot consume something that they want a lot, because earlier they consumed something that (in retrospect) they do not want as much. Individuals, however, can also change their consumption preferences when faced with unexpected constraint. I might plan to buy a new car, discover I have less money than I thought, and decide I don't really want it enough to borrow.

Imagine instead, that a high school student's parents promise to buy her a car, if she gets all As in her junior year. She gets all As, but her mother does not get an anticipated raise. The facts that they promised their daughter a benefit, she met the standard, and refusing would send a bad message about how much she can rely on the family all provide strong arguments for borrowing rather than breaking the promise.

Governments also make commitments, and the moral force of those commitments conflicts with the norm of budget balance. Such arguments are especially common in objections to changing the rules for retirement programs on workers who are close to the retirement age, but they can be made in many other contexts. *Government budgets are not plans to enforce personal responsibility but sets of promises that define the terms under which citizens live together—who contributes and who receives what.* Breaking budget promises therefore involves more difficult steps—the losers might be able to fight—and more questionable choices—to have losers. This concern for relationship among citizens explains the cause for "shared sacrifice," which unfortunately conflict with the realities of self-interested coalition building.

Power Structures and Power Stakes

In any government other than an absolute dictatorship, numerous participants disagree about policy and contend for power. Within the federal process the most basic purpose of budgeting, as far as Congress is concerned, is to exercise legislative control over the executive establishment. Arguably, that is the most basic purpose according to the Constitution as well: its authors viewed legislative control of the purse as fundamental to representative government (Savage, 1988). The implications of such power stakes for the structure and content of federal budgeting are numerous and deep. Here, however, we are considering only how to understand those power concerns. Are they somehow illegitimate or strange?

No. Similar power stakes exist within any household. Whenever people must act together, there will be questions of fairness applied to both contributions and benefits. Conflict then will involve not only individual cases, but the implications of cases for the relationships among participants. In any group, not just the federal government, questions of status and power are posed by resource allocations.

Rationality about power stakes helps explain why one tactic for balancing the budget does little good. We can call this the "break the problem into sequential pieces" approach. The Gramm-Rudman-Hollings law, for example, was presented as a way to make balancing the budget more manageable by dividing the task into five successive steps, of $36 billion each, instead of a single $180 billion leap (White and Wildavsky, 1991). Economically, such an approach makes sense because a more gradual transition reduces the shock to the economy. Politically, it did not work at all. Any group that did not fight very hard against being targeted for a cut in the first round would have thereby acknowledged its subordination and set itself up for attack in successive rounds, too. No group would trust other groups to take the hit in the next round just because it had already paid. So opposition to deficit cuts in the first year remained daunting. The ubiquity of power and status stakes means that norms and procedures that do not lead to efficiency, such as incrementalism and fair shares, nevertheless may make the collective more effective by reducing conflict.

Economically, *Gramm-Rudman-Hollings makes sense because a more gradual transition reduces the shock to the economy. Politically, it did not work at all.*

Representation and the Pork Barrel

To say that behaviors in government budgeting are analogous to how people act in more familiar parts of life should not foreclose efforts at reform. It might, however, moderate expectations.

One last application of our analogies may raise some questions about the definitions of sin and virtue in budgeting. In a family we take for granted that some members contribute more than others. Indeed, they contribute according to their means. We also expect that different members of the family receive different benefits: one child is in art school and the other goes to camp; Johnny takes skating lessons and Jacki takes tennis; Dad goes bowling and Mom to the ball games. Family budgets thus are filled with special interest spending that benefits only minorities. Logically, what each part gets is no other part's business, so long as the recipient is satisfied and the distribution meets some standard of fairness. Why, then, is federal budgeting not considered in the same way?

Why are pork and logrolling so widely considered illegitimate? If a group of minorities get together to agree on benefits, why is that considered to be at the expense of the whole? How is it different from different members of the family having different activities?

On the right of the political spectrum, the answer may be that many Americans see government as an alien force and view helping others as a personal choice, not a collective one. To them, government does not represent a community of affection and obligation remotely similar to a family. They might accept government action for classic collective goods such as national security, but the narrower the benefits, the more corrupt and illegitimate government action will seem. Then objection to deficits and pork is as much an argument about the nature of the community (or lack thereof) as a position on fiscal policy.

Many on the left may see the government as the decision-making process for a community in which citizens should care about and take care of each other. But they can believe some parts of the community are getting too much. Liberals think the military big brother is the favorite child. Tom Foley, who was majority whip when Gramm-Rudman was passed, said at the time that it was "about taking the only child of the president's official family that he really loves, holding it in a dark basement, and sending him its ear!"

The family is probably too strong a standard of community for most polities. After all, in families we might expect the strong (parents) to sacrifice for the weak (kids) in a way that only the most left-wing citizens would support.[8] One may also argue that the decision-making process in government is more open to capture by the self-interested "children," because government does not have a strong (paternal? maternal?) central authority to guarantee pursuit of the overall good. Yet such arguments still direct attention to beliefs about the nature of the community. The interests of a community and its parts are not inherently opposed; serving different individual concerns may be one of the purposes of a group. So criticism of special interest spending may hide a judgment about the community and how it should be organized.

Conclusion

This essay has used analogies to individuals and households to illuminate how federal budgeting works. The results range from analysis of why tactics such as the savings and do-it-in-pieces arguments fail, to highlighting the assumptions about community behind rhetoric about the pork-barrel. I have emphasized especially the differences between individual and collective decision making.

I do not mean to suggest that comparing government activities to those of individuals or households is the best form of analysis. I do suggest that people do it all the time, consciously or not, and that students of public administration might find ideas for their analysis and language for their explanations by improving on everyday discourse and by considering analogies between their work and everyday discourse more carefully. Politics and public administration tend to be disrespected because the public (and "experts") do not understand why politics deviates from ideals, especially when those ideals are not based on the realities of governance in the first place. I hope to have shown the value of investigating commonsense about budgeting. Perhaps others can do the same for other aspects of government.

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Joseph White is the Benedict distinguished visiting professor of Political Science at Carleton College.

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Notes

1. In principle, a truly patriarchal family or an absolute dictatorship, would budget more like an individual. In practice I suggest that there is an element of attention to other peoples' preferences and of concern for perceived commitments that sets more constraints on decision makers in even the most patriarchal family or dictatorial state, compared to individual decisions.
2. Or rather, if the government is going to disappear, the federal deficit is probably not what we should be worrying about.
3. For instance, greater costs for programs for the elderly are likely to be accompanied by low costs for other programs (such as education). Demographic effects that raise spending in some areas can lower it in others. Also, the economic burdens and benefits for workers associated with an aging society are much more complex than a pure budgetary perspective suggests; see Cutler et al. 1990.
4. The figure is based on summing fiscal year 1982 cuts in budget authority for unemployment compensation, trade adjustment assistance, food stamps, Supplemental Security Income, Medicaid, housing programs, nutrition assistance, Aid to Families with Dependent Children, low-income energy assistance, elementary education assistance, Comprehensive Employment Training Act programs, and various local services bloc grants, and adding half of the savings from cuts to the Urban Mass Transportation Administration, the Community Development Block Grant program, and the Urban Development Action Grant program, as reported in Ellwood (1982) Table 1.13, and comparing that total to gross budget authority savings. As a share of net savings, which would include the increases to defense and other favored accounts, the figure would be higher.
5. Calculations produced by the majority staff of the House Ways and Means Committee in a memo dated October 26, 1990.
6. Figures are from Hoagland (1990). Hoagland was then director of the minority staff of the Senate Budget Committee. One could instead refer to U.S. House of Representatives (1990), but the story would be much the same. The major difference is in how the earned income tax credit is classified.
7. See *Congressional Quarterly Almanac*, 1993, 133, for a summary table, and 124-139 for details. I am including two tax increases that were not in the summary table, the reduced deduction for club dues and a reduction in the compensation that can be counted for qualified retirement plans.
8. An anonymous reviewer deserves credit for this point.

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