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# Deficit politics and democratic unity: the saga of Tip O'Neill, Jim Wright, and the conservative Democrats in the House of Representatives during the Reagand Era

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DEFICIT POLITICS AND DEMOCRATIC UNITY:  
THE SAGA OF TIP O'NEILL, JIM WRIGHT, AND  
THE CONSERVATIVE DEMOCRATS  
IN THE HOUSE OF REPRESENTATIVES DURING THE REAGAN ERA

A Dissertation

Submitted to the Graduate Faculty of the  
Louisiana State University and  
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by  
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# FOREWORD

Battles over fiscal policy involved the Democratic Leadership of the House of Representatives, the conservative Democratic faction of the House, and the administration of Ronald Reagan. Beginning in 1981, the Reagan administration could count on the support of a Republican-controlled Senate, but the Democratic-controlled House could impede Reagan's legislative plans. This obstacle could be overcome if Reagan could reach an arrangement with conservative Democrats in the House who had a strained relationship with the Democratic Leadership in Congress and the national Democratic Party. Naturally, the House Democratic Leadership realized the potential conservative Democrats had to shape the balance of power. The relationship between the Leadership and the conservatives raised universal questions that faced political organizations. A political party exists because of a shared program, ideology, or material interest, but how does that party create that unifying bond? Problems arise if a minority group, or groups, disagree with the chosen party position. Should the minority leave the party? Is a minority justified in demanding that their viewpoint be recognized in exchange for support? If a party demands too much conformity from its members, it runs the risk of driving away people. Since the Democratic Party prided itself on its diversity, the Reagan years would see this claim put to the test.

Although the 1980s would see several issues receive heavy debate and disagreement, the federal fiscal policy stands out as highly salient. First, the budget work of the federal government set the priorities for the nation and created the context for the other aspects of federal policy-making. How a government program is managed is based on the precondition that that particular program is funded at all. Budget constraints have the potential to limit expenditures that could be applied to both weapons systems and the improvement of public health. Second, the U. S. economy faced a different world than it had faced after World War II. Tougher competition from other nations' products, high inflation, high energy prices, and the removal of American manufacturing to other nations had created a situation that made Americans worry about their economic future. Reagan claimed that his budget and tax policies would revive the U. S. economy. How these policies

would fare, if implemented, could have serious consequences. Third, Reagan and the Democrats found fiscal policy to be a very contentious issue, and the gravity of this topic meant that all participants would put much effort into maximizing their influence. The intensity of partisanship and the relative unity or disunity of each party could be shaped significantly by fiscal debate.

Therefore, this dissertation examines the efforts of the House Democratic Leadership to build party unity and to enhance its operating methods in battles with the Reagan administration over fiscal policy and the future of the United States, 1980-1989. These efforts involved many individuals. With Reagan's victory and the Republicans' capture of the Senate, Speaker Tip O'Neill of Massachusetts emerged as the national leader of the Democratic Party. It was he, not Jimmy Carter or Walter Mondale or Edward Kennedy, who became the pointman for the political battles with Reagan and the Republicans. His successor, Jim Wright of Texas, used his parliamentary skill and the powers of the Leadership to mediate intraparty ideological conflicts and to fight for a Democratic program. Much of the fiscal conflict's burden was carried by Jim Jones of Oklahoma as Chairman of the Budget Committee. He responded by retooling the nuts-and-bolts process of drafting a Democratic budget. At the same time, Gillis Long of Louisiana used an activist Caucus program to find new methods to promote Democratic consensus and cooperation. The conservative Democrats played, as a group and as individuals, many roles during the Reagan years: quasi-third party, Democratic backbenchers, Reagan supporters, and constructive Democrats pursuing compromise, consensus, and common-sense fiscal policies. Some of the key men who would fulfill these roles and illustrate the transformation of the conservative Democrats and the Democratic Party included Marvin Leath and Charles Stenholm. By 1989, it was clear that the Reagan Revolution had failed. Conservative Democrats found a Party willing to listen, and the battles of House politics forged a consensus on the budget.

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# ABSTRACT

The Reagan Era featured partisan clashes, controversy over fiscal policy, and a time of trial for the Democratic Party and its claim of diversity. This dissertation examines the efforts of the House Democratic Leadership to build party unity and to enhance its operating methods in battles with the Reagan administration over fiscal policy and the future of the United States.

The House Democratic Leadership was challenged by the conservative Democrats. In 1980, the conservatives formed the Conservative Democratic Forum (CDF). Acting as a quasi-third party, the CDF was instrumental in passage of Reagan's economic program in 1981. Afterwards, the CDF was unable to maintain its coalition with Reagan and the Republicans or to act as a quasi-third party. Many conservative Democrats became disillusioned with the large deficits produced by Reaganomics. Conservative Democrats had to decide whether to work within the Democratic Party, become Republicans, or isolate themselves from influence.

Meanwhile, the House Democratic Leadership was retooling its methods. The Caucus was revived. It was used to promote discussion and find consensus among the diverse array of liberals, moderates, and conservatives. The Leadership followed a moderate approach to building party unity that encouraged, but did not compel, party loyalty. The House Democrats worked to find budget policies that could satisfy all members while simultaneously confronting the worsening fiscal crisis.

By the late 1980s, important trends had appeared. The House Democrats enjoyed greater party unity, and conservatives had found opportunities to exercise influence within the Democratic Party. The Democrats had shown a willingness to reduce popular spending and to confront the growing national debt and debt service payments. On the other hand, Reagan failed to act upon his earlier rhetoric about the need for a balanced budget and the danger of deficit spending. He failed to act as a constructive participant in the budget process for much of his administration and created a political atmosphere that inhibited fiscal responsibility. The result was a virtual tripling of the national debt and a more partisan political environment.

# CHAPTER 1

## A NEW CONTEST

The events of late 1980 and early 1981 set the political stage for the next eight years, the era of Ronald Reagan. Reagan had many things in his favor, and his chief adversaries, the House Democrats, faced stiff challenges. Speaker Tip O'Neill of Massachusetts and Majority Leader Jim Wright of Texas sought to contain the Reagan juggernaut in legislative battles while quelling dissident conservatives in their own Party. These conservatives were determined to exert greater influence. At the same time, Louisiana's Gillis Long pursued party unity by reviving a dormant force, the Caucus.

The elections of 1980 signaled a major shift in the American political scene with substantial gains for the Republican Party. Ronald Reagan defeated incumbent Jimmy Carter, and the Republicans seized control of the Senate for the first time since 1953-1955. The Democratic Party maintained control of the House of Representatives despite losing a net total of thirty-three seats, leaving the upcoming Ninety-Seventh Congress with a lineup of 243 Democrats and 192 Republicans. The Republicans lacked a mere twenty-six seats from enjoying a House majority. The last time that the House Republicans had more than 192 seats was after the 1956 elections in which they captured 201 seats. The Republicans' thirty-three seat gain stood as their largest gain since the 1966 elections in which they won a net total of forty-seven seats. The next Congress would include fifty-two Republican freshmen and twenty-two Democratic freshmen. Of the thirty-one incumbents defeated for reelection, three were Republicans. Twenty-seven Democrats lost to Republicans, and one Democrat lost to another Democrat. Notable incumbents defeated for reelection included Democratic Whip John Brademas of Indiana and Ways and Means Committee Chairman Al Ullman of Oregon.<sup>1</sup> Speaker Tip O'Neill saw the 1980 elections in

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1. Christopher Buchanan, "Republicans Make Substantial House Gains," *Congressional Quarterly Weekly Report*, 8 November 1980, 3317-3321.

the bleakest of terms: “Following the election, the Democrats were demoralized, discredited and broke.”<sup>2</sup>

The man responsible for Democratic leadership for six years during the Reagan Era was Tip O’Neill. Born in 1912, O’Neill graduated from Boston College in 1936. Although his occupation was the insurance business, O’Neill entered politics quickly. He was a member of the state House of Representatives from 1937 through 1953. He became the first Democratic Speaker of that body in the twentieth century. O’Neill was elected to the U. S. House of Representatives in 1952 and became a long-time member of the Rules Committee. Leadership positions opened for O’Neill. He received appointment as Democratic Whip in 1971 and was elected Majority Leader following the disappearance of then-Majority Leader Hale Boggs of Louisiana in 1972. Next, O’Neill became Speaker in 1977. O’Neill’s Eighth district included Cambridge and parts of Boston.<sup>3</sup>

Jim Wright served with O’Neill as Majority Leader before becoming Speaker in his own right. He was born in 1922 and attended Weatherford College and the University of Texas before serving in the U. S. Army in World War II. Following the war, he was in the advertising business. Wright served as a member of the Texas House of Representatives and as mayor of Weatherford, Texas before election to Congress in 1954. He was a member of the Public Works Committee until he entered the Leadership in 1976. As a dark horse, he defeated the two front-runners for Majority Leader in 1976. On the final ballot, Wright defeated his last opponent by one vote. Wright represented the Twelfth district located in the Fort Worth area.<sup>4</sup>

O’Neill and Wright also faced a challenge within their party. A group of conservative Democrats created the Conservative Democratic Forum (CDF) in November 1980 in order to obtain better committee posts and to advance a more moderate outlook for the House

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2. Tip O’Neill and William Novak, *Man of the House: The Life and Political Memoirs of Speaker Tip O’Neill* (New York: Random House, 1987), 338.

3. Alan Ehrenhalt, ed. and Michael Glennon, assoc. ed., *Politics in America: Members of Congress in Washington and at Home* (Washington, D. C.: CQ Press, 1983), 711-715.

4. Ehrenhalt, *Politics in America*, 1476-1480.



Democrats. Charles W. Stenholm of Texas emerged as the nominal leader of the group, and the group did meet with the House Democratic Leadership.<sup>5</sup> The CDF claimed forty-seven members in the first half of 1981:

Ike Andrews, North Carolina  
 Beryl Anthony, Arkansas  
 Doug Barnard, Georgia  
 Tom Bevill, Alabama  
 David R. Bowen, Mississippi  
 John B. Breaux, Louisiana  
 Beverly B. Byron, Maryland  
 Bill Chappell, Florida  
 Dan Daniel, Virginia  
 Glenn English, Oklahoma  
 Billy Lee Evans, Georgia  
 Ronnie G. Flippo, Alabama  
 L. H. Fountain, North Carolina  
 Bo Ginn, Georgia  
 Phil Gramm, Texas  
 Ralph M. Hall, Texas  
 Sam B. Hall, Texas  
 Kent Hance, Texas  
 Charles Hatcher, Georgia  
 W. G. "Bill" Hefner, North Carolina  
 Jack Hightower, Texas  
 Ken Holland, South Carolina  
 Carroll Hubbard, Kentucky  
 Jerry Huckaby, Louisiana  
 Earl Hutto, Florida  
 Andy Ireland, Florida  
 Ed Jenkins, Georgia  
 Ed Jones, Tennessee  
 Walter B. Jones, North Carolina  
 Marvin Leath, Texas  
 Dave McCurdy, Oklahoma  
 Daniel A. Mica, Florida  
 G. V. "Sonny" Montgomery, Mississippi  
 Stephen L. Neal, North Carolina  
 Bill Nelson, Florida  
 Bill Nichols, Alabama  
 Buddy Roemer, Louisiana  
 Charlie Rose, North Carolina  
 James D. Santini, Nevada  
 Richard C. Shelby, Alabama  
 Charles W. Stenholm, Texas  
 Samuel S. Stratton, New York  
 Bob Stump, Arizona

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5. Richard L. Lyons, "Conservative House Democrats Seeking Larger Role in Party," *Washington Post*, 20 November 1980, A3.

W. J. "Billy" Tauzin, Louisiana  
Wes Watkins, Oklahoma  
Richard C. White, Texas  
Charles Whitley, North Carolina<sup>6</sup>

Stenholm was, in one sense, a neighbor of Wright's. Born in 1938, Stenholm received Bachelor's and Master's degrees from Texas Tech University and worked in agriculture. In 1977, Jimmy Carter appointed him to a panel to advise the U. S. Agricultural and Conservation Service. He won election to the U. S. House in 1978 by beating a well-financed opponent for the Democratic nomination and winning the general election with 68% of the vote. Roughly speaking, his Seventeenth district centered on Abilene and was west of Fort Worth, east of Lubbock, north of San Angelo, and south of the Texas Panhandle.<sup>7</sup>

In a letter to Texas Democrat Jack Hightower, Stenholm explained the goal of the CDF using an analogy to the Boll Weevil Monument in Enterprise, Alabama. The boll weevil wreaked terrific damage on the cotton crop in the past. This damage forced the farming community to diversify their agriculture, and the diversification benefited the farmers. Similar to the boll weevil, the CDF was also damaging the Democratic Party and the status quo in the federal government. Stenholm explained that the CDF's efforts would inspire others to work for long-term, beneficial changes. "We may not have a monument erected in our honor," Stenholm added, "but that doesn't mean we're not on the right track."<sup>8</sup>

Stenholm discussed the values of a conservative Democrat. A conservative Democrat works for/represents "the average workingman and -woman." Government should serve primarily them, and they suffer without government involvement/help. A conservative Democrat believes that government has a role to play in society, but government needs to work effectively. Stenholm cited government farm programs and the government's rural electrification programs in the past and the present as examples of the way government should operate. A conservative Democrat believes in respect for

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6. Irwin B. Arief, "Appeals from House Leadership, White House: Conservative Southerners are Enjoying Their Wooing As Key to Tax Bill Success," *Congressional Quarterly Weekly Report*, 13 June 1981, 1023-1026.

7. Ehrenhalt, *Politics in America*, 1492-1494.

8. Stenholm to Hightower, 22 June 1981, File: Caucus Corr 81, Box 26-JEH 360, Jack E. Hightower Papers, Baylor Collections of Political Materials, W. R. Poage Legislative Library Center, Baylor University, Waco, Texas.

government and values service in government. On a policy level, the conservative Democrat values fiscal responsibility over tax cuts.<sup>9</sup>

In addition to Stenholm, Texan Marvin Leath would also play a crucial role in the evolving relationship between the conservative Democrats and the Democratic Leadership. Leath was born in 1931 and graduated from the University of Texas after receiving a football scholarship to play for the Longhorns. He made a career in banking but went to work in 1972 for legendary Congressman W. R. "Bob" Poage's office. He managed Poage's last three reelection campaigns. To capture the Democratic nomination in 1978, Leath spent a lot of his own money and had to win a runoff. He won the general election with 51.6% of the vote. The total campaign for Leath amounted to nearly \$600,000, and it was one of the most expensive House campaigns in 1978. His Eleventh district included Waco and parts of the surrounding area.<sup>10</sup>

Two opinions from Leath illustrated Stenholm's ideas on the value of government service and fiscal responsibility. In a 22 January 1981 letter to President Reagan, Leath spoke against Reagan's idea for a hiring freeze on federal employment. He explained that the military and the Veterans' Administration both depended on civilian employees. Leath concluded the letter by advising that, "many of our government employees are absolutely essential and in some cases should be increased in number."<sup>11</sup> Leath suggested in a 22 September 1981 letter to Reagan that an alternate bomber, the FB-111 B/C, represented

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9. Charles W. Stenholm, interview by Karl Gerard Brandt, 11 June 2002.

10. Ehrenhalt, *Politics in America*, 1473-1475.

11. Leath to Reagan, 22 January 1981, Folder: Executive 23000 1981 President of the United States File 1, Box 81-0, Marvin Leath Papers, Baylor Collections of Political Materials, W. R. Poage Legislative Library Center, Baylor University, Waco, Texas.

a more logical choice to develop than the B-1 bomber. Both ranked as strategically equal, but the FB-111 B/C would cost less over the next few years. Leath warned that:

However, those of us who want national defense strengthened must not be guilty of the same mistake our liberal friends have made with social programs--we cannot solve the problems of defense by spending massive billions on emotional decisions that do not adequately prioritize our tax resources with our strategic needs.<sup>12</sup>

On the other hand, the philosophy of a Republican stands in contrast to the philosophy of a conservative Democrat. A Republican leans toward the idea that “no government” is best as exemplified by Georgia Republican Newt Gingrich and the anti-government themes he employed in his career. A Republican values tax cuts over fiscal responsibility, and Stenholm remarked that, “Republicans have never seen a tax cut they don’t like.”<sup>13</sup>

A CDF information packet from the start of the Ninety-Eighth Congress included an essay on the political philosophy of a conservative Democrat that paralleled some of Stenholm’s sentiments. The essay listed no author, but it is possible that Stenholm was the author. A conservative Democrat believes that government should represent all the people, and the Democratic Party has stood as and should remain as the “party of the people.” People should be free to live their lives without undue/unneeded involvement from the federal government. State and local governments respond better to people’s individual needs than the federal government, but problems and issues of national relevance require federal action. A conservative Democrat rejects the notion of blindly following the party line and instead tries to represent his/her constituents in the Party. The views of these constituents might include the idea that the national Democratic Party does not represent them and leans too much towards the political left. Also, they may believe

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12. Leath to Reagan, 22 September 1981, Folder: Executive 23000 1981 President of the United States File 1, Box 81-0, Leath Papers.

13. Charles W. Stenholm, interview by Karl Gerard Brandt, 11 June 2002.

that although the government should help people in need, some people, not truly in need, abuse the social welfare system.<sup>14</sup>

Stenholm described the CDF as being truly a “forum” in the sense that it fostered discussion. The group did not stake out official positions. Rather, members held meetings to discuss issues facing the House and to educate themselves about these issues. The CDF invited outsiders, representing opposing viewpoints, to present briefly their ideas and field questions. Stenholm characterized the CDF as focusing primarily on budget and fiscal matters and generally eschewing social issues.<sup>15</sup> In a letter in 1983, Stenholm wrote that he was merely the coordinator of the CDF, and the CDF had no leaders per se.<sup>16</sup>

Meanwhile, O’Neill and Jim Wright prepared for the upcoming Congress, and this preparation required filling House Leadership posts. At the center of this process were Dan Rostenkowski of Illinois and Tom Foley of Washington. Born in 1928, Rostenkowski attended Loyola University, worked in the insurance business, and served in the Illinois legislature from 1953 through 1959. He was a member of the Daley political machine of Chicago and won election to the U. S. House in 1958. His ambitions for the House Leadership faced ups and downs. He had offended Carl Albert of Oklahoma, the Speaker before O’Neill, but had made a deal with Hale Boggs to be appointed Whip when the Albert-Boggs duo took control in 1971. Albert vetoed Rostenkowski for the post, and O’Neill was appointed Whip instead. He represented the Eighth district which included the north and northwest parts of Chicago.<sup>17</sup> Rostenkowski, Chief Deputy Whip by 1980, faced the choice of becoming either Whip or Chairman of the Ways and Means Committee. He chose the chairmanship. It was reported that O’Neill urged him to pick the

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14. “The Conservative Democratic Forum 98th Congress”, p. 5-6, No exact title for folder, Box 96, Buddy Roemer Collection, Hill Memorial Library, Louisiana State University, Baton Rouge, Louisiana.

15. Charles W. Stenholm, interview by Karl Gerard Brandt, 11 June 2002.

16. Stenholm to Nichols, 31 January 1983, Folder: 32-Z-2 Democratic Caucus, Box 28 of 32, Accession # 87-4, William F. Nichols Papers, Special Collections and Archives, Auburn University, Auburn, Alabama.

17. Ehrenhalt and Glennon, *Politics in America*, 435-439.

Chairmanship in order to prevent Sam Gibbons of Florida, a rival of O'Neill, from acquiring the top Ways and Means post. Rejecting the pleas of some Democrats calling for a Whip from the 1970s generation of members, O'Neill chose Foley due to his expertise in formal parliamentary matters.<sup>18</sup> Born in 1929, Foley received a Bachelor's degree and a law degree from the University of Washington and worked as a lawyer. He was elected to the U. S. House in 1964. Replacing the legendary Agriculture Committee Chairman Bob Poage in 1975, Foley served as chairman of that committee for six years. His Fifth district comprised eastern Washington.<sup>19</sup> On 5 December, Rostenkowski formally resolved the matter by announcing his decision to seek the Ways and Means Chair.<sup>20</sup>

In early December 1980, the House Democrats-elect met for organizational caucuses for the upcoming Ninety-Seventh Congress. O'Neill and Wright won reelection as Speaker and as Majority Leader, respectively, without opposition on 8 December, and the party announced Foley's appointment as Majority Whip. Gillis W. Long garnered 146 votes and won the Caucus Chairmanship by beating Charlie Rose, fifty-three votes, and Matthew F. McHugh, forty-one votes. In the election for Budget Committee Chair, Jim Jones defeated David R. Obey of Wisconsin on the third ballot, 121 to 116, following the elimination of a third candidate. Other appointments included Bill Alexander to fill the post of Chief Deputy Majority Whip and Richard Gephardt to serve as Chief of Task Forces, a new position. O'Neill and Wright appointed three members of the CDF to the Democratic

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18. Jeffrey R. Biggs and Thomas S. Foley, *Honor In The House: Speaker Tom Foley* (Pullman, Washington: Washington State University Press, 1999), 68-69.

19. Ehrenhalt and Glennon, *Politics in America*, 1603-1606.

20. Press Release from Congress, 5 December 1980, Folder: Rostenkowski, Dan (Illinois), Box 3-37 of 42, Jim Wright Papers of Jim Wright Collection, Mary Coats Burnett Library, Texas Christian University, Fort Worth, Texas.

Steering and Policy Committee (DSPC): Tom Bevill of Alabama, Bo Ginn of Georgia, and Wes Watkins of Oklahoma.<sup>21</sup>

Meanwhile, in early 1981, Jim Wright worked to heal the rift between the Leadership and the conservatives. As a means to integrate them into the House Democratic Party, Wright helped Leath and two other Texas CDF members, Kent Hance and Phil Gramm, acquire their preferred committee seats. He overcame some objections to these requests voiced by other members. As Majority Leader, Wright felt that his duty included helping them in this manner, and the Texas delegation received most of its requests.<sup>22</sup> Leath became a member of the Armed Services Committee, and the importance of his assignment would emerge later.

The paths of Gramm and Hance would differ significantly from Leath's course. Born in 1942, Gramm received a Bachelor's degree and a Ph.D. from the University of Georgia. He taught economics at Texas A & M before being elected to Congress in 1978. His Sixth district stretched from Dallas suburbs to Houston suburbs and included the mostly rural counties east of the Eleventh district.<sup>23</sup> Kent Hance was born in 1942 and received a Bachelor's degree from Texas Tech and a law degree from the University of Texas. He worked as a lawyer and served in the Texas Senate from 1975 until 1979. Elected to the U. S. House in 1978, Hance represented the Nineteenth district which included Lubbock and some counties close to New Mexico.<sup>24</sup> Gramm wanted a Budget Committee seat, and Hance wanted a seat on the Ways and Means Committee. The DSPC rejected both initially, when it made nominations for committee assignments, for not voting the preferred

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21. Irwin B. Arief, "Democrats Dominate Committees: House Democrats, GOP Elect Leaders, Draw Battle Lines," *Congressional Quarterly Weekly Report*, 13 December 1980, 3549-3551.

22. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

23. Ehrenhalt, *Politics in America*, 1456-1459.

24. Ehrenhalt, *Politics in America*, 1456-1459.

way on some critical votes in the previous Congress. Some DSPC members viewed them as unreliable.<sup>25</sup>

Wright had a vivid recollection of Gramm's nomination. Although Wright considered Gramm an ideologue prone to grandstanding, he was a Texan and wanted to work on the budget. Wright talked to him about what was expected from a member of the Budget Committee. He told Gramm to battle for his policy views on the budget within the Committee itself but to support the Committee's proposal when it was reported out and due for a vote. Wright informed Gramm that some members on the DSPC did not trust him and did not want him on the Budget Committee. Wright asked Gramm if he would support the Budget Committee and its proposal. When he responded affirmatively, Wright accepted his word and arranged for him to receive a seat on the Budget Committee.<sup>26</sup>

Gramm also made his loyalty pledge to other members. In a 30 December 1980 letter to Tom Foley, Gramm asked for help in acquiring a Budget Committee seat. Gramm wrote: "I pledge to you that in return for your support for a seat on the Budget Committee, I will work diligently to assure that Democrats in the House are presented budget resolutions they can enthusiastically support on the Floor and at home in their districts."<sup>27</sup> In a 1983 letter, Bill Alexander also recalled that Gramm appealed to him for help in acquiring a Budget Committee seat in December 1980. Gramm expressed his intentions to support

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25. Jim Wright, *Balance of Power: Presidents and Congress From the Era of McCarthy to the Age of Gingrich* (Atlanta: Turner Publishing, Inc., 1996), 351.

26. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

27. Gramm to Foley, 30 December 1980, Folder: Foley Papers [Steering & Policy Committee]--Requests for Committee Assignments Budget Committee 97th Congress 1981-1982, Box 194, Thomas S. Foley Congressional Papers, 1964-1997, Washington State University Libraries, Pullman, Washington.



the Committee's and the Democrats' budget when it was formally issued for debate and voting.<sup>28</sup>

The Hance story is similar. He won election to the House following the retirement of George Mahon, the long-time Chairman of the Appropriations Committee. During his first term, Hance begged Wright for help in acquiring a seat on a major committee since his constituents were accustomed to the power of Mahon. If he sat on a major committee, Hance claimed his constituents would then think that he was important and had to support the Leadership when necessary. Wright was persuaded and arranged for Hance to receive a seat on the Ways and Means Committee.<sup>29</sup>

With the House organized, O'Neill and Wright parleyed about their relations with Reagan and the Republican Senate. They decided to aid Reagan in adjusting to his job as president since the American people had made their wishes felt through his election. Still, they had no intention of abandoning their political principles. They wanted to work with Reagan in the same manner that Democratic Congressional leaders Sam Rayburn of Texas and Lyndon Johnson of Texas had worked with President Dwight Eisenhower on domestic and foreign policy issues.<sup>30</sup> O'Neill explained that the Democrats opted for a long-term strategy of giving Reagan's agenda a fair, perhaps easy, opportunity to pass the House. Otherwise, the Democrats might suffer badly in the elections of 1982 if the nation perceived them as obstructionists. O'Neill ordered an expedited schedule for Reagan's economic program.<sup>31</sup>

The schedule for the upcoming legislative battles was made official on 11 March 1981. Shortly after the House convened and before one-minute speeches began, Wright announced the timetable for consideration of Reagan's economic program. He stated that the Democratic and Republican leaders in the House agreed on a timetable that should

28. Alexander to Colleague, 31 January 1983, Folder: Caucus Corr 83, Box 26-JEH 360, Hightower Papers.

29. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

30. Wright, *Balance of Power*, 339-340.

31. O'Neill, *Man of the House*, 344.

result in the House completing work on the program prior to the end of July and the August recess. This consensus on a schedule for budget and tax work was a rarity for the House, and Wright compared the new consensus to the strong bipartisanship that existed during the Eisenhower administration between Sam Rayburn and Joe Martin, Republican House leader, and Lyndon Johnson and Everett Dirksen, Republican Senate leader. Minority Leader Bob Michel of Illinois then followed by stating his support of the timetable and his agreement with Wright's speech.<sup>32</sup>

On 20 January 1981, Reagan delivered his first presidential inaugural address and articulated the ideas that would color political discourse for the next eight years. Among other topics, Reagan spoke about the current economic conditions that he characterized as representing a crisis. Indulging in anti-government rhetoric, he blamed the federal government for much of the nation's problems. He condemned the tax system as oppressive and labeled federal spending policies as too great and hazardous.<sup>33</sup>

Reagan voiced strong language on the subject of fiscal responsibility and deficit spending:

For decades we have piled deficit upon deficit, mortgaging our future and our children's future for the temporary convenience of the present. To continue this long trend is to guarantee tremendous social, cultural, political, and economic upheavals.<sup>34</sup>

Reagan captured the momentum and the nation's attention. A Gallup Poll conducted from 30 January 1981 to 2 February 1981 asked respondents about the type of president Reagan would become: great, good, fair, or poor. He rated well with 8%, 43%, and 32% respectively saying great, good, and fair. Only 8% said poor, and 9% had no opinion.<sup>35</sup>

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32. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 3 (11 March 1981): 4061-4062.

33. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 1-4.

34. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 1.

35. George H. Gallup, ed., *The Gallup Poll: Public Opinion 1981* (Wilmington, Delaware: Scholarly Resources Inc., 1982),36.

Wright wrote that a wave of popular support for Reagan engulfed the nation in early 1981. Mail from the constituents of most members of Congress ran heavily in favor of Reagan, amounting to “almost thirty to one.”<sup>36</sup> O’Neill recalled receiving an extraordinary amount of mail in 1981 expressing support for Reagan’s economic program. He characterized it as “more letters than I had seen in my entire career.”<sup>37</sup>

As O’Neill and Wright led the Party, an important development concerning the Democratic Caucus was taking shape thanks to Gillis Long. Born in 1923, Long received his Bachelor’s and law degrees from L. S. U. following service in the U. S. Army during World War II. He worked as an investment broker and lawyer, and his political career included two tenures in the House. He served in the House from 1963 through 1965. He lost reelection in 1964 because of public opposition to his vote for expansion of the Rules Committee, and expansion aided the passage of civil rights legislation. His cousin Speedy Long made civil rights a major issue in the Democratic primary, accused Gillis of supporting civil rights, and won the nomination. Gillis Long won election to Congress again in 1972. His Eighth district was an elongated, central-like district wedged between the natural geographic and cultural regions of Louisiana. It ran from Alexandria to the Baton Rouge area and to the New Orleans area.<sup>38</sup>

As an institution, the Caucus experienced rises and falls. Strictly speaking, a party caucus is the official organization of the members of a party in either chamber of Congress in which party members choose their leaders, determine committee assignments, and deal with other relevant matters. For Democrats, it is known as the House Democratic Caucus. From 1800 until 1824, House party caucuses acted as the national organizations for the parties and selected the candidates for president and vice-president. By the 1830s, national party conventions eclipsed House party caucuses in national party matters. House party caucuses rose again in the 1890s but then declined. Strong Republican Speakers

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36. Wright, *Balance of Power*, 346.

37. O’Neill, *Man of the House*, 344.

38. Ehrenhalt, *Politics in America*, 630-633.

such as Thomas Brackett Reed and Joseph G. Cannon dominated the House. Opponents overthrew Cannon in 1910-1911, and power shifted from the Speaker to the House parties. Seizing control in 1911, the Democrats used the Caucus to manage the House. The Democratic Caucus was very powerful from 1913-1917, and it sometimes used the binding rule. The binding rule provided that a two-thirds vote of the Caucus could bind members to vote a particular way. The seniority system emerged in the 1920s to determine committee chairmanships, and committee assignments were made by special committees. Committees became more independent of party leaders and caucuses, and the Caucus declined in power. The binding rule declined in use and became used only for procedural matters.<sup>39</sup>

Jim Wright explained that the Caucus fostered communication among Party members. A procedure allowed members to force a Caucus session to be held for a particular purpose by collecting the signatures of a certain number of members. At a Caucus session, members could pose questions to the Leadership and the committee chairs. In this way, the Caucus served as a “safety valve” and a “sounding board.” He added that, “It should serve, therefore, as a brake upon the arbitrary exercise of power by the leadership.”<sup>40</sup>

By 1980, the Caucus appeared moribund and unable to fulfill its communication role as revealed in the minutes of the Caucus of 2 July 1980. The Caucus convened at 9:05 a. m. for a special meeting. Wright made a motion to open the Caucus meeting to the public and the media. The motion passed.<sup>41</sup> The Caucus then filled two committee vacancies

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39. David R. Tarr and Ann O'Connor, eds., *Congress A to Z*, 3d ed. CQ's Ready Reference Encyclopedia of American Government (Washington, D. C.: Congressional Quarterly Inc., 1999), 65-68.

40. Jim Wright, interview by Sinclair, transcript, 2 August 1988, Oral History, Jim Wright 1988, Property of Jim Wright.

41. Caucus Minutes, 2 July 1980, p. 1-2, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

before Wright made a motion to adjourn the Caucus. The motion passed, and the Caucus adjourned at 9:13 a. m.<sup>42</sup>

The Caucus of 20 August 1980 was even more lackluster. The Caucus convened at 9:04 a. m. in the Hall of the House of Representatives for the regular monthly meeting with Chairman Tom Foley presiding. He announced that since this meeting was noticed to members as pro forma without any business on the agenda, he was adjourning the Caucus. The Caucus adjourned at 9:05 a. m.<sup>43</sup> It is ironic that there would be no business at a time when Carter trailed Reagan in the polls, Iran held Americans hostage, and the nation wrestled with baffling economic problems.

Despite the previous dull meetings, the Caucus of 17 September 1980 showed the beginnings of change. The Caucus voted to open its deliberations to the media and the public for its regular monthly meeting.<sup>44</sup> The Caucus first dealt with issues involving vacant seats on committees.<sup>45</sup> Chairman Foley announced that next the agenda called for, “discussion on the future role of the Democratic Caucus.” A group of members had petitioned to place the topic on the agenda, and Foley then recognized Toby Moffett of Connecticut.<sup>46</sup> Moffett made a motion to close the Caucus’s deliberations for speeches by members seeking election to the Caucus Chairmanship. The motion passed by a vote of

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42. Caucus Minutes, 2 July 1980, p. 2-4, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

43. Caucus Minutes, 20 August 1980, p. 1-2, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

44. Caucus Minutes, 17 September 1980, p. 1-2, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

45. Caucus Minutes, 17 September 1980, p. 2-7, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

46. Caucus Minutes, 17 September 1980, p. 7, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

eight to two. The Caucus was closed, and guests left the galleries as the Doorkeepers closed them.<sup>47</sup>

The candidates advocated reviving the Caucus. Charlie Rose of North Carolina called for closing Caucus meetings and using the Caucus as a forum for discussion, as a means to build party unity, and as a tool to address long-term planning.<sup>48</sup> Gillis Long delivered a rambling speech lacking in focus. He mentioned a few topics including closed versus open meetings and the issue of binding votes, but these topics did not receive clear elaboration.<sup>49</sup> Matthew McHugh of New York advocated using the Caucus, implying that he favored closed Caucuses, to involve all Democrats in discussion of Party and legislative issues. He stated his opposition to binding members on votes.<sup>50</sup>

This Caucus meeting revealed three important facts. A vote of eight to two showed that the Caucus in 1980 stirred little interest among members. The speeches by Rose, Long, and McHugh all stressed the apparent lack of communication among members. Despite these sad signs, there was growing support for a change in the direction of the Caucus.

By late 1980, the winds of change had gained more strength. A 5 December 1980 letter from Dave Obey, chair of the Democratic Study Group (DSG), to DSG members stated that the DSG Executive Committee had endorsed some change proposals. The proposals "received overwhelming approval" from a DSG meeting that included over seventy-five members described as representative of the House Democrats. One

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47. Caucus Minutes, 17 September 1980, p. 8, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

48. Caucus Minutes, 17 September 1980, p. 9-12, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

49. Caucus Minutes, 17 September 1980, p. 12-16, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

50. Caucus Minutes, 17 September 1980, p. 20-23, Folder: Foley Papers Democratic Caucus Minutes--June 18/July 2/August 20- & Sept. 17/November 19 1980, Box 185, Foley Papers.

proposal called for restoring the pre-1975 custom of closed Caucus meetings.<sup>51</sup> In a letter from Obey, also dated 5 December 1980, to the Caucus Chairman, he advocated amending Caucus Rule R8, Admittance to Caucus Meetings to read as follows: “No persons, except members of the Democratic Caucus, a Caucus Journal Clerk, and other necessary employees, shall be admitted to the meeting of the Caucus without the express permission of the chairman.”<sup>52</sup>

With Gillis Long running the Caucus, the change could become real. A 17 January 1981 memorandum from Al From to Long indicated more support for closed Caucuses. The memo stated that of the five proposals scheduled for consideration at the 21 January Caucus, the amendment about limiting the number of subcommittees was expected to receive the most attention. Obey’s amendment for closed Caucus meetings was listed as one of the five, but the memo contained no further discussion of it.<sup>53</sup> On 21 January, the Caucus met for organizational purposes. Wright presented en bloc technical amendments to be offered to the Caucus rules. The Caucus approved the amendments, including Obey’s amendment on closed Caucus meetings, on two voice votes and adopted the Caucus rules as amended.<sup>54</sup> As formalized in the official Caucus rules, “Rule 6. Admittance to Meetings” stated that: “No persons, except Members of the Caucus, a Caucus Journal

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51. Obey to DSG Members, 5 December 1980, Folder: Admin. Asst’s Files: Tyson, Patti Democratic Caucus--Organizational Caucus (2 of 2) 1980, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants’ Files, Gillis W. Long Collection, Hill Memorial Library, Louisiana State University, Baton Rouge, Louisiana.

52. Obey to Caucus Chairman, 5 December 1980, Folder: Admin. Asst’s. Files: Tyson, Patti Democratic Caucus--Organizational Caucus (1 of 2) 1980, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants’ Files, Long Papers.

53. From to Long, 17 January 1981, Folder: Admin. Asst’s. Files: Tyson, Patti Democratic Caucus--Committee Membership (2 of 2) Jan. 21, 1981, Content: Patti, Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants’ Files, Long Papers.

54. Organizational meeting of the Democratic Caucus, 21 January 1981, p. 20-23, Folder: Admin. Asst’s Files: Tyson, Patti Democratic Caucus--Committee Membership (1 of 2) Jan. 21, 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants’ Files, Long Papers.

Clerk, and other necessary employees, shall be admitted to the meeting of the Caucus without the express permission of the Chairman.”<sup>55</sup>

Al From, who worked with Long concerning the Caucus, recalled Long’s views on the state of the Democratic Party and the potential of the Caucus after Reagan’s election. From thought that Long believed that the Democratic Party had fallen under the influence of activists too much, and Democrats holding elected office had too little influence over the Party. The Democrats seemed to lack a unifying focus and could not offer a clear message. Long hoped to use the Caucus as an instrument to align the House Democrats more closely with the opinions of everyday people and Democratic voters. In addition, he wanted the Caucus to exercise influence in the Democratic Party as a whole.<sup>56</sup>

Long’s rationale for the Caucus was succinctly expressed in a 1984 letter to O’Neill that surveyed the previous four years of the Caucus’s development and its future. Long wrote that he believed in “participatory democracy.” House reforms had decentralized authority and thus deprived the Leadership of the mechanisms to pressure members on votes that it had once exercised. In response, the Leadership had to build consensus using other tactics. Long believed in, “consulting a large number of Members in an orderly way that both allows Members to understand an issue better and to feel involved in the Leadership’s strategic decision.”<sup>57</sup>

The new outlook for the Caucus sprang into action quickly. Long elaborated on Caucus events in a 10 February 1981 letter to Wright. He believed members were participating more than they did in the earlier public Caucus meetings. The transcript and Journal for every Caucus meeting were “kept under lock and key in the Caucus office.” A House Democrat could examine the transcript and Journal upon request, but no other

55. Preamble and Rules of the Democratic Caucus, August 1982, p. 2, Folder: Admin. Asst’s. Files: Tyson Patti Democratic Caucus--Preamble & Rules Aug. 1982, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistant’s Files, Long Papers.

56. Al From, interview by Karl Gerard Brandt, 16 May 2003.

57. Long to O’Neill, 17 September 1984, Folder: Kelley’s files--Thank you to Speaker 1984, Staff Files Eleanor Kelley Files Box 8, Thomas P. O’Neill Papers, Congressional Archives, John J. Burns Library, Boston College, Chestnut Hill, Massachusetts.



people could enjoy this privilege. Members interested in examination could contact Al From, staff director for the Caucus.<sup>58</sup>

Long identified a common interest for House Democrats as seen in his speech at the Caucus of 25 March 1981. In discussing the 1982 elections, Long stressed that the Republicans would oppose all Democrats regardless of their political ideology and would do anything to win. In summoning self-interest, Long stated that, "The Republicans are not against us because we are liberal or conservative--or because we disagree with them. They want to beat us because we are Democrats, and we have something they want--the control of the United States House of Representatives." Long's solution to this threat required Democrats to put aside their political and philosophical differences and to work together.<sup>59</sup>

In addition to the meetings of the Caucus, Long initiated other Caucus activities. Al From recalled that Richard Gephardt of Missouri, Timothy Wirth of Colorado, Ronnie Flippo, and a few others conceived the idea for an issues conference for early 1981. Since other House leaders showed little or no interest in supporting this endeavor, they approached Long. He agreed to support the effort.<sup>60</sup> Officially called the Democratic Leadership Conference, the event took place from 30 January through 1 February at the Capital Hilton. The conference had three presentations: "The Future of America," "Domestic Policy," and "Foreign Policy." Each presentation contained subtopics, and the presentations had presenters/speakers from the House, academia, and the private sector. The speakers/presenters included Richard Bolling, Ronnie Flippo, Peter Hart, Al Gore, Richard Gephardt, Gar Alperovitz, John Dingell, Daniel Yergin, James Jones, James

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58. Long to Wright, 10 February 1981, Folder: Long, Gillis W. (LA) Deceased 1/20/85, Box 13-1, Wright Papers.

59. Caucus Transcript, 25 March 1981, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Meeting Statements & Order of Business 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants' Files, Long Papers.

60. Al From, interview by Gary Huey, 31 July 1987, T. Harry Williams Center for Oral History, Louisiana State University, Baton Rouge, Louisiana.

Woolsey, Jim Wright, Tony Coelho, Gillis Long, and the Democratic Congressional Campaign Committee. Also, there were meals and entertainment.<sup>61</sup>

At the conclusion of the 1981 Conference, Long created a panel that became significant in the early 1980s, the Caucus Committee on Party Effectiveness. He chose members that showed interest in formulating position papers on vital issues. The originally small membership grew when other Democrats learned about it and asked to join the Caucus Committee.<sup>62</sup> The Speaker approved of the Caucus Committee's creation, and its basic function involved helping the Democratic Party retool in light of the 1980 elections. The leaders of the DSG, the CDF, the Congressional Black Caucus (CBC), and the Rural Caucus were all members, and the panel began regular meetings in February 1981.<sup>63</sup> The Caucus Committee's membership list from 24 March 1981 showed a diverse collection of members:

Bill Alexander, Arkansas  
 Les Aspin, Wisconsin  
 Berkley Bedell, Iowa  
 Adam Benjamin, Indiana  
 Tom Beville, Alabama  
 Bill Brodhead, Michigan  
 Jack Brooks, Texas  
 Tony Coelho, California  
 Butler Derrick, South Carolina  
 Mervyn Dymally, California  
 Walter Fauntroy, District of Columbia  
 Geraldine Ferraro, New York  
 Ronnie Flippo, Alabama  
 Barney Frank, Massachusetts  
 Martin Frost, Texas  
 Richard Gephardt, Missouri  
 Albert Gore, Tennessee  
 Kent Hance, Texas

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61. Democratic Leadership Conference, January 30-February 1, 1981, Folder: Democratic Issues Conference January 30-February 1, 1981, Box 3-26 of 42, Wright Papers.

62. Long to Bolling, 8 February 1982, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Memorandums (1 of 5) 1982, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants' Files, Long Papers.

63. Long's and Ferraro's Caucus Report for the 97th Congress to Hightower, 29 November 1982, p. 2, Folder: Caucus Corr-82, Box 26-JEH 360, Hightower Papers.

W. G. Hefner, North Carolina  
William Hughes, New Jersey  
Andy Ireland, Florida  
Gillis Long, Louisiana  
Matthew McHugh, New York  
Toby Moffett, Connecticut  
John Murtha, Pennsylvania  
Charles Rangel, New York  
Charlie Rose, North Carolina  
Martin Sabo, Minnesota  
James Scheuer, New York  
Charles Stenholm, Texas  
Michael Synar, Oklahoma  
Wes Watkins, Oklahoma  
Timothy Wirth, Colorado  
Howard Wolpe, Michigan  
Don Pease, Ohio  
Jim Jones, Oklahoma

From recalled that the Caucus Committee met every Tuesday when it began and later every Tuesday and Thursday. Its members would discuss ideas and issues during meetings, and Long used the Committee as a sounding board.<sup>64</sup>

Long had help in reviving the Caucus. From recalled a meeting in early February involving Long, Wirth, Gephardt, and himself to make plans for the Caucus. They discussed the idea of task forces and policy statements, subjects of later importance. Shortly afterwards, Long had heart surgery and could not continue his normal work load for approximately three months.<sup>65</sup>

In early 1981, the Democratic Leadership found itself faced with two separate and possibly interlocking problems. Reagan and the Republican Senate would be ready to push ahead with Reagan's agenda. Also, the CDF was challenging the Leadership from within. An alliance between Reagan and the CDF had the potential to wrest practical control of the House from O'Neill and Wright and to place it in a conservative Democrat-Republican coalition. Party unity would be very important in the coming years, and the revival of the Caucus offered the Democrats a means to repair the strained Democratic tent.

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64. Al From, interview by Karl Gerard Brandt, 16 May 2003.

65. Al From, interview by Gary Huey, 31 July 1987, T. Harry Williams Center for Oral History, Louisiana State University, Baton Rouge, Louisiana.

## CHAPTER 2 THE BUDGET

Shortly after the Ninety-Seventh Congress convened, the budget battles began. The course of the budget battles would be critically shaped by two interrelated questions. What sort of budget would the Democrats offer, and to whom would the conservative Democrats provide their support?

Jim Jones, Chairman of the Budget Committee in the Ninety-Seventh and Ninety-Eighth Congresses, played a critical role in the budget battles. James R., or more commonly Jim, Jones was born in 1939. He received a Bachelor's degree from Oklahoma University and a law degree from Georgetown University. Jones worked as appointments secretary in the White House of Lyndon Johnson and also as a lawyer. His district was the First district of Oklahoma; it included the Tulsa area.<sup>1</sup>

Jones described the typical budget process as advancing along two fronts. First, the President would submit a budget to Congress during the first weeks of the year. Congress would conduct hearings in which administration officials and people outside the government would testify concerning budget matters, and Jones would have the Budget Committee staff prepare analyses of the various budget options.<sup>2</sup>

Reagan performed his role by outlining a comprehensive economic program as seen in his 18 February 1981 address before a joint session of Congress. The program called for reducing domestic expenditures while increasing defense spending. Tax relief received a high priority with a proposal for a 10% across-the-board reduction in individual income tax rates for each of the next three years for a total of 30%. The program also included tax breaks for business and industry, but the President wanted to postpone work on other tax reform ideas such as the reduction of the inheritance tax. Furthermore, Reagan

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1. Ehrenhalt, *Politics in America*, 1231-1234.

2. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

advocated reducing the increase in the money supply as a way to reduce inflation, to reduce interest rates, and to revitalize financial institutions and markets.<sup>3</sup>

Second, Jones would conduct meetings with small groupings of the House Democrats. The purpose was to learn members' views on spending decisions, and information gathered from these meetings helped shape the budget proposal. As described by Jones, the strategy for drafting a budget acceptable to members was simple in theory but difficult in practice:

You get a consensus by just the old hard work of talking to members one-on-one or in very small groups and running what really was important to them, what they could or could not live with from the standpoint of their own Congressional districts or their own political, philosophical leanings, etcetera, and from all that you start crafting a total package.<sup>4</sup>

A letter to Tom Foley on 17 March 1981 illustrated the Jones method. Jones announced that the Budget Committee would host meetings allowing it to get input from Democratic members concerning the first budget resolution. One such meeting would take place from 11:00 a. m. to 12:00 p. m. on 23 March.<sup>5</sup>

With viewpoints collected, the Budget Committee began creating the budget proposal. The Democrats on the Committee would hold several meetings to decide the substance of the budget. Due to the high partisanship initiated by the Reagan administration, the Democrats were forced to conduct these meetings alone without the Republican members of the Committee. The Democrats would get an agreement on their proposal, the markup, and the full Budget Committee would assemble to debate on

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3. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 108-115.

4. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

5. Jones to Foley, 17 March 1981, Folder: 553 Foley Papers 97th Congress/Legislative/Budget Committee, Box 25, Foley Papers.

and vote on the proposal. The proposal would then go to the floor for the full House to debate it.<sup>6</sup>

As described by Jones, the Budget Committee worked closely with the Democratic Leadership. Jones and the Committee met with the Leadership regularly. Due to his position as Majority Leader, Jim Wright held a seat on the Committee and took part in its work. O'Neill did not take an active part in the Committee's work except to protect the funding for some select programs/expenditures of great interest to him.<sup>7</sup>

As later explained in the *Congressional Record*, Jones and the Budget Committee had specific goals that guided the creation of the Committee's budget resolution in 1981. They wanted the budget resolution to reduce inflation, to restrict federal spending as a percentage of Gross National Product, and to identify a reasonable tax policy. Furthermore, they hoped it would make progress in the long-term goals of deficit reduction, attainment of a balanced budget, and increased economic productivity. Also, Jones hoped to provide language/reference points for comparison of the various budget proposals.<sup>8</sup>

The labors of the Budget Committee produced results on 9 April 1981 when the Committee approved a Democratic budget plan on a vote of 17 to 3. Compared to the administration proposal, the Democratic plan would spend less on defense and more on social programs while providing a smaller tax cut and a smaller deficit. House Republicans threw their support to a slightly altered version of Reagan's original plan that would be offered as the Republican substitute for House debate.<sup>9</sup>

At this point, Phil Gramm returned to the story with a major role in events. Gramm and David Stockman, Reagan's appointee to head the Office of Management and Budget (OMB), became acquainted with one another through their service on the House Interstate

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6. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

7. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

8. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (30 April 1981): 8005-8006.

9. Helen Dewar and Richard L. Lyons, "In Blow to Reagan, Senate Unit Rejects 1982 Budget Plan: GOP Also Suffers A Setback in House," *Washington Post*, 10 April 1981, A1, A4.

and Foreign Commerce Committee in the Ninety-Sixth Congress. They recognized their mutual devotion to the principles of supply side economics and anti-government ideology.<sup>10</sup> The duo parleyed about the idea of uniting hard-core budget cutters through the goal of a reduced and balanced budget. Amid little notice, they released a hypothetical balanced budget on 12 March 1980, the “Bipartisan Coalition for Fiscal Responsibility,” and found fifty members to support their plan including Bob Michel, Newt Gingrich, Trent Lott, Charles Stenholm, and Kent Hance.<sup>11</sup>

Wright wrote that signs of Gramm’s betrayal became evident. Days before 28 April, Budget Committee Democrats parleyed before taking the Committee’s budget resolution to the floor. Overall, they were optimistic, but Gramm declared that he could not guarantee his support for the Committee’s plan when it reached the House floor. In reference to Wright’s assertion that Gramm had promised to support the plan of the Committee majority, Gramm claimed his statements were misinterpreted. Rather, he claimed that he promised to support the plan passed by the majority of the Committee of the Whole, in other words the whole House.<sup>12</sup> If one accepts Gramm’s rationalization, then Gramm’s pledge amounted to endorsing the winning side after the end of the contest, an almost completely useless stand.

Wright learned more of Gramm’s defection. Gramm had held secret meetings with Stockman to discuss defeating the Democratic plan and had also met with Reagan. Gramm agreed to cosponsor a rival budget in order to make it bipartisan in a strict sense, and the

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10. David A. Stockman, *The Triumph of Politics: How the Reagan Revolution Failed* (New York: Harper & Row, Publishers, 1986), 51-52.

11. Stockman, *Triumph of Politics*, 54-56.

12. Wright, *Balance of Power*, 352.

President would then endorse this yet unwritten bipartisan rival. Since Gramm demanded that his name come first on the rival budget, it became known as Gramm-Latta.<sup>13</sup>

Bill Alexander also discussed Gramm's duplicity in a letter he wrote to newspapers. Alexander explained that Gramm had secret meetings with the Reagan administration and divulged details about the Budget Committee's budget. The Reagan administration then made changes in its budget in order to make it more appealing to conservative Southern Democrats than the Budget Committee's plan.<sup>14</sup>

Stockman attributed great influence to Gramm including helping him draft Gramm-Latta in April 1981 and lobbying conservative Democrats. After the Budget Committee issued its proposal, the conservatives had a meeting one day in the office of Sonny Montgomery with Stenholm presiding. Most members in attendance expressed their satisfaction with the Budget Committee budget as a compromise measure that allowed them to simultaneously work with the Democratic Leadership and implement conservative ideas. Then, Gramm rose to attack the Committee plan and announced his intention to offer a rival budget. Some shouting ensued, but Marvin Leath rescued Gramm by vowing to support his plan. According to Stockman, the conservatives decided to support the Gramm and Reagan path based on the meeting's events.<sup>15</sup>

As the budget battle became more intense, members of the CDF controlled the fate of Reagan's program. Stenholm recalled that Reagan worked hard lobbying conservative Democrats through phone calls, invitations to the White House, and private meetings. The administration sought the advice of conservative Democrats, and they exercised "some considerable amount of input" on the administration's policies in 1981. Concerning one event at the White House, Stenholm remembered that Reagan singled

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13. Wright, *Balance of Power*, 353.

14. Alexander to Colleague, 31 January 1983, Folder: Caucus Corr 83, Box 26-JEH 360, Hightower Papers.

15. Stockman, *Triumph of Politics*, 174-176.



him out and put his hand on his shoulder while speaking of his appreciation for the support of Democrats.<sup>16</sup>

Other CDF members also worked to advance the Reagan agenda. A generic circulation letter signed by Stenholm, Sonny Montgomery, Bill Chappell, Jerry Huckaby, Richard Shelby, Doug Barnard, John Breaux, and Kent Hance urged support for the Gramm-Latta budget on 14 April. Concerning the measure, it stated that: "It encompasses most of the changes that conservative Democrats recommended to the President when we visited the White House earlier this year."<sup>17</sup>

Nonetheless, the CDF members did not act and vote in lock step. In a 16 April 1981 letter to Leath, Budget Committee member Bill Hefner presented information on the fiscal year 1982 budget "of particular concern to Democratic and Republican conservatives alike." Based on the context of the letter, it seemed intended mainly for CDF members. He compared the figures for the budget, the revenues, and the deficit as found in the Budget Committee proposal, Reagan's original budget plan, and Reagan's reestimated budget plan. Hefner argued that the Committee's plan reduced spending, provided for a robust national defense, and projected a smaller deficit, \$25.6 billion, than the deficits of the Reagan plans, \$45.2 billion and \$49.3 billion. The Committee plan projected a smaller deficit than the deficit of the Gramm-Latta substitute, and he reminded Leath that fiscal conservatism generally argued that unbalanced budgets and large deficits exerted a bad influence on the economy. Furthermore, Hefner claimed that the Committee plan would actually spend more on defense than Reagan's plans.<sup>18</sup>

The Democratic Leadership and its Party loyalists also lobbied members for their votes as seen in a DSG "Fact Sheet" from 24 April 1981. First, the "Fact Sheet" explained that Reagan's economic program and the Gramm-Latta substitute used economic projections of questionable accuracy concerning interest rates, unemployment, and inflation

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16. Charles W. Stenholm, interview by Karl Gerard Brandt, 11 June 2002.

17. Stenholm, et. al., 14 April 1981, Folder: 12107 info., Box 81-B, Leath Papers.

18. Hefner to Leath, 16 April 1981, Folder: 12107, Box 81-B, Leath Papers.

for 1982, 1983, and 1984. This doubtful accuracy led the House and Senate Budget Committees and the Congressional Budget Office (CBO) to reestimate the Reagan program.<sup>19</sup>

Second, the “Fact Sheet” tried to clarify the deficit issue. The Budget Committee’s resolution called for a \$25.6 billion deficit while the Gramm-Latta substitute called for a \$39 billion deficit. Reagan’s original plan would leave a \$45.1 billion deficit. Since each plan assumed a tax component of a particular magnitude, the difference in the magnitude of the components caused the various budget options to yield deficits of different sizes.<sup>20</sup>

John Hinckley briefly interrupted the political squabbles between Democrats and Republicans. On 30 March 1981, he shot and severely wounded Reagan in Washington, D. C., and the President underwent surgery.<sup>21</sup> After recovering, he asked O’Neill for the opportunity to address Congress in order to thank the American people for their support during his recovery. Reagan also wanted to speak a little bit about economic affairs. O’Neill agreed.<sup>22</sup> The assassination attempt may have actually improved Reagan’s political capital. A Gallup Poll conducted 13 to 16 March 1981 found that 60% of respondents approved of Reagan’s performance as President.<sup>23</sup> Another Gallup Poll conducted 3 to 6 April following the assassination attempt found that 67% of respondents approved of Reagan’s presidential performance.<sup>24</sup>

Reagan took control of the budget battle through his 28 April 1981 speech to a joint session of Congress and the American people carried live on television and radio. The

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19. “Fact Sheet”, 24 April 1981, p. 1, Folder: 12107-info, Box 81-B, Leath Papers.

20. “Fact Sheet”, 24 April 1981, p. 6, Folder: 12107-info, Box 81-B, Leath Papers.

21. David S. Broder, “Reagan Wounded by Assailant’s Bullet; Prognosis Is ‘Excellent’; 3 Others Shot,” *Washington Post*, 31 March 1981, A1, A8.

22. Wright, *Balance of Power*, 352.

23. Gallup, *Gallup Poll 1981*, 57-60.

24. Gallup, *Gallup Poll 1981*, 88-95.

President endorsed the Gramm-Latta substitute sponsored by Democrat Phil Gramm and Republican Del Latta of Ohio. Reagan harshly criticized the House Budget Committee plan by claiming that it would spend too much and cut defense spending. The Committee plan would try to reduce the deficit and achieve a balanced budget through increased taxation, and Reagan opposed such a tactic. Concerning his own policies, Reagan argued that his tax reduction plan and his budget plan were both components of a larger economic program and were not separate items. He assured the public that his administration would balance the budget by 1984.<sup>25</sup>

Jim Wright described this moment as a tough time for the Democrats. He thought Reagan's speech slandered the Budget Committee's budget with falsehoods and misrepresentations while overlooking the details of the Gramm-Latta alternative. The television networks refused to allow Democratic Congressional leaders to respond to Reagan with an address to the nation on the following night at the same hour. Reagan and the Gramm-Latta alternative enjoyed a wave of popular support. Private sources hired the firm of Wagner & Baroody to stimulate a pro-Reagan grass-roots letter campaign to Congress, but Wright conceded that Reagan's good showmanship had persuaded many people.<sup>26</sup>

The full House began consideration of the budget on 30 April 1981. Rules Committee Chairman Dick Bolling of Missouri offered the rule proposed by the Rules Committee to govern consideration of H Con Res 115, the first concurrent resolution on the budget for fiscal year 1982. Only select amendments could be offered, one perfecting amendment to the Committee resolution and three amendments in the nature of a substitute. The rule stipulated that only the last amendment in the nature of a substitute that

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25. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 391-394.

26. Wright, *Balance of Power*, 353-354.

won approval would be adopted and reported back to the House.<sup>27</sup> The rule won approval on a vote of 328 to 76.<sup>28</sup>

After the rule's adoption, general debate began on the budget with Jones making an opening statement comparing the various budget plans. Although Reagan endorsed Gramm-Latta, the administration's earlier budget proposals still became a subject of debate. Compared to Reagan's plan and the Gramm-Latta substitute, the Committee plan called for less spending and provided for greater deficit reduction. Jones defended the Committee plan for envisioning a tax policy that would promote savings and investments and give tax relief for middle-income people. On the other hand, the tax scheme proposed by the Reagan plan would act as a "Keynesian consumption-oriented tax policy" that would spur demand and fail to adequately promote savings and investments. Furthermore, the Committee plan relied on better economic assumptions than the outdated assumptions on interest rates, unemployment, and inflation used by the Reagan and Gramm-Latta plans.<sup>29</sup>

Shortly after Jones concluded his remarks, Latta made an opening speech that included a strong endorsement of Reagan and formulaic conservative criticisms of the federal government. He believed that the nation was weakened by an oppressive federal tax system and excessive federal spending. To support his generalizations, Latta cited a couple of examples involving the abuse/manipulation of social programs; the programs failed to serve their original purposes and contributed to the excessive spending. Most importantly, Latta conceded that the Gramm-Latta substitute was essentially the Reagan budget with only a few alterations needed to reach a smaller deficit.<sup>30</sup>

Many members gave speeches during general debate, but only some remarks are noteworthy. Mississippi Democrat Sonny Montgomery exemplified the problem faced

27. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (30 April 1981): 7993-7994.

28. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (30 April 1981): 8003-8004.

29. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (30 April 1981): 8004-8008.

30. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (30 April 1981): 8013-8015.

by the Democratic Leadership with his support of the Gramm-Latta substitute. He explained that Gramm-Latta provided “adequate funding” for defense and veterans’ programs whereas the Budget Committee plan did not spend enough on defense. In fact, Montgomery claimed the Committee plan actually made cuts in defense spending. Advocating deficit reduction, Montgomery expressed pleasure that Gramm-Latta would yield a smaller deficit, \$31 billion, than the deficit of the Reagan budget proposal of 10 March, \$45 billion.<sup>31</sup>

Democrats could defend the Budget Committee plan against the Reagan forces in two ways. First, they could attack the Reagan and Gramm-Latta plans using the rationale of fiscal conservatism. Richard Gephardt reiterated the fiscal ramifications of the House’s decision in simple terms. The Budget Committee plan would leave a deficit of approximately \$25 billion for fiscal year 1982, but Reagan’s plan would leave a deficit of approximately \$50 billion for fiscal year 1982.<sup>32</sup>

Second, Democrats could attack the Reagan and Gramm-Latta plans for the devastating cuts that they would make in domestic spending as illustrated by Education and Labor Committee Chairman Carl Perkins of Kentucky. He began by blasting the prevailing mood in Congress: reduce spending on social programs in hopes of achieving leaner government. He emphasized the past successes of federal social programs and their potential benefits for the future development of the U. S. Although admitting his lack of strong enthusiasm for the Budget Committee proposal, Perkins argued that the Gramm-Latta substitute was worse. He cited two examples of the substitute’s potential devastation. It proposed reducing by 25% federal aid for elementary and secondary

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31. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (4 May 1981): 8350.

32. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (1 May 1981): 8165-8167.

education and called for cutting child nutrition funding by 43%, or \$2.3 billion. According to Perkins, reducing education aid would impede long-term economic development.<sup>33</sup>

While debate proceeded for a period of days, the Leadership utilized the revitalized Caucus to rally Democrats around the Budget Committee's plan. In a Caucus meeting of 5 May 1981, O'Neill urged Democrats to support the budget reported by the Budget Committee rather than the Gramm-Latta substitute with its proposed cuts in some valuable and popular programs. As an example of the targeted programs, O'Neill cited funding for PKU screening of newborns in Massachusetts. PKU (phenylketonuria) causes mental retardation. The Speaker reminded his Party of the development of the Reagan program. Vice-President George Bush, Senate Republican Leader Howard Baker, and many expert economists had expressed doubts about Reagan's program, and since David Stockman wrote the Gramm-Latta substitute, it really was not bipartisan. O'Neill contended that the public mood had started to turn from Reagan before the assassination attempt as people learned more about the details of his program. The assassination attempt reversed the momentum and sent public sentiment towards Reagan again.<sup>34</sup>

The House finished general debate and began consideration of the amendments on 5 May 1981. As it stood, H Con Res 115 proposed revenues of \$688.95 billion, total new budget authority of \$787.65 billion, and total outlays of \$714.55 billion. The tax relief would amount to \$30.45 billion, and the deficit would be only \$25.6 billion. Defense would receive \$219.6 billion in new budget authority and \$189.75 billion in outlays.<sup>35</sup>

First on the agenda was an amendment for function 050, defense, offered by Bill Hefner and also cosponsored by Samuel Stratton of New York, Bill Nelson of Florida, and Beryl Anthony of Arkansas. Hefner explained that his cosponsors and he believed that the Committee plan did not provide sufficient defense spending. The amendment would raise

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33. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 6 (4 May 1981): 8337-8339.

34. Flier from Long to Colleague, 5 May 1981, Folder: Democratic Caucus (This folder is one of three with same title), Box 3-26 of 42, Wright Papers.

35. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8486-8490.

the budget authority and outlays for defense in the Committee's plan to the levels in Reagan's budget of 10 March, \$226.25 billion and \$188.85 billion, respectively. Hefner urged support not only for his amendment but also for the Budget Committee proposal.<sup>36</sup>

The Hefner amendment received significant endorsements. Nelson delivered brief remarks explaining that Anthony, Hefner, and he all worked within the Committee for greater defense spending, and the Committee agreed that they could offer an amendment for greater defense spending.<sup>37</sup> Jim Wright endorsed the Hefner amendment and informed the House that Hefner had regularly worked to strengthen national defense.<sup>38</sup> Jim Jones also spoke again and announced his support for the amendment.<sup>39</sup>

Given the position of members such as Sonny Montgomery, the Hefner amendment could lift the Committee plan to victory over Gramm-Latta. This pragmatic approach came to the fore in the endorsement of Richard Ottinger of New York, a member known as a reformer and a liberal. He believed Gramm-Latta would produce terrible social and economic effects, but the Hefner amendment, when added to the Committee budget, could draw support from Gramm-Latta and thereby help defeat it.<sup>40</sup> The House approved the amendment by voice vote.<sup>41</sup>

The House next considered an amendment in the nature of a substitute offered by Walter Fauntroy, delegate from the District of Columbia, and created by the eighteen-member Congressional Black Caucus (CBC). Referred to as a "constructive alternative budget resolution," Fauntroy characterized this budget as responding to the message of the 1980 elections: leaner government and fair tax relief without abandoning vital social

36. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8490-8491.

37. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8498.

38. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8497-8498.

39. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8507.

40. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8492-8493.

41. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8508.

programs. Three key ideas governed this budget. First, the CBC budget was not a Black budget. Rather, it addressed the needs and problems of all Americans. Second, Fauntroy disagreed with Reagan's argument that U. S. economic problems stemmed from the federal government being too large. Instead, the United States faced tougher competition from other nations, and the nation needed to increase its productivity and competitiveness. Finally, the U. S.'s foreign policy challenges required less of a military solution and more of a political/economic solution that would include options such as technical/development assistance to other nations. Naturally, the CBC budget provided for the nation's security. As for specifics, the CBC budget would yield a balanced budget in fiscal year 1982 with a surplus of \$7.85 billion while still providing \$56.4 billion in tax relief. Defense spending would receive \$196.9 billion in budget authority and \$186.6 billion in outlays.<sup>42</sup>

As debate proceeded, Shirley Chisholm discussed the origins of the CBC budget. Reagan challenged the nation in February and March to offer alternatives on the budget. The CBC accepted the challenge and produced its budget.<sup>43</sup> In the end, the House rejected the Fauntroy amendment on a vote of 69 to 356.<sup>44</sup>

The House then proceeded to the second of the three amendments in the nature of a substitute, the amendment offered by Dave Obey of Wisconsin. Obey scolded the Reagan administration for concentrating so many of its proposed budget cuts, \$33 billion worth, in the investment category composed of items such as education, job training programs, and infrastructure projects. On the other hand, his amendment would protect these targeted programs as well as other domestic expenditures. The amendment would use the Budget Committee's tax scheme while also delaying the individual income tax cuts until 1983 and reducing/eliminating certain tax exemptions, tax breaks, and subsidies for business. With defense spending of \$189.75 billion in outlays and \$219.6 billion in budget authority, the Obey plan claimed to achieve a surplus of \$500 million in fiscal year

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42. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8508-8511.

43. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (5 May 1981): 8514.

44. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (6 May 1981): 8695-8696.



1982.<sup>45</sup> Despite its ambitious claims, members rejected Obey's proposal on a vote of 119 to 303.<sup>46</sup>

The most significant part of the budget debate came to the fore with the consideration of the Gramm-Latta substitute for fiscal year 1982 offered by Latta. The plan proposed revenues of \$657.8 billion, total new budget authority of \$764.55 billion, and total budget outlays of \$688.8 billion. Defense spending would stand at \$226.3 billion in new budget authority and \$188.8 billion in outlays. With a planned tax cut of \$51.3 billion, the deficit would stand at \$31 billion.<sup>47</sup>

Latta's defense of this amendment resembled a rubberstamp. He confessed that he did not devise this amendment; in fact, the amendment differed from Reagan's proposed budget in only minor ways. Echoing a common theme of Reagan's speeches, Latta lamented the growth in federal spending and the increase of the national debt during the post-World War II years. Despite exerting little influence on the Reagan agenda, Latta justified his support with a strong statement of loyalty to Reagan: "So we have to rely on his good judgment because, after all, he is the President of all the people, all the people."<sup>48</sup>

The differences between the Budget Committee resolution and the Gramm-Latta substitute sharpened as debate progressed. Cosponsor Phil Gramm characterized the Committee plan as a continuation of the policies of the past, and the substitute represented a new direction for the nation. Gramm discussed the two plans' instructions for reconciliation, a process requiring authorizing committees to change existing law in order to meet goals for budget reduction. The Committee plan called for reconciliation cuts of only \$15.8 billion; the substitute would cut \$36.6 billion through reconciliation. Also, he told the members that the question of tax cuts and their size had no direct bearing on the budget resolution. The

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45. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (6 May 1981): 8696-8702.

46. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (6 May 1981): 8715-8716.

47. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (6 May 1981): 8716-8721.

48. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (7 May 1981): 8894-8896.

budget resolution was not binding on taxes, and Congress would resolve the tax question later.<sup>49</sup>

Gramm's argument concerning tax cuts requires clarification. Although technically correct, the argument ignored Reagan's position that his tax reduction plan and budget plan stood as complementary components of a comprehensive economic program. A coalition capable of passing Reagan's preferred Gramm-Latta substitute could probably also pass his tax plan, and the size of the tax cut would determine the size of the deficit. Therefore, members needed to take into account the tax question when deliberating on the budget resolution. Gramm probably hoped this argument would convince members not to worry about deficit reduction, a topic on which the Committee plan outdid the Gramm-Latta substitute.

Jones returned to the debate and differentiated the two competing plans. Although the Committee plan and the Gramm-Latta substitute both would reduce domestic spending, the substitute proposed cuts of greater severity. The Committee plan would cut less from elementary and secondary education aid, vocational education, and job training than the substitute would cut.<sup>50</sup> Jones then pointed out that had the Budget Committee used the economic assumptions of the Reagan administration, the Committee plan would then only result in a deficit of approximately \$2.5 billion.<sup>51</sup>

Although the conservative Democrats held the fate of the budget resolution, only a few spoke during debate on Gramm-Latta with well-articulated positions. Carroll Hubbard of Kentucky took a common sense approach in choosing the Committee plan over the substitute. The Committee plan called for serious budget cuts, and he valued it for projecting a smaller deficit for fiscal year 1982 and for forecasting a balanced budget in fiscal year 1983. The Committee envisioned a more cautious tax plan, but Reagan's economic

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49. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (7 May 1981): 8903-8904.

50. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (7 May 1981): 8909-8911.

51. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (7 May 1981): 8912.

program would squander budget savings through tax cuts primarily benefiting the wealthy.<sup>52</sup>

Stenholm, speaking in very strident terms, praised Gramm-Latta as capable of setting a new direction for the U. S. He claimed that the national debt was accumulated through domestic spending, and his criticism list seemed to include the members of the House leaning towards the liberal side: “The problems we have had with our economy today have been brought about by those who now oppose the bipartisan substitute.” Stenholm stated with confidence that the substitute could provide for society’s needy.<sup>53</sup>

Finally, debate ended. The House, acting as the Committee of the Whole House on the State of the Union, approved the Latta amendment on a vote of 253 to 176. The Committee of the Whole House reported the concurrent resolution back to the House with an amendment and with a recommendation to approve the amendment and the amended concurrent resolution. The House approved the amendment, and then the concurrent resolution won approval on a vote of 270 to 154. Analysis of the critical 253 to 176 vote showed that Democrat defectors were pivotal to the success of the Latta substitute. Sixty-three Democrats sided with all 190 of the voting Republicans. Of the CDF, thirty-eight voted in favor while nine opposed.<sup>54</sup>

Having lost the first round of the budget fight, the Democrats regrouped by turning to the Caucus as revealed in a transcript from the session on 20 May 1981. Long reminded members of the need to find common ground among Democrats and to position the Party on economic issues for the 1982 elections. He saw the current budget fight as giving Democrats, ‘a much needed opportunity to shed that “Big Spender” label that has plagued our party over the last decade.’ The session included discussion time and brief remarks by key players in the budget fight such as Jim Jones, Leon Panetta of California, and Dick Bolling and by players in the emerging Social Security fight such as J. J. Pickle of Texas

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52. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (7 May 1981): 8977.

53. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (7 May 1981): 8966.

54. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 7 (7 May 1981): 9016-9017.

and O'Neill.<sup>55</sup> Although the Democrats experienced tough times in 1981, Jones felt that in general meetings of the full Democratic Caucus were effective in building consensus on the budget. Budget Committee members attended the Caucus meetings and could discuss the budget with other members, having become expert on the proposal due to working on it for so long.<sup>56</sup>

The House began work on the second part of the budget process, the reconciliation bill. The first budget resolution had mandated that the authorizing committees make cuts in general areas by altering existing law but had not specified the specific items for alteration and reduction. The reconciliation bill would specify these items.

Meanwhile, Stockman and Gramm readied for their second strike. Despite passage of the Gramm-Latta budget resolution, they believed the committees were ignoring the budget resolution mandates. They decided to offer another bill to rival the work of the committees. Stockman ordered his OMB staff to begin work on the bill in early June, and the document was supposed to be kept secret from Congress and the White House until Stockman was ready to present it. Nonetheless, some Republicans and conservative Democrats learned of Stockman's scheme before its official release.<sup>57</sup>

This item, later known as Gramm-Latta II, did not propose the extremely drastic cuts Stockman had planned. During the week of 15-19 June 1981, several key groups such as conservative Democrats and northeastern Republicans refused to accept the extremely drastic cuts and the dictatorial actions of the Reagan administration. For example, Stenholm, meeting with Reagan and his officials during this time, opposed some of Stockman's

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55. Caucus transcript, 20 May 1981, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus-- Meeting Statements & Order of Business 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants' Files, Long Papers.

56. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

57. Stockman, *Triumph of Politics*, 198-199.

proposals, and Bob Michel had become alienated from Stockman and opposed some of his ideas as well.<sup>58</sup>

The pace of the budget fight quickened with a phone call from Reagan to O'Neill on Friday morning, 19 June. The President said that he wanted to propose a set of amendments relayed to Jones and Panetta from Stockman during a meeting the night before. Jones and Panetta received just a sheet of paper, and according to the Speaker, Bob Michel did not know of the amendments until the Democratic Leadership informed him.<sup>59</sup> Wright recalled that Reagan asked that the House consider his amendments to the reconciliation bill en bloc on a single vote.<sup>60</sup>

The House formally began consideration of the reconciliation issue on 25 June with Bolling offering the rule to govern consideration of HR 3982, the Omnibus Budget Reconciliation Act of 1981. The rule would allow Latta to offer six amendments to the Jones amendment in the nature of a substitute being offered to HR 3982. For practical purposes, the House considered the Jones substitute as an original bill.<sup>61</sup> In other words, the Jones substitute was the reconciliation package created by the committees under the guidance of the Democratic Leadership. The Democrats expected the Jones substitute to fill the text of HR 3982; the House had to decide whether or not to add the Latta amendments to the Jones bill.

The arguments for and against the rule were quite simple. Jones declared that the authorizing committees exceeded the cuts mandated by the first budget resolution and finished with savings of \$37.6 billion for fiscal year 1982 in outlays. Stockman had given

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58. Stockman, *Triumph of Politics*, 205-215.

59. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14079-14081.

60. Wright, *Balance of Power*, 358-359.

61. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14065-14066.

Panetta and him a list of additional cuts, and these cuts constituted the Latta amendments.<sup>62</sup> Latta opposed the rule and argued that the House should vote on the amendments en bloc. He complained that it was unfair that the Democrats could have their proposal considered as a package while the Republicans did not enjoy that privilege.<sup>63</sup> The rule lost on a vote of 210 to 217.<sup>64</sup>

Next, the House considered Latta's alternative rule. It would make the Jones substitute be considered as the original bill in the Committee of the Whole, and the six amendments would be offered en bloc.<sup>65</sup> On account of the significance of the rule, Tip O'Neill gave an address. He argued that Reagan had failed to respect the powers and process of Congress by just sending over proposed legislation directly. Rather, the President should work through the Republican leaders in Congress such as Michel. O'Neill believed that the amendments would cut too deeply into social programs; for example, the amendments would cut funding for the Social Security minimum benefit payments. Also, amendments of their significance required separate votes. "We wanted to let you offer them, but not in a package, and for a very simple reason why it should not be in a package," O'Neill exclaimed, "because we wanted the American people to know what was

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62. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14066-14067.

63. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14066.

64. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14078-14079.

65. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14079.

in these amendments.”<sup>66</sup> The speech failed to prevent Latta’s rule from passing on the last of three procedural votes. The third tally stood at 214 to 208.<sup>67</sup>

With the rule passed, the House proceeded by resolving itself into the Committee of the Whole House to begin general debate on reconciliation. Jones’s opening statement discussed a contentious subject obstructing the House’s deliberations. The House, for the most part, had not examined the Latta amendments since they had not been made available.<sup>68</sup>

Dan Rostenkowski proved an exception when he addressed the House and inserted into the *Record* an analysis concerning Social Security. Gramm-Latta II would eliminate the minimum benefit completely for both current beneficiaries and future recipients as of April 1982. On the other hand, the recommendation of the Ways and Means Committee called for eliminating the minimum benefit only for people turning age 62 after January 1982 and preserving it for current beneficiaries. The Committee plan would also expand SSI aged payments to help offset the effects of the elimination. Rostenkowski provided further information. Three million people benefited from the program, and 1.5 million of them would lose an average of approximately \$800 per year. At least 86% of the beneficiaries were women, and many of these women lived below or slightly above the poverty line. The other 1.5 million people would not lose any income, overall, due to other benefit programs.<sup>69</sup>

The House resumed business on 26 June. After the House convened, members were allowed to give one-minute speeches before formal debate began, and Jim Wright gave such a speech about Gramm-Latta II. He warned that it called for giving complete

66. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14079-14081.

67. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14081-14084.

68. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14086.

69. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (25 June 1981): 14103-14107.

authority for determining the poverty line to the OMB director, and this provision would detract from Congress' power and could deprive many people of their benefits. Wright stated that Gramm-Latta II, in its present form, would repeal section 2(E) of the Randolph-Sheppard Act. This section gave preference to blind people for operating concessions in federal buildings. Although a copy of Gramm-Latta II was released on 25 June, Wright warned that changes in it were still underway.<sup>70</sup>

In a moment of seemingly general confusion, copies of Gramm-Latta II reached House members on 26 June shortly before 11:30 a. m. Republican Trent Lott of Mississippi confessed that the copy of 26 June differed slightly from the copy of 25 June. There was contention. Wright quickly identified a list of faults with the copy: pages not numbered sequentially, pages without numbers, handwritten material added to the copy, and provisions in the bill not discussed in the summary packet distributed to members. Democrat Al Gore of Tennessee found specific inconsistencies in the summary packet accompanying the copy. The summary packet claimed that Gramm-Latta II would increase funding for solar programs but provided numbers that did not reflect the claimed increase. Due to the confusion, the Committee of the Whole rose (stopped debate) until 1:00 p. m. so that members could study Gramm-Latta II.<sup>71</sup>

Jim Wright vividly recollected "this sloppy mess," the Gramm-Latta II copy. A collection of persons employed in the executive branch drafted it overnight in a haphazard fashion. The item resembled a large book with completely irregular page numbering, and the text contained a phone number for a woman named Rita Seymour. The sections had been renumbered and were not sequential. The members did not fully know the

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70. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14351.

71. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14491-14493.



provisions of Gramm-Latta II, and Wright felt that Gramm and Latta did not really know the contents of Gramm-Latta II either.<sup>72</sup>

The House resumed the reconciliation debate as Latta officially offered Gramm-Latta II.<sup>73</sup> He defended it as necessary to control entitlements that had grown too large and too rapidly in recent years such as food stamps, guaranteed student loans, and AFDC. The proposal would also add reforms, in addition to the savings, for programs such as school lunches. Latta admitted that the proposal would eliminate the Social Security minimum benefit.<sup>74</sup> Gramm echoed Latta's reasoning by declaring that Gramm-Latta II provided a means to rein in entitlements. The committees had failed to make sufficient cuts in entitlements, and the federal government needed these types of cuts in order to truly gain fiscal austerity.<sup>75</sup>

The debate illustrated that not all CDF members viewed the reconciliation issue as Gramm viewed it. Tom Bevill of Alabama prefaced his harsh comments on Gramm-Latta II by stating that he voted for Gramm-Latta I and favored a balanced budget. Nonetheless, he believed that Gramm-Latta II had been handled in a poor manner since the House had insufficient time for consideration; members did not know the contents of the package. Also, Gramm-Latta II bypassed the authorizing committees and performed authorizing work on its own. Bevill found this exercise of authorization authority revolting due to it negating a principal virtue of the committee system, the benefit of expertise on a specific topic. As for

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72. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

73. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14503-14504.

74. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14555-14557.

75. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14557-14558.

Gramm-Latta's known provisions, Bevill opposed the elimination of the Social Security minimum benefit.<sup>76</sup>

Other CDF members voiced similar concerns. Ed Jenkins of Georgia faulted Gramm-Latta II for the proposed elimination of the minimum benefit and added that no Republicans advocated this idea in the Ways and Means Committee. He also opposed the package because of the insufficient time allotted for its consideration.<sup>77</sup> Buddy Roemer of Louisiana posed a question to the House in the starkest of terms concerning the package's handling: "How in good conscience can we vote for a bill that was not written until midnight last night and not read until this moment today? I cannot vote for it."<sup>78</sup>

Finally, debate ended. The House first approved the Latta en bloc amendments to the original reconciliation bill on a vote of 217 to 211 at approximately 6:15 p. m. Once again, defections were highly significant. Twenty-nine Democrats defected, and the CDF split with twenty-seven voting for approval and twenty voting against the Latta amendments.<sup>79</sup> Next, the House followed the necessary procedures and had two procedural votes before passing the entire reconciliation measure as amended on a vote of 232 to 193.<sup>80</sup>

With this vote, the Reagan administration, the Congressional Republicans, and their Democratic allies could claim victory, but this victory did not come without a price. Stockman

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76. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14674-14676.

77. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14653.

78. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14680.

79. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14681-14682.

80. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 11 (26 June 1981): 14793-14795.

claimed that in order to get Gramm-Latta II passed, deals had to be negotiated with both Republicans and Democrats that reduced the proposed cuts.<sup>81</sup>

One salient deal involved sugar and was made on Thursday, the day of the critical procedural vote. Farm legislation then being drafted by Congress planned to include price supports on sugar, and the administration agreed to support the price supports after earlier not favoring the idea. The sugar deal influenced both Billy Tauzin of Louisiana and John Breaux of Louisiana. On this deal, Breaux explained that his vote could not be purchased but added that, "It can be rented." To satisfy wavering Republican moderates, Reagan also agreed to some increased expenditures involving approximately \$350 million more for Medicaid, \$400 million more for energy assistance for poor people, \$260 million in subsidies for mass-transit, and federal aid for Conrail. Another deal involved Texas Democrat Charles Wilson. He at first planned to follow the Democratic party line on the critical procedural vote, but Reagan asked if any issues troubled him. The administration's cuts in subsidies for synfuels worried Wilson. Reagan responded by intimating that he could make a deal on synfuels. According to Wilson, this exchange helped persuade him to vote with the Republicans and the defecting Democrats on the critical procedural vote. Other items reported to have been the focus of deals included student loans and the Clinch River fast breeder reactor in Tennessee.<sup>82</sup>

Meanwhile, the Democratic Party had to contend with its internal troubles. Wright acted quickly by scolding the defecting Democrats as revealed in a letter to Marvin Leath dated 26 June 1981. Although stating that Leath had a right to vote according to his beliefs, Wright wrote that he suspected Leath did not know the provisions of Gramm-Latta II. Wright referred to some of the "very serious surprises" such as giving the OMB director the power to define poverty unilaterally and to change the definition annually. This change reduced the authority of the Congress over poverty-related matters. Wright closed by admonishing Leath for voting for a bill not processed in the usual way. Gramm-Latta II's

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81. Stockman, *Triumph of Politics*, 219-223.

82. Ward Sinclair and Peter Behr, "Horse Trading," *Washington Post*, 27 June 1981, A1, A9.

irregular processing weakened the power of Congress and placed power in the hands of a few.<sup>83</sup>

The record of the 1981 budget battle leaves the impression of a Reagan juggernaut and a Democratic disarray. Reagan's success derived from several factors: a seemingly-innovative economic program that claimed to solve pressing problems in a relatively painless manner, skillful public relations, aggressive lobbying of Congress, and solid Republican support. Given Democratic control of the House and their capability of stymieing Reagan's agenda, these factors required more help. Democrats of a conservative bent were absolutely critical to Reagan's success. They provided the votes needed to win in the House, and the CDF acted as a quasi-third party through their publicized and significant support of the Reagan agenda. It was not surprising that they sought an alliance with the new President. He advocated general ideas, such as fiscal responsibility and leaner government, that conservative Democrats had long advocated. He challenged the status quo in government, particularly the very existence of the Democratic New Deal-Great Society system, and conservative Democrats could sympathize with this challenge. They were a minority group in their own Party.

Despite the Reagan onslaught, the Democratic Leadership did not need to despair. The Democratic budget plan showed that Democrats did value fiscal responsibility and could reduce the size of government if the public demanded it. The conflict forced Democrats to better articulate their positions, and actions such as the elimination of the Social Security minimum benefit provided them with examples of what Republican rule actually entailed. As for the conservative Democrats, there was the possibility that they could be reintegrated into the Party. They had aligned with Reagan because he seemed, to them, to offer the best alternative. If Reagan's economic program failed or produced new problems and if the Democrats could present viable options, then the conservatives might find it more logical, given their philosophical leanings, to seek accommodation with the Democratic Party instead of blatant conflict.

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83. Wright to Leath, 26 June 1981, Folder: House Offices 8215 1981 Majority Leader File 1, Box 81-Q, Leath Papers.

## CHAPTER 3 TAX TIME

As the budget fight proceeded, the House also wrestled with the tax reduction issue. Ultimately, the deficit for the fiscal year would be influenced by both the outlays of the federal government and its revenues. A large tax cut had the potential to please the people temporarily as well as to burden them for the future. Once again, the substance of the Democratic plan and the stance of conservative Democrats would shape the course of the tax fight.

Despite earlier reforms that weakened their once-great power, committee chairs still exercised considerable influence. Jim Wright noted a difference between him and O'Neill concerning the relative authority of the committee chairs. O'Neill believed that they should enjoy wide latitude in formulating legislation because of their expertise in their committee's area of jurisdiction. Wright believed the direction for legislation should come from the Democratic majority.<sup>1</sup> This loose policy of O'Neill's found expression in the tax fight. Wright recalled that to counter Reagan's tax plan, Rostenkowski decided to offer a rival tax reduction plan rather than attack the Reagan scheme primarily as fiscally unsound.<sup>2</sup>

Once again, the conservative Democrats held the key to victory. Wright worked to avoid another prominent defeat as revealed in a letter to Leath dated 12 May 1981. The Majority Leader urged Leath not to support Reagan's tax plan and instead stand with the Democratic plan of Rostenkowski and the Ways and Means Committee. Reagan's plan resembled the infamous Kemp-Roth plan, and Wright warned that it could bring high deficits and spark even greater inflation. It would benefit the wealthy more than the working- and

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1. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

2. Wright, *Balance of Power*, 365.

middle-classes. Wright added that Reagan's tax proposal represented the "voodoo economics" George Bush warned against in 1980.<sup>3</sup>

Rostenkowski's 9 April 1981 speech to the Chicago Association of Commerce and Industry revealed the early outlines of the Democratic plan. The Chairman noted deficiencies in Reagan's plan but promised a rival plan capturing much of the general direction of Reagan's tax-cutting obsession. Rostenkowski saw Reagan's supply-side scheme as too risky: "What we don't know is where--and how much--people will save and invest. We don't know whether a middle-income family will invest their tax cut in U. S. Steel--or a trip to Disneyland." Rostenkowski's plan called for targeting the tax relief to people in the \$20,000 to \$50,000 income range in addition to proposing measures for small business, research and development, savings and investment incentives, and depreciation reforms. In the aggregate, Rostenkowski's plan would provide less tax relief than Reagan's plan would provide.<sup>4</sup>

Long's Caucus Committee on Party Effectiveness also discussed the upcoming tax bill fight as revealed in a staff memo dated 2 June 1981. Presiding over the meeting, Long stressed that all Democrats, even conservatives, faced electoral threats from Republicans. Rostenkowski delivered a report. He found Reagan to be unwilling to compromise; yet, Reagan was "worried sick about the deficit." The memo briefly summarized the opinions of the members present. As for Stenholm, the memo described his views as follows: "no position yet developed in CDF; meeting this afternoon. Does feel pressure to stay with President's whole program, but for two years he has campaigned against K-R." The opinion of John Breaux of Louisiana was described as "try and win on a Democratic plan;

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3. Wright to Leath with Rostenkowski speech attached, 12 May 1981, Folder: House Offices 8215 1981 Majority Leader File 1, Box 81-Q, Leath Papers.

4. Wright to Leath with Rostenkowski speech attached, 12 May 1981, Folder: House Offices 8215 1981 Majority Leader File 1, Box 81-Q, Leath Papers.

we can do it!" Kent Hance was characterized as saying, "we'll compromise at two years; it is each man for himself; we'll be labeled obstructionist."<sup>5</sup>

At this point, Kent Hance returned to the story. Wright recalled that Hance went to the White House several times upon invitation for meetings about the tax bill. At first, Hance told Wright about the meetings and assured him that he would resist administration pleas to cooperate with/defect to the Reagan camp. When Hance defected, he told the Majority Leader that enthusiasm for Reagan among his constituents had grown so strong that they did not care about the specifics of legislation. Rather, they simply wanted to know if Hance was for or against the President. As a result, Hance became an official cosponsor of the tax bill drafted by the administration.<sup>6</sup> The Hance defection produced significant results. Stockman recalled that Hance had convinced ten to twenty conservative Democrats to consider voting for a modified form of the Reagan plan by early May, but they wanted modifications such as reductions in estate taxes.<sup>7</sup>

The Rostenkowski plan formally emerged on 3 June. The two-year plan centered on a 15% across-the-board reduction in income tax rates accompanied by a collection of other reductions. The tax threshold (zero bracket amount) would rise for all income tax filers, and the earned income tax credit would increase. The plan would reduce the marriage penalty and estate and gift taxes. Other provisions included reducing the maximum tax rates for investment income from 70% to 50% and liberalizing tax incentives for savings for retirement in addition to assorted tax breaks. Rostenkowski claimed that Democrats on the Ways and Means Committee feared that the third year installment of the across-the-board tax cut would increase the deficit too much. The plan would provide \$41 billion in tax relief in fiscal 1982 and leave a \$27 billion deficit. On the other hand, Reagan's plan would give \$54 billion in fiscal year 1982 and leave a \$37 billion deficit. Twenty-one of the twenty-three Democrats on Ways and Means endorsed the Democratic plan. Another Democrat

5. Memo from Tuttle to From and Lew, 2 June 1981, Folder: Jack Lew Long Task Force, 1981, Legislative Files Democratic Steering & Policy Committee, Box 17, O'Neill Papers.

6. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

7. Stockman, *Triumph of Politics*, 239.

was sick, leaving only Kent Hance outside the fold. Reagan rejected the Democratic plan and announced that he would fight for his own plan.<sup>8</sup>

After the last attempt at compromise between Reagan and Rostenkowski failed, the Reagan administration decided to reach another accord with the conservative Democrats. On 3 June, nine members of the key faction including Stenholm, Hance, Gramm, and Montgomery met with Reagan's staff and agreed to support Reagan's tax plan, the Conable-Hance bill.<sup>9</sup> On 4 June, the President joined some Republicans and some conservative Democrats in vowing to push his tax plan, now altered to attract more votes in Congress, against the Democratic plan. New York Republican Barber Conable and Hance would cosponsor the Reagan plan in the House, but CDF members divided over which plan to support. As of 4 June, the Reagan plan called for tax relief of \$37.4 billion in 1982, \$92.1 billion in 1983, and \$144.5 billion in 1984. Businesses would enjoy \$49.2 billion of the aggregate while individuals would receive \$224.8 billion. The provisions included a 25% reduction in individual income tax rates over three years, quicker tax write offs for business investment, a slight reduction in the marriage penalty, and reform of estate taxes.<sup>10</sup>

With the vote drawing near, both sides scrambled for support. The Democrats tried to make deals and add provisions to their tax bill to win votes from conservative Democrats.<sup>11</sup> On the other side, Stockman recalled that a meeting occurred on 23 July in which Reagan officials tried to make deals with Congressional Republicans and

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8. Art Pine, "Reagan Rejects Plan By Hill Democrats For 15% Tax Cut," *Washington Post*, 4 June 1981, A1, A4.

9. Stockman, *Triumph of Politics*, 245-247.

10. Lee Lescaze and Art Pine, "President Challenges Democrats," *Washington Post*, 5 June 1981, A1, A7.

11. Stockman, *Triumph of Politics*, 255-256.



conservative Democrats concerning a wide variety of tax breaks for special constituencies. The deal-making continued in the days before the vote.<sup>12</sup>

Reagan lobbied for his tax bill through a 27 July 1981 address to the nation and asked the American people to contact their representatives. The President explained that Hance and Conable adopted his original plan and cosponsored it as a bipartisan bill. It provided for a 25% cut in income tax rates over three years plus various other items such as reduction in the marriage penalty and inheritance taxes and tax breaks for businesses and the oil industry. Reagan labeled the Democratic alternative as insufficient in reducing taxes.<sup>13</sup>

Reagan's speech came at the right time since the House took up debate on the tax bill on 29 July. Bolling offered the rule for the Tax Incentive Act of 1981, HR 4242, at approximately 9:30 a. m. It allowed Morris Udall of Arizona and Conable to each offer an amendment in the nature of a substitute.<sup>14</sup> The rule won approval at approximately 11:20 a. m. on a vote of 280 to 150.<sup>15</sup>

The House resolved itself into the Committee of the Whole House, and Rostenkowski began general debate by highlighting some key points. The bill reported by the Ways and Means Committee, the Tax Incentive Act of 1981, provided the most tax relief to people earning between \$15,000 and \$50,000 by reducing the individual income tax rates, increasing the zero bracket amount (first dollars of income not subject to tax), increasing the earned income credit, and reducing the marriage penalty. As for business taxes, the Democratic plan offered a series of provisions including new rules for depreciation of business and farm equipment, reduction of corporate income tax rates,

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12. Stockman, *Triumph of Politics*, 257-268.

13. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 664-668.

14. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18030.

15. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18044-18045.

credits for research and development, credits for distressed industries, and tax breaks/credits for oil producers. In addition, the Democratic plan would reduce the income tax burden on savings and make reductions in estate and gift taxes. Rostenkowski hailed the Democratic plan as more fiscally responsible. The overall size of both the Democratic plan and the Conable substitute stood approximately the same for 1982 and 1983. For 1984, the Conable substitute grew \$24 billion larger than the Democratic plan. Rostenkowski pointed out that this difference would affect the size of the deficit and might trigger new budget cuts.<sup>16</sup>

CDF members did not stand united on the tax issue. Ed Jenkins of Georgia, a member of the Ways and Means Committee, spoke in support of the Democratic plan and of the need for fairness. Jenkins explained that the Democratic plan provided more tax relief to people earning less than \$50,000. In his Ninth district of Georgia, most people earned less than \$20,000 a year, and the median family income amounted to less than \$16,000 a year. The winning tax bill needed fairness since many of the provisions in both bills would primarily benefit the affluent classes and not the working-class. For example, reducing the capital gains rate from 28% to 20% and reducing the tax rates on unearned income from 70% to 50% would have the most effect on the affluent. Furthermore, the Democratic plan represented the most cautious approach concerning the size of the deficit.<sup>17</sup>

Other CDF members spoke in defense of the Conable substitute. Sam Hall of Texas explained that his constituents seemed, based on the evidence, to be heavily in favor of Reagan's plan. He also stated that the House should give Reagan's economic program a chance to work.<sup>18</sup> Andy Ireland of Florida based his support for the Conable substitute by comparing it to the Democratic plan. He stated that the Conable plan

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16. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18045-18049.

17. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18054-18055.

18. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18059.

provided more benefits for small businesses than the Democratic plan provided. The Conable plan adhered to “a consistent economic philosophy” whereas the Democratic plan represented a hodgepodge of provisions designed for political purposes.<sup>19</sup>

With the conclusion of general debate, time came for the substitute amendments. Udall offered his amendment in the nature of a substitute.<sup>20</sup> He defended his substitute by faulting Reagan’s tax plan as fiscally irresponsible and by citing polls showing that people wanted a balanced budget more than a tax cut. He claimed the numbers showed 70% support for a balanced budget as opposed to 23% support for the tax cut. Therefore, Udall stressed the opportunity now available to achieve a balanced budget by passing the appropriate tax bill.<sup>21</sup>

Dave Obey of Wisconsin discussed the details of the Udall alternative; Henry Reuss of Wisconsin and he joined Udall in cosponsoring this substitute. Udall’s plan provided business tax cuts, reform of depreciation rules, and credits for research and development. It offered individual tax cuts and targeted this relief to people earning less than \$50,000, but these cuts were smaller, overall, than the amounts proposed by the Ways and Means plan and the Conable substitute. Udall’s plan did not give the breaks for the oil industry and other business/corporate breaks. Furthermore, the Udall plan would yield a \$2 billion surplus for fiscal year 1982 and a \$25 billion surplus for fiscal year 1983. Due to its projections for surpluses rather than deficits, Obey explained that the Udall plan differed significantly from its two rivals: “In short, it does not borrow money in order to

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19. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18072-18073.

20. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18151.

21. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18170-18171.

finance a tax cut.”<sup>22</sup> At approximately 3:30 p. m., the House rejected Udall’s alternative on a vote of 144 to 288.<sup>23</sup>

The House last considered the amendment in the nature of a substitute, using the text of HR 4260, offered by Conable.<sup>24</sup> He began by crediting Reagan for the context of the current tax debate and the initiation of new federal policies. This substitute would best fulfill Reagan’s vision and would “encourage people to work harder, to save more, and to invest in more productive ventures.” Conable concluded by advising that Congress should follow the message of the November 1980 elections and give Reagan’s program a chance to work.<sup>25</sup> Hance used his moment of fame to echo his cosponsor’s line of reasoning. He explained that since the people wanted to see Reagan and his economic program get a chance to work, the House should cooperate with the President.<sup>26</sup>

Democrats of all political persuasions argued against the Conable substitute strongly. John Breaux of Louisiana explained that he liked many features of the Democratic plan such as breaks for the oil and gas industry and the estate tax provisions. Hailing the Democratic plan for targeting relief to moderate- and low-income people, Breaux ridiculed

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22. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18184-18185.

23. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18188.

24. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18188.

25. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18233-18234.

26. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18248.

the supply-side theory embedded in the Conable substitute's emphasis on upper-income tax cuts:

What is the solution in the Republican package? Give the break to the wealthy people because somehow they are going to invest it for the public good. I do not think that is a logical reasoning. I do not think it makes much sense. One can trust the workingman as well as one can trust a wealthy person.<sup>27</sup>

O'Neill delivered a strongly partisan oration to conclude debate. The Speaker stated that Reagan's rejection of the compromise offers put forth by Jones and Rostenkowski prevented the federal government from working in a bipartisan manner. The Reagan plan did too little for working- and middle-class folks and gambled on unproven economic theories. Furthermore, it risked high deficits that could trigger unwanted cuts in popular expenditures such as Social Security or defense. O'Neill used one of his favorite rhetorical pleas, concern for the average American, to attract votes, "If you believe that those Americans who are hurt most by inflation--those middle American families--deserve the most tax relief, then vote against this Republican substitute."<sup>28</sup> Despite the Speaker's argument, the House approved the Conable substitute on a vote of 238 to 195. The Committee of the Whole rose, and the House passed the bill as amended on a vote of 323 to 107 at approximately 5:30 p. m. Analysis of the vote on the substitute showed that Democrat defectors played a significant role. In all, forty-eight Democrats voted for the Conable substitute. Thirty-one CDF members voted in favor while sixteen opposed.<sup>29</sup>

With the tax victory, Reagan celebrated a successful start to his presidency. On 13 August, he made his economic program's victory official by signing into law HR 3982, the Omnibus Budget Reconciliation Act of 1981, and HR 4242, the Economic Recovery Tax

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27. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18236.

28. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18260-18261.

29. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18261-18263.

Act of 1981.<sup>30</sup> The President also had the public's favor. A Gallup Poll conducted 14-17 August 1981 found that 60% of respondents approved of the way Reagan handled his job as president. Only 29% disapproved, and 11% had no opinion. The same poll also found that 53% of respondents approved of the way Reagan dealt with the nation's economy. Only 35% disapproved while 12% held no opinion.<sup>31</sup> Another Gallup Poll was also conducted 14-17 August. It discovered that 87% of respondents knew about Reagan's tax cut program. Of those who knew, 59% favored the program while only 30% opposed it.<sup>32</sup> Jim Wright summed up O'Neill's and his losses to Reagan with this statement: "But the popular old thespian showed us things we'd never dreamed about passing laws. To put it bluntly, we two old pros got rolled."<sup>33</sup>

Reagan had beaten the Democratic Leadership in a fair political fight, but some voices protested against the entire general direction of 1981's budget and tax battles. Tom Daschle of South Dakota had injected a dose of common sense into the whole tax bill debate during general debate on 29 July. He argued that both the Ways and Means bill and the Conable substitute were phony tax cuts. As long as the federal budget remained unbalanced, tax cuts would not produce permanent tax relief. Deficit spending and its

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30. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 706-713.

31. Gallup, *Gallup Poll 1981*, 190-200.

32. Gallup, *Gallup Poll 1981*, 202-204.

33. Wright, *Balance of Power*, 342.

accompanying by-products, inflation and high-interest rates, would eat up the benefits of the cuts in tax rates. Daschle left the nation an ominous prediction:

In time, this latest tax reduction, like the tax reductions before it, will disappear completely. It will be entirely canceled by the entirely predictable consequences of habitual deficit spending.<sup>34</sup>

The tax fight contained much of the same meaning contained by the budget fight but also an extra symbolic quality. Once again, the conservative Democrats were absolutely critical to Reagan's success in advancing an innovative plan that challenged the status quo and promised solutions. The Democrats proposed a large tax cut as well but failed to win the purely political contests needed to implement an agenda. With the tax bill's passage, Reagan's economic program became a reality. Now, he would be held responsible for the government's policies and the public's welfare.

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34. Congress, House, 97th Cong., 1st sess., *Congressional Record* 127, pt. 14 (29 July 1981): 18060-18061.

## CHAPTER 4 DEMOCRATIC REBUILDING

In addition to the legislative battles of 1981, the Democrats also faced other challenges. Tip O'Neill carried the burden of leadership and thereby became a lightning rod for criticism. Amidst these problems, the Caucus strove to unite House Democrats and to mend the rift with the conservatives, but this campaign faced a universal dilemma for political parties. How much authority or right does a political party have to control its members' actions and votes for the purpose of advancing its agenda? The Democrats found the solution to managing, but not fully resolving, the dilemma at a September Caucus meeting.

O'Neill believed that antipathy towards him among the general population increased in 1981, and death threats against him rose. Some Democrats claimed that he was unfit for the Speakership, and others called for his resignation.<sup>1</sup> The Speaker felt that much of the media simply jumped on the Reagan bandwagon after the 1980 elections. Replacing their previous cynicism with optimism, they claimed that Reagan received a mandate from the elections, that the New Deal system faced its end, and that the public wanted significant reductions in social programs.<sup>2</sup>

O'Neill considered an 18 May 1981 *Time* article to epitomize the "low point" of the media's opposition to him.<sup>3</sup> Entitled "Tip O'Neill on the Ropes," the article, filled mostly with opinion, expressed a generalized pro-Reagan and anti-O'Neill tone. A quote by Wisconsin Democrat Les Aspin characterizing O'Neill as ineffective and clueless began the article, and the piece closed with a pessimistic view of his future: "But the hold is loosening now, and it looks very much as if the job Tip O'Neill has worked a lifetime for is offering challenges he cannot meet." Even someone who did not read the article could still identify the article's message. The brief one-line abstract read, "The failed strategy of an out-of-

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1. O'Neill, *Man of the House*, 350-351.

2. O'Neill, *Man of the House*, 339-340.

3. O'Neill, *Man of the House*, 350.



touch leader,” and the caption for the Speaker’s picture read, “Too proud to quit, great old politicians just can’t let go.”<sup>4</sup>

In addition to the CDF, O’Neill faced other challenges to his authority from within the Democratic Party. A group of disgruntled Democrats led by Dave McCurdy floated the idea of supporting someone for Speaker against O’Neill in 1982. They envisioned Richard Gephardt as their candidate, but Gephardt assured O’Neill that he was not a member of the cabal. O’Neill saw the threat as a public relations ploy by McCurdy to improve his prestige among his fellow Oklahomans.<sup>5</sup> This particular rebellion must have been short-lived; no mention of it appeared in the major periodicals.

Unfortunately for O’Neill, the Republicans also targeted him. They made the Speaker a campaign issue and argued that he personified New Deal liberalism and its shortcomings. In the 1980 campaign, some television commercials featured an actor, resembling O’Neill, happily riding in an automobile very low on fuel. People believed the ad was effective in souring people on the Democrats. In a special House election in Mississippi in July 1981, Republican candidate Liles Williams made O’Neill an issue and tried to connect him to Democratic candidate Wayne Dowdy in television ads and fliers, but Dowdy and O’Neill had never met. Dowdy won.<sup>6</sup>

A photocopy of a letter from Republican Representative Newt Gingrich of Georgia to a Paul Weyrich of the Committee for the Survival of a Free Congress provided an example of O’Neill, the man, being made into a political issue. Dated 18 December 1980, Gingrich wrote that something called a “coalition project” had scored recent victories that involved attacking and weakening O’Neill. As an example, Gingrich cited, “a shadow whip system that will whip conservative Democrats throughout the session.” Gingrich stated: “We have set the stage for driving home the point that liberals are in command of the House, and we have personalized that command in O’Neill. We have made our future attacks on O’Neill credible.” He also added that for the future it was needed to:

4. Robert Ajemian, “Tip O’Neill on the Ropes,” *Time*, 18 May 1981, 17.

5. O’Neill, *Man of the House*, 350.

6. “The Campaign Against Tip O’Neill,” *Congressional Quarterly Weekly Report*, 25 July 1981, 1367.

“Communicate that O’Neill can be removed at any time in the 97th Congress. Our people and the conservative Democrats must not think that the fight is over after the vote on January 5.”<sup>7</sup>

The most outrageous anti-O’Neill effort came from New York Republican Representative John LeBoutillier. O’Neill viewed him as the most extreme member of a group of ultraconservative Republicans. Ruthless in their attacks and political style, he saw them as “real weirdos.” O’Neill had never encountered LeBoutillier in the House, but the young Republican aided a national drive to oppose and remove O’Neill, the Repeal O’Neill campaign.<sup>8</sup>

A Repeal O’Neill flier and letter revealed some details about the effort. Listing LeBoutillier as the National Chairman of the effort, the letter stated that he adamantly opposed the Speaker and helped launch a national drive to “REPEAL O’NEILL.” The repeal aimed to replace O’Neill as Speaker with a conservative supportive of Reagan. The letter told readers, “It’s going to take money--your money--and lots of it.” The letter asked readers to make checks payable to the Fund for a Conservative Majority, and the money would aid candidates similar to LeBoutillier. A contribution of \$25 or more would entitle the donor to a button and a bumper sticker.<sup>9</sup>

LeBoutillier seemed to enjoy his role as instigator. On 11 July 1981, he delivered a speech to the Young Republican National Federation convention in Niagara Falls featuring rabid criticism of O’Neill. He began his speech by affixing a “Repeal O’Neill” bumper sticker to the podium. Later, LeBoutillier said O’Neill was “big, fat and out of control--just like the federal government.”<sup>10</sup> In September 1982, LeBoutillier traveled to the Speaker’s home district to promote his campaign but found little enthusiasm. His \$1,000 per person

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7. Gingrich to Weyrich, 18 December 1980, Folder: Kirk O’Donnell Files Newt Gingrich, 1982-1985, Box 1, Staff Files Kirk O’Donnell Files, O’Neill Papers.

8. O’Neill, *Man of the House*, 352-353.

9. Repeal O’Neill flier from LeBoutillier, Folder: KOD: Inter-Party Politics 1981-1985, Box 13, Staff Files Kirk O’Donnell Files, O’Neill Papers.

10. “Youngest House Member Lodges Attack on O’Neill,” *Washington Post*, 12 July 1981, A9.

breakfast attracted only six people, but he encountered many O'Neill supporters.<sup>11</sup> O'Neill recollected that LeBoutillier's audience in this visit consisted of twenty members of the media and people protesting against the *New Yorker*.<sup>12</sup>

While O'Neill absorbed much of the negative feelings directed against the Democrats, Gillis Long acted as peacemaker and publicist for the Party with an activist Caucus program. Jim Wright recalled that the Long-O'Neill relationship had a degree of tension and rivalry. Long did not always confer with O'Neill concerning his management of Caucus matters, and O'Neill did not like some of the things about Long's Caucus program.<sup>13</sup> At one point, Wright talked about the specifics of this tension. He stated that O'Neill never attended a meeting of the Caucus Committee on Party Effectiveness. Wright sometimes attended in order to "protect my flanks" as he explained. He felt that some members of the group were trying to use it to undercut the Leadership, and attending the meetings gave him a better idea of such members actions and intentions.<sup>14</sup>

Al From also recalled this issue. He thought that O'Neill and Wright viewed Long and his activist Caucus program with a degree of suspicion because of the possibility he could establish a rival center of power in the House. O'Neill's suspicions declined during the years of Long's Chairmanship because he started to see the benefits of Long's efforts. O'Neill asked Dick Bolling of Missouri, Chairman of the Rules Committee, to watch over Long and his Caucus associates, based on suspicion, before he changed his mind about Long and his program. On the other hand, From suspected that Wright must have been concerned all along because of the possibility that Long might could challenge him for

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11. Phil Gailey and Warren Weaver Jr., "'Repeal O'Neill' Trouble," *New York Times*, 14 September 1982, A24.

12. O'Neill, *Man of the House*, 352-353.

13. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

14. Jim Wright, interview by Sinclair, transcript, 2 August 1988, Oral History, Jim Wright 1988, Property of Jim Wright.

Speaker after O'Neill retired. Nonetheless, From emphasized that Wright did not give any indication of this concern.<sup>15</sup>

From discussed the strategy for the Caucus program. Long and his Caucus associates tried to execute the Caucus program in venues outside the normal work of the House in order to avoid direct conflict with established House leaders. They did not try to influence roll call votes or the drafting of legislation. They would not have been successful if they had tried. They did not hold established power positions in the House. Long became the unofficial leader for a lot of the younger House Democrats.<sup>16</sup>

Long implemented his program in a variety of ways, and archives reveal some of the behind-the-scenes activities. An internal Caucus memorandum provided information on the operation of the full Caucus in the first half of 1981. The Democrats held Caucus meetings on the budget, Social Security, reconciliation, and tax proposals, and some Democrats had requested Caucus meetings. For example, O'Neill and the committee chairs requested a Caucus meeting on reconciliation. The Chairman of the Social Security Subcommittee asked for another Caucus concerning Social Security in the future. O'Neill asked the Caucus to create a panel to serve as an economic media task force. Chaired by Richard Gephardt, it met once a week to organize media strategy for Democrats on the economy.<sup>17</sup>

An 18 May 1981 memorandum from Al From to Gillis Long revealed the regular operations of the Caucus Committee. From wrote that they should have three goals for the meeting scheduled for 18 May. First, they needed to reduce tension stemming from the divisive vote on the budget. Second, the members present should try to reach a consensus on the strategy for reconciliation. If a consensus emerged, the members needed to try to help duplicate it at the next Caucus meeting. Finally, they should get

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15. Al From, interview by Karl Gerard Brandt, 16 May 2003.

16. Al From, interview by Karl Gerard Brandt, 16 May 2003.

17. From to Long, 10 June 1981, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Memorandums (4 of 5) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants' Files Series Box 1 of 4, Long Papers.

feedback from Caucus Committee members on Timothy Wirth's idea for another issues conference sometime in the summer. From prepared an agenda for Long based on their earlier conversation: opening statement by Long; presentation on reconciliation by Jim Jones, Leon Panetta of California, Dick Bolling, and Richard Gephardt; discussion of reconciliation strategy; and discussion of long-term projects by Long and Wirth. From also recommended that Long discuss the idea of authorizing task forces to craft position papers on key issues such as economic development and housing for use by Democrats.<sup>18</sup>

Long also communicated with many of his Caucus Committee members and other Democrats in smaller groups as revealed in a memo from From to Long dated 22 September 1981. From wrote that Long had two groups with whom he sometimes joined for lunch in addition to the meetings of the Caucus Committee. The Insider's Group consisted of Gephardt, Wirth, Tony Coelho of California, Geraldine Ferraro of New York, Matthew McHugh, Charles Rangel of New York, Robert Edgar of Pennsylvania, Leon Panetta of California, Mike Synar of Oklahoma, and Howard Wolpe of Michigan. From rated this group as "very useful" and felt that Long should continue these gatherings. The second group started a few days before 22 September, and From wrote that they should continue parleying with them. The group included the leaders of various House caucuses such as Michigan's Bill Brodhead of DSG, Stenholm of CDF, Robert Edgar of the Northeast-Midwest Coalition, District of Columbia Delegate Walter Fauntroy of CBC, Oklahoma's Wes Watkins of the Rural Caucus, Colorado's Pat Schroeder of the Women's Caucus, Tennessee's Marilyn Bouquard of United Democrats, and Jones of Democratic Research Group. From suggested meeting with this group every three or four weeks.<sup>19</sup>

A 10 July 1981 memorandum to Long from From revealed some of the details of one of Long's groups. Labeled as "Our Inner Circle," this group seemed to have been

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18. From to Long, 18 May 1981, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Comm. On Party Effectiveness 1981-1982, House Office Files Administrative Assistants' Files Patti Tyson Budget--Democratic Caucus 1976-1983 Box 11 of 14, Long Papers.

19. From to Long, 22 September 1981, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Memorandums (3 of 5) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants' Files Series Box 1 of 4, Long Papers.

the Insider's Group discussed in the previous paragraph. From wrote that Gephardt, Coelho, Ferraro, McHugh, Synar, Edgar, Panetta, Wolpe, and perhaps Rangel would attend the lunch meeting on 10 July. Wirth was not in town. From recommended that Long should raise for discussion three topics based on their conversation the previous night. Long needed to solicit opinions on the idea of disciplining the defecting Democrats from the budget fight. He should suggest postponing a Caucus meeting on discipline until September. Perhaps the Party could persuade some of the budget renegades to offer a unity resolution in the Caucus on the tax bill. Also, Long ought to elaborate on present and future Caucus activities.<sup>20</sup>

Long worked to keep the conservatives within the Democratic Party. Stenholm credited Long with forcing the Party, through his Caucus program, to improve communication among the House Democrats. Long understood very well that the Democrats constituted an "umbrella party." Members could not always follow the party line for fear of losing their constituents' votes. He sometimes spoke in defense of conservative Democrats as part of his effort to awaken House Democratic leaders to the implications of having a truly diverse party.<sup>21</sup> A specific example of Long's inclusive style is seen in a 2 October 1981 memo discussing a lunch meeting with "assorted moderate Boll Weevils." The topics for the meeting included improving relations between the Democratic Party and the conservatives and strengthening the moderate wing of the Party. Boll Weevils W. G. "Bill" Hefner of North Carolina, Watkins, Ed Jenkins of Georgia, Ronnie Flippo of Alabama, and Dave McCurdy of Oklahoma would attend in addition to Coelho and Wirth.<sup>22</sup>

Long's Caucus program had a public facet as well that sought to define Democratic positions and to mold the public image of the Party. The "Statement of Democratic

20. From to Long, 10 July 1981, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Memorandums (3 of 5) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants' Files Series Box 1 of 4, Long Papers.

21. Charles W. Stenholm, interview by Karl Gerard Brandt, 11 June 2002.

22. From to Long, 2 October 1981, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Memorandums (2 of 5) 1981-1982, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistant's Files Series Box 1 of 4, Long Papers.

Economic Principles” drafted by the Caucus Committee on Party Effectiveness was a part of this public facet. The DSPC approved the document on 7 April 1981, and the Caucus gave its endorsement on 8 April before its presentation to the public. Gephardt served as acting chairman of the Caucus Committee for a while, and Long was still recovering from heart surgery in early April.<sup>23</sup> The piece had definite political/partisan overtones as seen in its early declaration that the Democratic Party for a half-century had promoted economic growth, improved the standard of living, and fought discrimination. The “Statement” rebutted Reagan’s anti-government rhetoric by affirming the importance of the federal government. Government was “a necessary instrument for achieving vital public goals.” The “Statement” labeled as a “myth” the notion that, “any government involvement is always a problem, and that the market will always allocate resources fairly and efficiently.”<sup>24</sup>

The “Statement” included several policy recommendations. House Democrats pledged to bring fiscal responsibility to the government and to make government regulations more effective while caring for society’s needy people. On the topic of tax relief, the Democrats advocated a progressive tax system designed to benefit the middle-class with genuine tax reforms. The tax system should aid small and mid-sized businesses, promote savings, and foster research and development.<sup>25</sup> The “Statement” attacked Reagan’s tax cut plan as being designed for the wealthy, inflationary, and likely to cause huge deficits. On the other hand, the Democrats would not support fiscal policies that favored the wealthy at the expense of the middle- and working-classes. The “Statement” argued that, “Tax cuts should be co-ordinated with spending cuts so as not to increase the

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23. Press Release from the Democratic Caucus, 8 April 1981, Folder: Admin. Asst’s. Files: Tyson, Patti Democratic Caucus--Committee on Party Effectiveness (2 of 2) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants’ Files, Long Papers.

24. “Statement of Democratic Economic Principles”, 8 April 1981, Folder: Admin. Asst’s. Files: Tyson, Patti Democratic Caucus--Committee on Party Effectiveness (2 of 2) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants’ Files Series Box 1 of 4, Long Papers.

25. “Statement of Democratic Economic Principles”, 8 April 1981, Folder: Admin. Asst’s. Files: Tyson, Patti Democratic Caucus--Committee on Party Effectiveness (2 of 2) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants’ Files Series Box 1 of 4, Long Papers.

deficit.”<sup>26</sup> The “Statement” argued that overcoming the structural weaknesses of the U. S. economy required a forward-looking comprehensive economic plan. The nation needed to emphasize technological development and to attain a better energy policy, and the “Statement” specifically called for reducing America’s dependence on foreign energy. Both labor and management, with the assistance of the government, needed to cooperate to improve the competitiveness of the U. S. economy. Society needed to stress investment in human capital through education, job training, and health programs. Recognizing obvious problems, the “Statement” called for reducing interest rates and finding a better approach to combating inflation.<sup>27</sup>

The “Statement” merits brief analysis. Admittedly, it lacked details, and the proposals in the work were not fully-crafted pieces of legislation. The language was sufficiently vague so as to allow broad and diverse interpretations concerning the methods and the timetable for achieving goals. The “Statement” did not specify how or when the U. S. would achieve energy independence. As seen in its concern over inflation, the “Statement” was not alone or original in some of its positions.

An evaluation of the “Statement” must take into account its context. As for the lack of detail, the “Statement” was only six pages long. If the government acted on the proposals, specific Congressional committees and executive branch agencies would ultimately be responsible for designing the necessary legislation and procedures. The seemingly vague language reflected the diverse group of Democrats that drafted the “Statement.” At a time when the Party faced internal problems, achieving consensus on anything, even broad principles, stood as a significant achievement. Despite its limitations, the “Statement”

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26. “Statement of Democratic Economic Principles”, 8 April 1981, Folder: Admin. Asst’s. Files: Tyson, Patti Democratic Caucus--Committee on Party Effectiveness (2 of 2) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants’ Files Series Box 1 of 4, Long Papers.

27. “Statement of Democratic Economic Principles”, 8 April 1981, Folder: Admin. Asst’s. Files: Tyson, Patti Democratic Caucus--Committee on Party Effectiveness (2 of 2) 1981, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983), Series: Administrative Assistants’ Files Series Box 1 of 4, Long Papers.



identified some worthy and neglected goals such as reducing dependence on foreign energy.

The subject of party discipline captured the attention of the Democrats. Wright recalled that O'Neill and he discussed the possibility of imposing some sort of sanction or discipline on rebellious members. They chose not to rely on harsh punishment and an ex post facto rule. They had other plans.<sup>28</sup> The discipline issue led to Long's letter of 31 July 1981 announcing that the Caucus would meet on 16 September 1981. Billed as a "harmony Caucus," the gathering would feature a discussion on Democratic prospects for the future.<sup>29</sup>

Long delivered an introductory speech setting the focus for the Caucus session of 16 September. He explained that after the vote on the reconciliation bill, some people called for punishing Democrats who voted against the party line. These calls convinced him to hold a Caucus meeting on party discipline, and later, he received a petition with over fifty signatures requesting a Caucus meeting. Long said he had spoken with many members about the discipline issue. He opposed the idea of the Party and/or Leadership binding members to vote a certain way on substantive issues. Long focused on the "reasonable political conduct" expected of a person receiving the benefits of membership in a political

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28. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

29. Long to Democratic Colleague, 31 July 1981, Folder: Democratic Caucus (This folder is one of three with same title), Box 3-26 of 42, Wright Papers.

party. Admitting that the idea proved difficult to define, Long used an analogy mirroring Phil Gramm's betrayal:

If it can be substantiated that a Member listens in our strategy sessions and then is an active participant in the strategy sessions of the political opposition, is that reasonable political conduct that deserves rewards in our Caucus?

I personally think it is not. What football team would reward a player who listens in on his own team's offensive huddle and then runs straight to the opponent's huddle to plan defensive strategy with them?<sup>30</sup>

Many members spoke during the session, but a few speeches revealed the general opinions of the Caucus. One segment of the Caucus expressed outrage at the pro-Reagan stance of many of the conservatives and hinted at imposing stricter party discipline. Ted Weiss of New York gave the most extreme statement of this genre by advocating the removal of Gramm and Hance from the Budget Committee and the Ways and Means Committee, respectively. Although he defended members' rights to vote as they please, Weiss explained that the pair's broken promises concerning party loyalty offended him most.<sup>31</sup>

Peter Peyser of New York gave an equally harsh speech. His concern focused on members' actions rather than their votes since he believed in the freedom to vote as one chooses. Although not citing specific individuals or the CDF by name, Peyser explained that the active role of some Democrats in opposing the Party offended him most of all. Peyser concluded by asking such members to avoid taking the lead in supporting Reagan and to publicize their pro-Reagan stances less prominently.<sup>32</sup>

Bill Brodhead of Michigan gave a speech expressing both anger at defectors and more constructive thoughts on fostering greater discipline. Despite accepting members' rights to vote as they choose, he had harsh words for some conservatives and argued that

30. Caucus Minutes, 16 September 1981, p. 4-12, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7, 21 November 18/December 15 1981, Box 185, Foley Papers.

31. Caucus Minutes, 16 September 1981, p. 57-59, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7, 21 November 18/December 15 1981, Box 185, Foley Papers.

32. Caucus Minutes, 16 September 1981, p. 54-56, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7, 21 November 18/December 15 1981, Box 185, Foley Papers.

membership in the Party and its accompanying privileges carried obligations. One should not vehemently oppose the Party as some conservatives have done. He accused the unnamed conservatives of low motives: "You have betrayed and sold us out. I do not care whether it is for a set of cufflinks or a project in your district." As for the future, Brodhead advocated creating a system in which members' voting records on important votes would serve as a factor in awarding committee assignments and leadership posts. He apparently opposed truly harsh punishment for conservative dissidents with his acknowledgement that the conservatives, by being Democrats, helped maintain Democratic control of the House.<sup>33</sup>

Toby Moffett of Connecticut delivered a more elaborate analysis of the party discipline issue. He explained that he had no quarrel with Democrats possessing party unity ratings of 40% or 50% due to their convictions and their constituents. Liberals, he added, had high party unity ratings. Democrats possessing low party unity ratings of 10% or 20% troubled him. He wondered why they remained as Democrats. Moffett closed by scolding members who reveled in their publicized meetings with Reagan, instead of merely conducting the meetings in a low-key manner.<sup>34</sup>

Ronnie Flippo of Alabama provided the opposing argument to the viewpoint of members such as Weiss, Peyser, Brodhead, and Moffett. He endorsed the Long position of allowing members to vote as they wished without discipline. Highlighting the difficulty of party discipline, Flippo discussed some of Moffett's actions during the Carter Era. Moffett fought strongly to implement wage and price controls when the deregulation of natural gas

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33. Caucus Minutes, 16 September 1981, p. 99-101, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7, 21 November 18/December 15 1981, Box 185, Foley Papers.

34. Caucus Minutes, 16 September 1981, p. 14-18, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7, 21 November 18/December 15 1981, Box 185, Foley Papers.

became a controversial issue. The Carter administration rejected wage and price controls and proceeded with deregulation of natural gas.<sup>35</sup>

Ultimately, the Democratic Leadership adopted a moderate policy on party discipline. O'Neill addressed the Caucus with a speech that included both pep talk qualities and a policy stand. He reminded his audience of the great accomplishments of the Democratic Party in the past such as helping to build and to expand the middle-class. O'Neill attacked Reagan's policies and stated with confidence that the Democrats would win elections in the future in spite of the problems of 1981. The Speaker gave his opinion on the discipline issue by citing an experience from his own career. In the late 1960s, O'Neill started to disagree with Lyndon Johnson's policy on Vietnam and took steps to oppose/end the war. He explained that his actions violated the official party line:

I was a Democratic Party regular. I offered a resolution on this floor and came out against the war. That was dissent. I did it in my heart because I thought I was right. I was called to the White House by Johnson, and believe me, he read my ass off. He said, "I didn't expect it from you, Tip."<sup>36</sup>

With this statement from O'Neill, it became clear that the Democrats would continue allowing members great freedom as legislators.

Jim Wright presented a four-part system that clarified O'Neill's moderate discipline position and added a mechanism to contain Gramm-style defections. First, Wright called for amnesty for all past actions and votes. Second, the Party would make a distinction between rewards and punishments in the future. No member had a right to a committee chairmanship or a seat on one of the four leadership committees (Ways and Means, Appropriations, Rules, and Budget). Rather, these positions were rewards given by the Caucus that carried responsibilities. Wright warned members that: "Don't expect your colleagues to reward you if you are not willing to assume the responsibilities that go with those plums." Third, the DSPC would designate certain votes as key votes and use members' positions on these votes as a factor in awarding seats on the four leadership

35. Caucus Minutes, 16 September 1981, p. 18-20, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7,21 November 18/December 15 1981, Box 185, Foley Papers.

36. Caucus Minutes, 16 September 1981, p. 80-90, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7,21 November 18/December 15 1981, Box 185, Foley Papers.

committees. Finally, Wright added that a difference existed, “between the occasional aberration and consistent, steady record of defection and conniving with the opposition.”<sup>37</sup>

Wright also had comments about the recent tough times for the Democrats. He claimed that at this point in 1981 they had experienced their highest rate of voting together that they had had since 1975. The problem had been that the usual twenty to thirty Republican dissidents had not been voting with the Democrats as they had in previous years.<sup>38</sup>

The Caucus had a resolution to consider in addition to the discipline question. Wes Watkins and Bill Brodhead offered a resolution calling for the Caucus to formulate and advance policies on issues such as housing, crime, economic growth, the environment, and any other topics selected by the Caucus.<sup>39</sup> Long had earlier made a strong case for the resolution by identifying the main tasks for Democrats as preparing for the 1982 elections and maintaining control of the House. Long lamented that members did not know one another as well as they used to know one another. The electronic voting machine increased the speed of the legislative process and thereby eliminated waiting periods during which members conversed with one another. Long portrayed this lack of familiarity in stark terms: “A lot of us don’t even know other Members’ names and know nothing about them at all,

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37. Caucus Minutes, 16 September 1981, p. 72-77, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7,21 November 18/December 15 1981, Box 185, Foley Papers.

38. Caucus Minutes, 16 September 1981, p. 72-77, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7,21 November 18/December 15 1981, Box 185, Foley Papers.

39. Caucus Minutes, 16 September 1981, p. 94-98, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7,21 November 18/December 15 1981, Box 185, Foley Papers.

and we don't communicate with them." The creation of policy statements would facilitate cooperation among Democrats.<sup>40</sup> The Caucus ended by passing the resolution.<sup>41</sup>

In response to their great problems of 1981, the Democrats sought conciliatory rather than punitive solutions. The Harmony Caucus of 16 September showed that the Leadership wanted a moderate policy on party discipline that would keep as many representatives as possible within the Democratic tent. By allowing the conservatives a place in the Party, the opportunity to make political deals with them was also alive. Although the conservatives posed the problem in 1981, the situation could be altered with liberals, economic nationalists, or some regional faction actively opposing the Party given the right circumstances. Long's activist Caucus program promoted communication among Democrats and thereby helped maintain the links between members, particularly conservatives, and the Party.

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40. Caucus Minutes, 16 September 1981, p. 9-12, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7,21 November 18/December 15 1981, Box 185, Foley Papers.

41. Caucus Minutes, 16 September 1981, p. 102, Folder: Foley Papers Democratic Caucus Minutes--September 16/October 7,21 November 18/December 15 1981, Box 185, Foley Papers.

## CHAPTER 5 NEW OPPORTUNITIES

In the second half of 1981 and in 1982, the Democrats found political opportunities in the difficulties of the Reagan administration. Social Security became a recurring source of tension, and economic woes and scandal put the administration on the defensive. Amidst these concerns, creating the fiscal year 1983 budget challenged both Democrats and Republicans in a political landscape already altered from 1981. Jim Wright noted the difference: “Alarmed by the state of the economy and aided by slowly growing public awareness, the Democratic House began in 1982 to patch together its tattered unity and reassert its strength.”<sup>1</sup>

The battle over Social Security emerged as one of the few bright spots for the Democrats in 1981. On 12 May 1981, Reagan proposed a plan to reduce Social Security outlays as a way to preserve the system’s solvency. The reductions would amount to approximately \$9 billion in fiscal year 1982. By 1986, annual savings would reach \$24 billion, and the cumulative savings would total \$82 billion. The plan would achieve these savings through three salient changes. Reagan proposed reducing the replacement ratios planned for future retirees from 41% to 38% for the average worker. For people retiring at age 62 in the future, their benefit would be reduced from 80% of the amount they would receive if they retired at age 65 to only 55% of the amount they would receive if they retired at age 65. The spouses’ benefit would be reduced from 40% to 27.5%. Also, the plan would tighten the rules on qualifying for disability benefits.<sup>2</sup>

The Democrats quickly responded. A press release issued by the Democratic Caucus announced that the Caucus unanimously passed a resolution on 20 May 1981 stating the Democrats’ opposition to Reagan’s proposal concerning retirement at age 62. The resolution concluded by proclaiming that, “We will support reasonable and fair actions

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1. Wright, *Balance of Power*, 371.

2. Spencer Rich, “Reagan Proposes 10% Cut in Social Security Costs: Recipients Would Lose \$24 Billion a Year,” *Washington Post*, 13 May 1981, A1, A4.

to protect the solvency of the Social Security System, but we will not destroy the program or a generation of retirees in the process.”<sup>3</sup>

Time passed, and the Social Security issue became more heated through the elimination of the minimum benefit. The House reversed itself and passed a bill on 31 July to restore the benefit for all current and future recipients, HR 4331. The Senate voted for restoration on 15 October but only allowed the restoration for current recipients living in the U. S. and not possessing government pensions in excess of \$300 per month. As finally formulated in the conference report completed in December, HR 4331 restored the minimum monthly Social Security benefit of \$122 for all current beneficiaries and anyone eligible for the benefit as of 1 January 1982. The bill also eliminated the benefit for people becoming eligible for Social Security after 31 December. One provision in the bill allowed members of religious orders to become eligible for the minimum benefit until 31 December 1991. The conference agreement had strong support in both houses. The House passed it on a vote of 412 to 10, and the Senate gave its approval on a vote of 96 to 0.<sup>4</sup>

While Congress worked on the Social Security legislation, Reagan backpedaled. He delivered a speech from the Oval Office carried live on television and radio on 24 September concerning economic matters and Social Security. The President called for restoring the minimum benefit for current beneficiaries possessing low incomes. As for his other proposals on the Social Security system, he withdrew them from consideration. They had not received the interest that they required in order to initiate reform of the system. He blamed the House Democrats for destroying his reform initiative: “But, the majority leadership in the House of Representatives has refused to join in any such cooperative effort.” Finally, Reagan called for O’Neill and Senate Majority Leader Howard Baker to join him in creating a Social Security task force to examine the system’s status and to make

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3. Press Release from the Democratic Caucus, 20 May 1981, Folder: Democratic Caucus (This folder is one of three with same title), Box 3-26 of 42, Wright Papers.

4. Pamela Fessler, “Congress Clears Interim Social Security Bill,” *Congressional Quarterly Weekly Report*, 19 December 1981, 2503-2504.



recommendations. Each leader would appoint five members.<sup>5</sup> On 29 December, Reagan signed HR 4331 into law, restoring the minimum benefit.<sup>6</sup>

The U. S. economy experienced another downturn in the fall of 1981. For the month of September, the Joint Economic Committee of the Congress noted problems as announced in *Economic Indicators*. Revised estimates for the second quarter of 1981 stated that real output (Gross National Product adjusted for price changes) declined by 1.6% from the first quarter level.<sup>7</sup> In August, the seasonally adjusted unemployment rate rose to 7.2% from 7.0% in July.<sup>8</sup> Stocks declined in September with the Dow-Jones industrial average finishing at 853.38. The Dow had been on the decline since the end of June and on a general downward trend since the end of April.<sup>9</sup>

Other signs of worry emerged. The Commerce Department announced that the composite index of leading economic indicators dropped 2.7% in September after having a .5% drop in August. Eight of the ten indicators declined. Authorities on the economy reached a general consensus that a recession was beginning, and even the Reagan administration admitted the onset of a recession.<sup>10</sup> Public confidence in the economy also seemed to decline. A Gallup Poll conducted 13-16 November found that 48% of respondents disapproved of Reagan's management of economic matters. Only 43%

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5. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 831-836.

6. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 1204-1205.

7. Congress, Joint Economic Committee, *Economic Indicators September 1981* (Washington, D. C.: Government Printing Office, 1981), 1.

8. Congress, Joint Economic Committee, *Economic Indicators September 1981*, 12.

9. Congress, Joint Economic Committee, *Economic Indicators September 1981*, 31.

10. Laurie McGinley, "Leading Index Dropped 2.7% in September," *Wall Street Journal*, 30 October 1981, 3.

approved, and 9% had no opinion. Still, Reagan's overall approval and disapproval ratings stood at 51% and 39%, respectively.<sup>11</sup>

The administration suffered in other ways. On 6 November at a Republican fundraising event, the President backtracked on the goal of a balanced budget by 1984. Explaining that a balanced budget did not represent "an end in itself," Reagan conceded that, "Maybe it'll take a little longer than we'd planned, but we're not retreating 1 inch."<sup>12</sup> In December, information concerning deficit numbers, intended for administration use only, managed to reach the media. The information projected the deficit for 1982 to actually reach \$109 billion. Projections estimated deficits for 1983 and 1984 to stand at \$152 billion and \$162 billion, respectively.<sup>13</sup>

The Reagan administration experienced an embarrassing jolt through the December issue of the *Atlantic*. That issue featured an article based on conversations held between David Stockman and journalist William Greider over a period of months.<sup>14</sup> According to the piece, Stockman explained that in early January 1981 his staff and he ran projections of Reagan's economic program on the federal finances and the U. S. economy. The OMB computer predicted that the economic program would produce tremendous deficits: \$82 billion in 1982 and possibly \$116 billion in 1984. Reagan's proposed tax cuts and military buildup were the reasons for the bad forecasts, but Stockman feared revealing the truth to the nation would produce worrying and more economic problems. So, Stockman used different economic assumptions concerning economic matters, such as inflation and rate of economic growth, predicated on a more robust economic climate.<sup>15</sup> The shenanigans

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11. Gallup, *Gallup Poll 1981*, 266-267.

12. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1982), Ronald Reagan, 1981, 1020-1022.

13. John M. Berry, "82 Deficit Jumps To \$109 Billion in Reagan Estimates," *Washington Post*, 8 December 1981, A1, A5.

14. William Greider, "The Education of David Stockman," *Atlantic*, December 1981, 27-54.

15. Greider, "Education of Stockman," 32.

continued. Stockman felt that Gramm-Latta I projected an unrealistically low deficit: "Gramm felt he couldn't win on the floor unless they had a lower deficit, closer to Jones's deficit, so they got it down to \$31 billion by hook or by crook, mostly the latter."<sup>16</sup> At one point, Stockman confessed that the main players in the 1981 budget battles, including himself, did not fully understand the budget numbers; questionable numbers and methods were prevalent. He told Greider that, "None of us really understands what's going on with all these numbers," and added that, "People are getting from A to B and it's not clear how they are getting there."<sup>17</sup>

Once again, Reagan used his presidential prominence to set the agenda as seen in his 26 January 1982 State of the Union address. Reagan argued that current economic problems stemmed from the federal government's past policies of tax-and-spend rather than his own economic program. Concerning the growing deficit problem, Reagan explained that the larger-than-anticipated deficit resulted from the recession. His intellectual position on economic forecasts stood on a very simple notion: "There are too many imponderables for anyone to predict deficits or surpluses several years ahead with any degree of accuracy." His policies, the President claimed, would lead to substantial deficit reduction and the eventual elimination of the deficit. As for taxes, Reagan rejected the idea of using tax increases for deficit reduction: "I will seek no tax increases this year, and I have no intention of retreating from our basic program of tax relief."<sup>18</sup>

On 6 February, the Reagan administration issued its budget plan for fiscal year 1983. The plan called for \$757.6 billion in expenditures, \$666.1 billion in revenues, and a \$91.5 billion deficit. Except for defense, Social Security, Medicare, Medicaid, and debt service, all other categories of federal spending would decrease by 16.5% before being adjusted for inflation. Medicare and Medicaid would also be cut a little, and Reagan called for user fees and some tax increases. In this proposal, defense, Social

16. Greider, "Education of Stockman," 43-44.

17. Greider, "Education of Stockman," 38.

18. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1983), Ronald Reagan, 1982 Book I, 72-79.

Security, Medicare, Medicaid, and debt service would amount to 74.4% of the total budget.<sup>19</sup>

Congress did not find Reagan's proposal comforting. Shortly after its release, many Democrats and Republicans announced that the plan was grossly inadequate.<sup>20</sup> Senate Republicans also agreed with Reagan's call for tax increases, and Rostenkowski indicated a willingness to raise taxes as part of a joint effort with Reagan and the Senate Republicans.<sup>21</sup> As of 3 March, the budget process was at an impasse. Senate Republicans worked on a rival budget, but Reagan had issued generalized criticisms at anyone working on budget alternatives. Reagan wanted more tax cuts and military spending than Congress believed was feasible, and both Democrats and Republicans had been offended by Reagan's generalized criticisms.<sup>22</sup>

In a 17 March 1982 Caucus, Jim Wright outlined strategy and some politically shrewd stances. He explained that the Democrats must avoid taking the lead and offering a plan identified as a Democratic plan. Reagan would focus his attack on any such plan and accuse them of trying to raise taxes and govern as big spenders. Instead, they needed to advocate eliminating the extravagant tax breaks for corporations in the 1981 tax bill and to emphasize that they did not advocate a tax increase. Democrats should stress that they did not favor reducing funding for defense. Rather, they were simply advocating a different growth rate than Reagan wanted. Wright warned members to avoid taking the initiative in

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19. Robert G. Kaiser and Spencer Rich, "Budget Proposal Leaves \$91.5 Billion Deficit: Reagan Plan Shrinks Domestic Spending," *Washington Post*, 7 February 1982, A1, A10.

20. Lee Lescaze and Helen Dewar, "Reagan and O'Neill Clash Over Budget. Battle Is Joined On '83 Outlays," *Washington Post*, 9 February 1982, A1, A5.

21. Thomas B. Edsall, "Democrats on Tax Increase: Let's Let the Republicans Do It," *Washington Post*, 9 February 1982, A4.

22. Helen Dewar and Lou Cannon, "Reagan Moves to Heal Breach in His Party," *Washington Post*, 4 March 1982, A6.

pushing reductions for Social Security beneficiaries, railroad employees, civil servants, and military retirees. Instead, let the Republicans be the instigators.<sup>23</sup>

In 1982, the CDF was still active and ready to bargain with their votes. The group continued its meetings as seen in a 25 February 1982 memo from Stenholm to CDF members. The memo discussed a meeting scheduled for 2 March between members and Senator Ernest Hollings of South Carolina concerning the Senator's budget alternative. The group also had tentative plans, assuming enough CDF members showed interest, to have a lunch meeting with Milton Friedman on 21 March.<sup>24</sup> The CDF still had a great interest in the federal fiscal situation. As reported, the group had started to drift from Reagan and had found his recent budget proposal unsatisfactory, especially its large deficit projection. In April, a CDF task force was working on a budget proposal and included Phil Gramm of Texas, Jerry Huckaby of Louisiana, Andy Ireland of Florida, and Buddy Roemer of Louisiana. The CDF was also negotiating with Jim Jones concerning the creation of a budget that could rival Reagan's proposal and appeal to both liberals and conservatives in the Democratic Party.<sup>25</sup>

Amidst the hardening gridlock, Jim Jones tried a different approach. He contacted Jim Baker, Reagan's Chief of Staff, and private consultations between the two developed. They then agreed to enlarge the consultations as a means to achieve a compromise on the budget among the various participants. The enlarged group became known as the Gang of Seventeen.<sup>26</sup>

The Gang of Seventeen negotiations collapsed on 27 April with the last meeting of the whole group. On 28 April, another meeting was held involving the President, the

23. Transcript of Wright Speech to Caucus, 17 March 1982, Folder: Democratic Caucus (This folder is one of three with same title), Box 3-26 of 42, Wright Papers.

24. Stenholm to CDF Members, 25 February 1982, File 5, Box 604, Sam B. Hall Papers, Baylor Collections of Political Materials, W. R. Poage Legislative Library Center, Baylor University, Waco, Texas.

25. Irwin B. Arieff, "Boll Weevils Renew Ties: House Democratic Defectors Are Coming in From the Cold," *Congressional Quarterly Weekly Report*, 24 April 1982, 904, 906.

26. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

Speaker, and a few others. This meeting ended with the Democrats' last rejection of offers made by the Republicans. Naturally, both sides accused the other of refusing to compromise.<sup>27</sup> As reported, the Democrats opposed cuts involving Social Security COLAs proposed by Reagan, and Reagan wanted more defense spending than the Democrats wanted. Also, the Democrats wanted a larger tax increase.<sup>28</sup> Wright believed that the meeting of 28 April failed because Reagan still had faith in his supply-side economics while the Democrats wanted new policies.<sup>29</sup>

Reagan took his case to the American people with a live televised address on 29 April 1982. The President explained that he had given his representatives in the Gang of Seventeen three nonnegotiable requirements for a budget agreement. No agreement was acceptable that would inhibit the rebuilding of national security. Spending had to be cut, and the 1981 tax reductions had to be preserved. Reagan claimed that the Democrats rejected compromise offers on his proposed budget cuts of \$60 billion and \$48 billion. On the difference between the House Democrats and him, Reagan claimed that: "Apparently the philosophical differences between us is that they want more and more spending and more and more taxes. I believe we should have less spending, less taxes, and more prosperity."<sup>30</sup>

With bipartisan cooperation seemingly rejected, the various participants pursued their own courses. On 5 May, the Senate Budget Committee rejected Reagan's budget plan on a vote of 20 to 0. Then, the Senate Republicans and the administration agreed on a compromise that received the Committee's approval with an 11 to 9 party line vote. The compromise called for a \$20 billion tax hike and a \$105 billion deficit for fiscal year 1983,

27. Dale Tate, "Committees Begin Markups: Budget Battle Erupts on Hill As Compromise Talks Fizzle," *Congressional Quarterly Weekly Report*, 1 May 1982, 967-969.

28. Helen Dewar and Thomas B. Edsall, "White House, Hill Budget Negotiations Fail: Congress to Try To Go It Alone," *Washington Post*, 29 April 1982, A1, A8.

29. Wright, *Balance of Power*, 378-380.

30. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1983), Ronald Reagan, 1982 Book I, 532-535.

and defense spending would be less than Reagan had originally requested. Domestic spending would be either frozen at fiscal year 1982 levels or reduced. As for the whole period of fiscal years 1983 through 1985, the tax component of the compromise called for a \$95 billion increase.<sup>31</sup>

The House also responded to the need for a budget. On 13 May, the House Budget Committee reported out a budget resolution on a party line vote of 17 to 12 with Phil Gramm abstaining from the vote. Compared to the Senate resolution, the House proposal would raise taxes more, spend less on defense, and cut domestic spending less. It would yield a fiscal year 1983 deficit of \$103.85 billion, and defense spending growth would be slowed to 5% in real terms. The House Committee proposed a tax increase of \$147 billion over three years in addition to cuts in entitlements and domestic discretionary spending. Despite the Committee's endorsement, this proposal lacked the support of many Democrats of both conservative and non-conservative viewpoints.<sup>32</sup> On 17-19 May, Bob Michel, David Stockman, conservative Democrats, and Republicans drafted an alternative budget. Meanwhile, some Democratic members of the Budget Committee and moderate Republicans crafted another alternative budget.<sup>33</sup>

On 21 May, the House took up debate concerning the budget resolution and showed the gridlock infecting the political process. Rules Committee Chairman Dick Bolling of Missouri offered the rule to govern debate on H Con Res 345, the first concurrent resolution on the budget for fiscal year 1983. Bolling claimed that the rule would allow every group in the House an opportunity to offer its budget views. In category A, the rule allowed four amendments in the nature of a substitute, subject only to pro forma amendments, to be offered, but two of them could be amended under certain

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31. Helen Dewar, "White House, Hill GOP Leaders Find Budget Agreement," *Washington Post*, 6 May 1982, A1, A9.

32. Dale Tate, "Party Conflicts Threaten 1983 Budget Plans," *Congressional Quarterly Weekly Report*, 15 May 1982, 1091, 1094, 1096.

33. Dale Tate, "'Fragile' Coalitions: Votes On Budget Alternatives Set in House; Senate Alters GOP Blueprint For Fiscal 1983," *Congressional Quarterly Weekly Report*, 22 May 1982, 1173-1175.

circumstances. These amendments would be offered by George Miller of California, Dave Obey of Wisconsin, Walter Fauntroy of the District of Columbia, and John Rousselot of California. From category B, there were to be three amendments in the nature of a substitute offered by Ohio's Del Latta, Les Aspin of Wisconsin, and Chairman Jim Jones of Oklahoma. These substitutes would be subject to pro forma amendments and sixty-eight perfecting amendments. The last substitute to win a majority would become the overall winner and be reported back to the House from the Committee of the Whole.<sup>34</sup> The House passed the rule without a recorded vote.<sup>35</sup>

The House began general debate in the Committee of the Whole at approximately 11:40 a. m. Jones began his opening remarks by citing evidence of the deteriorating economy and by labeling the Reagan economic program a failure. He explained that both the Budget Committee plan and the Republican substitute provided savings and roughly equal projected deficits. Every budget proposal would increase defense spending; the question was how large the increase would be. Jones saw the Committee plan as being best in protecting valuable social spending and in providing for the needs of the average American. On the other hand, the Republican substitute favored the rich at the expense of the middle-class and the poor.<sup>36</sup>

In his opening remarks, Del Latta emphasized the need for the House to pass a budget resolution in order to carry out its responsibility for governing. Latta contended that it was unfair to blame Reagan for the current economic problems; his preferred scapegoats included Jimmy Carter, the Congress, and past economic policies. Although Latta

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34. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 8 (21 May 1982): 11085-11086.

35. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 8 (21 May 1982): 11093.

36. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 8 (21 May 1982): 11095-11096.



believed defense spending should not be cut and taxes should not be raised too much, he still advocated deficit reduction.<sup>37</sup>

The best expression of a conservative Democrat's reasons for supporting the Republican substitute, referred to as a bipartisan plan, came from Buddy Roemer of Louisiana. He told the House that some conservative Democrats, including himself, were disappointed with Reagan's proposed fiscal year 1983 budget. It did not provide sufficient deficit reduction, relied on imprecise numbers, and cut some spending programs while protecting other questionable programs. Conservative Democrats began work on a budget plan but failed to reach an accord with Chairman Jones. They sought an agreement with other Democrats and Republicans, and this cooperation produced a bipartisan budget. Compared to Reagan's plan, the bipartisan budget raised taxes more, did not increase defense spending as much, and would spend more on some social programs. The bipartisan plan outdid the Jones plan by raising taxes less and doing more to reduce entitlements.<sup>38</sup>

The House did not begin consideration of the amendments until 24 May. This complicated process commenced with the category A amendments, but none of them were the main contenders for passage. The first substitute came from George Miller. Called the pay-as-you-go budget, this plan tried to hold down spending. It would leave a \$109.4 billion deficit, and defense spending would stand at \$175.8 billion in new budget authority and \$191.6 billion in outlays.<sup>39</sup> The Miller substitute, with modifications, was rejected on a vote of 181 to 225.<sup>40</sup> Obey offered an amendment in the nature of a

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37. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 8 (21 May 1982): 11096-11100.

38. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 8 (21 May 1982): 11131-11132.

39. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (24 May 1982): 11472-11476.

40. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (24 May 1982): 11485-11486.

substitute that would reduce the tax cuts and the increase in defense spending while preserving vital social spending. The deficit for fiscal year 1983 would grow to \$98.7 billion, and defense spending projections included \$228.4 billion in new budget authority and \$208.7 billion in outlays.<sup>41</sup> The House rejected Obey's amendment on a vote of 152 to 268.<sup>42</sup> The House then considered the CBC budget offered by Walter Fauntroy of D. C. Projecting a deficit of \$97.7 billion, this budget would best fund social programs according to its sponsor and yet still spend almost \$200 billion on defense.<sup>43</sup> The House rejected Fauntroy's substitute, as amended, on a vote of 86 to 322.<sup>44</sup>

The last of the category A amendments was the only one offered by a Republican, John Rousselot of California. Introduced before the House adjourned for the night, this substitute projected a deficit of \$0 and defense spending of \$243.45 billion in new budget authority and \$213 billion in outlays.<sup>45</sup> On 25 May, the House resumed debate, and Rousselot touted his "balanced budget substitute" for limiting spending. He lectured members on the dangers of deficit spending: inflation, high interest rates, stunted economic growth, and interest on the national debt.<sup>46</sup> Obey charged that Rousselot's substitute relied

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41. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (24 May 1982): 11486-11491.

42. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (24 May 1982): 11508-11509.

43. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (24 May 1982): 11509-11512.

44. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (24 May 1982): 11537-11538.

45. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (24 May 1982): 11538-11543.

46. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11656-11660.

on “phony numbers.” The figures for Rousselot’s budget had not been verified by the CBO, and even the Reagan administration had rejected these figures.<sup>47</sup> The House rejected Rousselot’s substitute on a vote of 182 to 242.<sup>48</sup>

The real contenders for House passage were the category B amendments in the nature of a substitute. Consideration of these substitutes began with Latta offering his proposal, the bipartisan substitute. This budget would authorize \$665.9 billion in revenues, \$805.2 billion in total new budget authority, and \$768.5 billion in total outlays. The deficit would grow to \$102.6 billion. Defense spending would receive \$253.85 billion in new budget authority and \$214.25 billion in outlays. In addition to lecturing about excessive federal spending and the need for restraint, Latta stated that this substitute had Reagan’s support. Compared to the Aspin and Jones substitutes, Latta’s proposal would spend less overall, provide more money for defense, and raise taxes by a smaller amount (\$95 billion over three years). It would freeze all non-defense discretionary spending at 1982 levels. Then, money would be added to programs deemed deserving of increases or decreased for programs deemed undeserving.<sup>49</sup>

Next, Les Aspin offered a substitute that also was created by a bipartisan coalition. This proposal called for revenues of \$675.75 billion, total new budget authority of \$825.1 billion, and outlays of \$772.55 billion. The deficit would stand at \$96.8 billion. Defense would receive \$242.9 billion in new budget authority and \$209.85 billion in outlays.<sup>50</sup> Leon Panetta explained the reasons to vote for the Aspin substitute. It was fairer in reducing the overall budget on account of freezing discretionary programs at current levels, cutting \$3.2

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47. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11662-11663.

48. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11680-11681.

49. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11682-11692.

50. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11697-11701.

billion from entitlements, and increasing defense spending by only 5% in real terms. Also, the Aspin plan outdid its competitors in providing for investment in society through expenditures such as education and agriculture.<sup>51</sup> Several Republicans worked on and spoke in defense of the Aspin plan including Joel Pritchard of Washington, Jim Leach of Iowa, Thomas Tauke of Iowa, Jim Jeffords of Vermont, Lawrence DeNardis of Connecticut, and Claudine Schneider of Rhode Island.<sup>52</sup>

Finally, Jones offered the Budget Committee's resolution. It proposed revenues of \$676.7 billion, total new budget authority of \$828 billion, and total budget outlays of 780.55 billion. The deficit would stand at \$103.85 billion. The Jones resolution would fund defense with \$242.85 billion in new budget authority and \$212.3 billion in outlays. The Chairman explained that this resolution and the Aspin substitute were very similar, but the Aspin plan would cut more from discretionary spending and entitlements. The critical choice for the House was the Latta plan, officially called Michel-Latta, versus the Jones plan. Michel-Latta increased spending for defense and debt service while cutting more from entitlements and discretionary domestic spending than the Jones resolution. Jones argued that the Latta freeze on domestic spending was actually a freeze at a level below the 1982 program level, and the add-backs, in some cases, still would leave programs below the 1982 program level. As for taxes, Jones explained that his substitute called for a bigger tax hike than Latta's tax increase. The Jones substitute would provide for the option of scaling back the 1981 tax bill. The Latta substitute would not do this.<sup>53</sup>

During debate on the substitutes, CDF member W. G. "Bill" Hefner of North Carolina delivered a speech based on realism that blasted the entire budget debate. He explained that the proponents of whichever budget plan won really would have nothing

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51. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11702-11703.

52. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11703-11706.

53. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11710-11716.

about which to be proud. The winning plan would still leave a large deficit. Simply passing a budget would not send a positive signal to the nation and thereby stimulate an upswing in the economy. Hefner reminded his audience that this idea was expressed in 1981, but the anticipated upswing did not occur even though the proposals of 1981 projected lower deficits. He concluded with an ominous prediction: “Especially I hope that you are going to have good luck in trying to put a good face on this \$110 billion deficit, because I do not think you can do it.”<sup>54</sup>

Final votes on the category B substitutes would come later. After debating the Jones substitute, the House moved on and began consideration of the many perfecting amendments.<sup>55</sup> Consideration of the many perfecting amendments concluded on 27 May.<sup>56</sup> The House now began the final stretch. It would debate and vote on each substitute separately.<sup>57</sup> The House first rejected the amended version of the Latta substitute on a vote of 192 to 235.<sup>58</sup> Then, the House rejected the Aspin substitute, as amended, on a vote of 137 to 289.<sup>59</sup> Finally, the House rejected the Jones substitute, as amended, on a vote of 171 to 253 at approximately 12:50 a. m.<sup>60</sup>

It was now back to the drawing board for the House of Representatives. On 3 June, the Budget Committee voted to report out Reagan’s February budget proposal and to use it as the vehicle for debate. A Democratic substitute and a Republican substitute

54. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11728-11729.

55. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (25 May 1982): 11736.

56. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (27 May 1982): 12481.

57. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (27 May 1982): 12489.

58. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (27 May 1982): 12493.

59. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (27 May 1982): 12497-12498.

60. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 9 (27 May 1982): 12501.

would be offered when debate began on the budget resolution.<sup>61</sup> On 10 June, the House began debate as Claude Pepper of Florida introduced the rule to govern debate on H Con Res 352, the budget resolution for fiscal year 1983 proposed by Reagan. Latta would be allowed to offer an amendment in the nature of a substitute to H Con Res 352, and Jones would be allowed to offer an amendment in the nature of a substitute to the Latta substitute. At the end, the House resolution would, through technical procedures, take the title of S Con Res 92. Pepper explained that the Rules Committee was in complete agreement on the provisions of the rule. It would give members a clear choice between a Democratic budget and a Republican budget. Latta endorsed the rule.<sup>62</sup> The rule passed on a vote of 339 to 72, and the House resolved itself into the Committee of the Whole and began general debate.<sup>63</sup>

Debate showcased many of the same ideas expressed during debate in May. In his opening remarks, Jim Jones argued that the Democratic plan handled domestic concerns better than the Republican plan. The Democratic choice would deal more effectively with unemployment through unemployment benefits and a job-training stimulus program and would not cut as much from Medicare and Medicaid. Although conceding that for 1983 the Republican choice would leave a smaller deficit, Jones maintained that the Democratic plan would produce greater deficit reduction over three years. He reminded members of the CBO's estimates of the various leading proposals' fiscal year 1983 deficits: Reagan's February budget, \$120.2 billion; Senate resolution, \$115.9 billion; House Democratic substitute, \$113.9 billion; and House Republican substitute, \$109.8 billion.<sup>64</sup> Latta's

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61. Dale Tate, "New House Showdown Set on 1983 Budget," *Congressional Quarterly Weekly Report*, 5 June 1982, 1327.

62. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13352-13353.

63. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13356-13357.

64. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13357-13359.

opening remarks did not deal with specifics for the most part. He reiterated popular themes on the need to control government spending, to put the public interest above special interests, and to beware of the dangers of deficits and the national debt.<sup>65</sup>

The two choices were formally introduced. Latta's Republican substitute for fiscal year 1983 proposed revenues of \$665.9 billion, total new budget authority of \$800.475 billion, and total outlays of \$765.263 billion. The resulting deficit would amount to \$99.363 billion. Defense spending entailed \$253.566 billion in new budget authority and \$213.966 billion in outlays. Latta's reasons for voting for this substitute were very clear. The Jones plan was essentially the same resolution offered by Jones during May's budget debate but with more spending added and a deficit of nearly \$108 billion. The Jones plan's tax component proposed a tax increase of \$150 billion over three years.<sup>66</sup>

Jones offered the Democratic substitute to the Latta substitute. The Jones plan called for revenues of \$676.7 billion, total new budget authority of \$836.2 billion, and total budget outlays of \$784.15 billion. The Jones deficit would be \$107.45 billion. Defense spending would stand at \$242.85 billion in new budget authority and \$212.3 billion in outlays.<sup>67</sup> Timothy Wirth of Colorado, a Gillis Long protege, provided an articulated defense of the Democratic choice. The Latta substitute would cut approximately \$100 billion in domestic spending over three years while the Democratic choice made fair decisions on domestic discretionary spending. Some expenditures would be frozen, but select categories would be allowed increases such as veterans' medical care, Medicare, and employment training. The Latta plan used accounting tricks to arrive at its projected deficit while the Democratic proposal provided greater deficit reduction over three years. Wirth

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65. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13360-13362.

66. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13399-13400.

67. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13395-13399.

explained that the Democratic proposal would increase defense spending but at a slower rate than the Latta plan.<sup>68</sup>

The moment of decision came. The House rejected the Jones substitute to the Latta substitute on a vote of 202 to 225. The House then approved the Latta substitute on a vote of 220 to 207. The Committee of the Whole rose and reported the amended resolution back to the House. The amendment again received approval, and the House approved the concurrent resolution, as amended, on a vote of 219 to 206. The House then performed the technical procedure of making its resolution become the text of S Con Res 92 in preparation for the House-Senate conference. Despite their defeat, the Democrats improved upon their performance as compared to 1981. In the vote rejecting the Jones substitute, the Democrats suffered thirty-nine defections. CDF members were roughly divided on the question; twenty-two voted in favor of the Jones substitute while twenty-three opposed it. The approval of the Latta substitute showed more Democrat defections and greater CDF support perhaps because it was the only viable budget option left. Forty-six Democrats defected, and the CDF divided with thirty in favor and fifteen opposed.<sup>69</sup>

The remainder of the budget process continued to be contentious. The conference agreement for the budget resolution called for budget authority of \$822.39 billion, outlays of \$769.82 billion, revenues of \$665.9 billion, and a deficit of \$103.92 billion. In addition, the conference called for \$20.9 billion in new revenues for fiscal year 1983.<sup>70</sup> On 22 June, the

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68. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13414-13415.

69. Congress, House, 97th Cong., 1st sess., *Congressional Record* 128, pt. 10 (10 June 1982): 13426-13428.

70. Ross Evans, "Trouble Looms in House: Budget Conferees Foresee \$103.9 Billion 1983 Deficit," *Congressional Quarterly Weekly Report*, 19 June 1982, 1450-1452.



House passed the conference report on S Con Res 92 by a vote of 210 to 208. The Senate passed it on 23 June by a vote of 54 to 45.<sup>71</sup>

The reconciliation process in 1982 was less dramatic than in 1981. On 18 August, the House and the Senate both passed the conference report on HR 6955, the reconciliation bill. The House voted with 243 in favor and 176 opposed. The Senate passed it by a margin of 67 to 32. The \$13.3 billion in savings over three years came from dairy price supports, food stamps, federal pensions, a home loan program, veterans' benefits, and personnel changes for federal commissions.<sup>72</sup> On 8 September, Reagan signed HR 6955, the Omnibus Budget Reconciliation Act of 1982, into law.<sup>73</sup>

Eventually, the federal government had to address the subject of revenues. The federal government's fiscal problems necessitated a revenue increase that had won grudging approval over the course of the previous months. Jim Wright wrote that the administration had suggested an increase in excise taxes to compensate for the previous year's tax cuts and the increased military spending. O'Neill, Wright, and Rostenkowski discussed the suggestion. Rostenkowski accepted the administration's idea but required that Reagan endorse it on television.<sup>74</sup>

Eventually, work proceeded on a tax bill but in an unusual manner. On 2 July, the Senate Finance Committee passed a package that included an approximate \$98 billion revenue increase over three years: approximately \$21 billion in fiscal 1983, \$34 billion in fiscal 1984, and \$43 billion in fiscal 1985. The package also included roughly \$17 billion in spending cuts over three years. The Finance Committee added the package to HR 4961,

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71. "Budget Wins Grudging Final Approval," *Congressional Quarterly Weekly Report*, 26 June 1982, 1508.

72. Diane Granat, "Presidential Victory: After a Brief Panic Over Pay, Congress Clears Bill Cutting Expenditures by \$13.3 Billion," *Congressional Quarterly Weekly Report*, 21 August 1982, 2047-2048.

73. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1983), Ronald Reagan, 1982 Book II, 1701.

74. Wright, *Balance of Power*, 380-381.

a minor tax bill passed by the House in 1981.<sup>75</sup> On 23 July, the Senate passed HR 4961 on a vote of 50 to 47.<sup>76</sup> Meanwhile in the House, Ways and Means Committee Democrats had strongly rejected a revenue plan offered by Rostenkowski. The full Committee had a closed-door session on 28 July and voted 26 to 7 to head directly to conference on HR 4961. On the same day, the full House followed the Committee's lead and voted 208 to 197 to proceed directly to conference on the bill.<sup>77</sup> Congress received help as seen in Reagan's 16 August 1982 address to the nation carried live on television. The President bluntly told the American people that he supported the tax bill. He told the people not to misinterpret his support as a repudiation of his administration's general principles and policies.<sup>78</sup>

The House proceeded to consider HR 4961 and to face the issue over the bill's unusual handling. Debate began with Rostenkowski officially introducing the conference report. In his opening remarks, he discussed the charge that the bill was unconstitutional because of the way Congress created it. The government had used this process before when crises demanded emergency tax bills. The Korean War and the Vietnam War required such emergency tax bills. Rostenkowski argued that the federal government needed to pass an anti-deficit tax bill, and the unusual process gave the only way for

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75. Pamela Fessler, "\$98 Billion Package: Divided Finance Committee Approves Tax-Increase Plan," *Congressional Quarterly Weekly Report*, 3 July 1982, 1575-1576.

76. Pamela Fessler, "Spending Cuts, Record Tax Hike Pass Senate," *Congressional Quarterly Weekly Report*, 24 July 1982, 1747-1749.

77. Pamela Fessler, "'Total Cop-Out'? House Sends Tax Bill Directly to Conference," *Congressional Quarterly Weekly Report*, 31 July 1982, 1808.

78. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1983), Ronald Reagan, 1982 Book II, 1048-1052.

passage. Also, this bill constituted merely a part of the larger budget process that had progressed for months and of which the House had participated.<sup>79</sup>

Illinois Republican Philip Crane spoke after Rostenkowski on reasons to oppose the bill. He declared that HR 4961 was unconstitutional due to Article I, Section 7 of the Constitution requiring that all revenue bills originate in the House. The Senate had amended a House-passed tariff bill by removing everything after the enacting clause and inserting the revenue raising provisions. Crane, nine Democrats, and eight Republicans had filed a complaint with the Federal courts. As for the bill, Crane argued that it was bad policy to raise taxes during rough economic times. It was based on bad economic assumptions, really would not cut spending, would hurt savings and investment, and would hurt people low on the economic ladder. Also, the bill would confuse the public by retreating from 1981's tax relief and budget-tightening measures.<sup>80</sup>

Although the CDF members did not stand united concerning the tax bill, the gravity of the federal government's fiscal position convinced some of them to favor passage. Speaking in favor of the conference report, Sonny Montgomery argued that the government needed more revenues and needed to stop borrowing so much. Now, he believed that the 1981 tax bill had been too large.<sup>81</sup> Buddy Roemer spoke in favor of the conference report and cited good things about it: closure of tax loopholes for big business, promotion of deficit reduction, fulfillment of the earlier budget resolution's mandates, and spending cuts of \$17 billion.<sup>82</sup>

This debate showed true bipartisanship: Democrats and Republicans worked together against other Democrats and other Republicans. Party leaders weighed in and

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79. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 16 (19 August 1982): 22155-22158.

80. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 16 (19 August 1982): 22158-22159.

81. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 16 (19 August 1982): 22175.

82. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 16 (19 August 1982): 22178.

argued for the bill. In his speech, Tip O'Neill emphasized that Reagan fully favored the bill and that Reagan and himself, often at odds, agreed on this occasion. The Speaker put the tax issue in the historical context by arguing that since the early 1960s, the federal government had cut taxes more often than it had raised them. Tax hikes, claimed O'Neill, occurred only when a President fought for them, and this presidential push only happened in response to emergencies.<sup>83</sup> Republican Leader Bob Michel endorsed the tax bill and reassured listeners that a yes vote would not mean a betrayal of the tax relief principle behind the 1981 cuts. Major tax relief from the 1981 bill would still remain.<sup>84</sup>

The tax bill passed its most difficult test. The House passed the conference report on HR 4961 on a vote of 226 to 207.<sup>85</sup> The Senate approved the conference report on a vote of 52 to 47. As for the bill's provisions, it provided for a \$98.3 billion tax, or revenue, increase and a \$17.5 billion package of spending reductions. The bill would reduce business depreciation tax write offs, eliminate tax loopholes created by the 1981 tax bill, toughen up tax enforcement and tax collection practices, and raise excise taxes on telephones, tobacco, and airplane tickets. Spending cuts involved reductions in projected spending, not current spending, in Medicare, Medicaid, and AFDC.<sup>86</sup> On 3 September, Reagan signed HR 4961, the Tax Equity and Fiscal Responsibility Act of 1982, into law.<sup>87</sup>

Sometimes the federal government needed extra funds in addition to the funding already implemented by the various appropriations bills based on the budget resolution. These extra funds would come in the form of supplemental appropriations bills. Although

83. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 16 (19 August 1982): 22236.

84. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 16 (19 August 1982): 22236-22237.

85. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 16 (19 August 1982): 22239-22240.

86. Dale Tate, Elizabeth Wehr, and Judy Sarasohn, "Congress Clears \$98.3 Billion Tax Increase," *Congressional Quarterly Weekly Report*, 21 August 1982, 2035-2046.

87. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1983), Ronald Reagan, 1982 Book II, 1700.

often routine, one such bill in August and September 1982 became critical in the ongoing contest involving Reagan and the House Democrats. On 18 August, the House passed on a vote of 348 to 67 the conference report on HR 6863, a \$14.2 billion fiscal 1982 supplemental appropriations bill. The Senate passed it on 20 August by voice vote. The bill provided funds for several expenditures including \$6.1 billion for pay raises for federal employees, roughly \$500 million for defense, \$5 billion for the Commodity Credit Corporation, \$407 million for foreign aid, funds for operating the government, and domestic spending.<sup>88</sup>

Reagan issued a veto message for HR 6863 on 28 August. He deemed the bill's \$918 million in increases for domestic spending as "unrequested and unwarranted." Yet, Reagan faulted Congress for providing only \$.5 billion in supplemental defense spending while asking that Congress keep the foreign aid provisions in the bill. Believing that the current bill "would bust the budget," Reagan asked that a better bill, one that satisfied his objections, be passed instead.<sup>89</sup> Jim Wright wrote that Congressional Republican leaders had encouraged Reagan to sign HR 6863, but the President followed David Stockman's advice and chose to use his veto power.<sup>90</sup>

Congress decided to challenge Reagan's veto. In the House, debate on HR 6863 and the President's veto message began with Jamie Whitten of Mississippi, Chairman of the Appropriations Committee, making opening remarks on 9 September. He explained that the bill fell \$1.9 billion below the budget request of the President. The bill adequately provided for domestic programs such as education while staying within the fiscal 1982 budget resolution's guidelines for budget authority and outlays.<sup>91</sup> Shortly after Whitten,

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88. Andy Plattner, "\$14.2 Billion Supplemental Bill Cleared," *Congressional Quarterly Weekly Report*, 21 August 1982, 2103-2105.

89. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1983), Ronald Reagan, 1982 Book II, 1085-1087.

90. Wright, *Balance of Power*, 380-381.

91. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 17 (9 September 1982): 22977-22978.

Bob Michel spoke on the reasons to vote against override. He argued that the funding in the bill was unnecessary and was simply new spending. A supplemental appropriations bill should just correct for/compensate for deficiencies in existing appropriations. Michel did disagree with Reagan on one point: he was willing to forego both the bill's domestic and defense spending.<sup>92</sup>

The final tallies from Congress marked a defeat for Reagan. The House voted to override and pass the bill on a vote of 301 to 117.<sup>93</sup> On 10 September, the Senate voted 60 to 30 to override Reagan's veto. The two-thirds Senate majority included twenty-one Republicans.<sup>94</sup> Jim Wright saw the override as highly significant: "It was the first major turning point in the eight year tug of war between Reagan and the Democratic House over domestic policy. This was Reagan's first significant budget defeat."<sup>95</sup>

The conflict over Social Security and the fiscal fights in 1982 lead to some interesting conclusions. First, the Reagan coalition of 1981 had experienced fractures. Conservative Democrats found their principle of fiscal responsibility compromised by the shortcomings of Reagan's policies. Cooled in their enthusiasm for Reagan, they now considered the option of standing with the Democratic Leadership. Second, the Leadership fared better in the political games. They found a Reagan weak spot with the Social Security issue and came closer to passing their own budget resolution in the House. The necessity of a revenue increase showed the shortcomings of Reaganomics and foreshadowed the serious problems that laid ahead. The House Democrats effectively made the tax issue a non-partisan issue by forcing Reagan to throw the weight of his presidency behind it. As for the veto override on the appropriations bill, it showed the House Democrats could put together

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92. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 17 (9 September 1982): 22979-22980.

93. Congress, House, 97th Cong., 2nd sess., *Congressional Record* 128, pt. 17 (9 September 1982): 23003.

94. Andy Plattner, "Congress Overrides Veto of Funding Bill," *Congressional Quarterly Weekly Report*, 11 September 1982, 2237-2238.

95. Wright, *Balance of Power*, 381.

a winning coalition. Furthermore, it raised an issue with the potential to separate Reagan from his Congressional allies and the public: just exactly how much increase did defense spending require and to what degree did Reagan want to dismantle social programs and to neglect domestic problems? Additionally, fiscal year 1982, the first installment of Reaganomics, had ended with a deficit of \$128 billion.<sup>96</sup>

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96. U. S. President, *Economic Report of the President January 2001*, 369.

## CHAPTER 6 HARD CHOICES

The American political system's frequent elections allow for sudden realignments of political power. Although it was not a complete landslide, the elections for the Ninety-Eighth Congress strengthened the position of the House Democratic Leadership. In 1983, the Leadership would rely on both consensus-building and hard-nosed partisanship to achieve its goals.

The Democrats made the theme of fairness concerning Reagan's policies a major issue in the campaign. A memorandum from Gillis Long to the Caucus Committee on Party Effectiveness, dated 12 August 1982, showed this emerging theme. Long stated that the Caucus Committee agreed during the 12 August meeting to formulate a work on "fairness" to be used by Democrats in the fall campaigns. The Caucus Committee would review the work. During its meeting on 19 August, Caucus Committee members received assignments to draft a memo, two pages maximum, on a particular policy area showing the unfairness of Reagan's policy. Assignments showed the diversity of the Democratic Party at work. Charles Stenholm and Oklahoma's Wes Watkins were assigned to write the agriculture statement, and Bill Hefner was assigned to the veterans statement. Liberals enjoyed inclusion with Californian George Miller working on the labor issue and New Yorker Matt McHugh working on the foreign aid topic and the nutrition topic.<sup>1</sup>

The Caucus Committee distributed the Democratic Fairness Packet in August. It comprised a collection of statements/essays dealing with "fairness" concerning twenty-two issues. The topics covered by the statements included the Reagan budget, taxation, unemployment, senior citizens, labor, the American farmer, small business, women, minorities, veterans, housing, behavior of Reagan's officials, the fight against crime and trusts, rural America, the environment, food and nutrition policy, elementary and secondary education, student aid, cities, health care, the disabled, and foreign aid. As explained in the introductory letter, the statements/essays were designed to be used as short addresses or

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1. Long memo to Caucus Committee, 12 August 1982, Folder: Admin. Asst's. Files: Tyson, Patti Democratic Caucus--Comm. on Party Effectiveness (1 of 2) 1981-1982, Content: Patti Tyson--Budget--Democratic Caucus (1980-1983) Series Box 1 of 4, Series: Administrative Assistants' Files, Long Papers.



as parts of long addresses. The statements had clear and concise titles such as “Unfairness to the American Farmer” and “Unfairness to the Disabled.”<sup>2</sup>

Following the Fairness Packet, the Caucus released *Rebuilding the Road to Opportunity: A Democratic Direction for the 1980s*. Released in September 1982, the *Washington Post* ran an introductory story on *Rebuilding the Road to Opportunity* on 23 September.<sup>3</sup> The work contained seven policy statements on long-term economic policy, housing, small business, women’s economic issues, the environment, crime, and national security. Although critical of Reagan’s policies, the statements also proposed alternative ideas. Jim Wright explained that works such as *Rebuilding the Road to Opportunity* gave a ready-made set of themes/arguments that were used as the basis for hearings throughout the nation. The hearings aimed to show the shortcomings of the Reagan administration and the good qualities of the Democrats’ positions.<sup>4</sup>

In the preface to the work, Gillis Long explained that *Rebuilding the Road to Opportunity* showed the core beliefs of the Democrats, their vision for the future, and their differences with the Republicans. Rather than being dogma, the policy statements reflected the viewpoints of the diverse spectrum of House Democrats’ political ideologies. Caucus task forces crafted the statements, and the Caucus Committee on Party Effectiveness reviewed and gave approval to the statements. The Caucus Committee had met almost every week and sometimes two times a week for twenty months to parley over ways to improve the House Democratic Caucus. The Democratic Leadership supported this effort. Long argued that the statements represented the emergence of a retooled Democratic Party that accepted the traditional essence of the Party but also recognized the need for new policies to achieve traditional goals. This “new Democratic Party” would have “both the compassion to care and the toughness to govern.” Long boldly stated that the work reaffirmed, “the fundamental principles of the Democratic Party--

2. Long letter and Democratic Fairness Packet, August 1982, File 4, Box 767, Hall Papers.

3. Margot Hornblower, “House Democrats Tackle the Issues Again--Generally,” *Washington Post*, 23 September 1982, A13.

4. Jim Wright, interview by Sinclair, transcript, 2 August 1988, Oral History, Jim Wright 1988, Property of Jim Wright.

to equal opportunity, to economic growth and full employment, and to a strong national defense.”<sup>5</sup>

The long-term economic policy statement serves as a good example of the work’s overall style and content. The Special Task Force on Long-Term Economic Policy, comprised of Timothy Wirth, Richard Gephardt, and Gillis Long, created the report entitled “Rebuilding the Road to Opportunity: Turning Point for America’s Economy.” Written by Wirth, the report’s introduction said that the report offered policies for the nation’s economic development and security superior to the Reagan administration’s policies.<sup>6</sup> First, the nation needed a national investment effort to make basic manufacturing industries, such as steel and autos, more competitive and to expand the high technology sector to prepare Americans for the future.<sup>7</sup> Second, the report called for preserving the economic vitality of the family farm.<sup>8</sup> As for individuals, the report proposed creating job retraining procedures to help workers switch from declining or no growth/old industries to growing industries/new jobs.<sup>9</sup> The report also considered recent history and advocated reducing U. S. dependence on foreign oil.<sup>10</sup> Finally, the report issued a vague proposal for setting up an Economic Cooperation Council to serve as a think-tank and clearinghouse for economic information for use in directing the U. S. economy.<sup>11</sup>

The Task Force on National Security included nineteen members and was chaired by W. G. “Bill” Hefner. The statement was pro-defense and faulted the Reagan

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5. Caucus Committee on Party Effectiveness, Democratic Caucus, U. S. House of Representatives, *Rebuilding the Road to Opportunity: A Democratic Direction for the 1980s* (privately printed, 1982), 1-3.

6. Caucus Committee, *Rebuilding the Road to Opportunity*, 5-8.

7. Caucus Committee, *Rebuilding the Road to Opportunity*, 16-25.

8. Caucus Committee, *Rebuilding the Road to Opportunity*, 25.

9. Caucus Committee, *Rebuilding the Road to Opportunity*, 26-27.

10. Caucus Committee, *Rebuilding the Road to Opportunity*, 27-29.

11. Caucus Committee, *Rebuilding the Road to Opportunity*, 29-31.

administration for just blindly throwing money at defense without considering the current needs and the most effective solutions. In contrast, the statement called for a strengthening of defense but with a comprehensive assessment of national security needs to ensure that the U. S. received more bang for its buck. Furthermore, the national security statement advocated seeking nuclear arms control with the Soviet Union while maintaining nuclear parity.<sup>12</sup>

As the elections approached, the Democrats focused on the theme of fairness, citing the economy and Social Security as key issues. On 23 October 1982, Tip O'Neill delivered a speech nationally on radio in response to Reagan's radio address. The Speaker told Americans that, "The Reagan program is not working because the program is not fair--and, just as important, because the people themselves know it is not fair." For example, the administration relied on recession, and therefore unemployment, to reduce inflation. O'Neill faulted the administration for giving large tax breaks to the affluent as dictated by the bogus trickle-down economic theory. O'Neill reminded the nation that Reagan had been threatening Social Security despite his pledge of protection during the 1980 campaign.<sup>13</sup>

Jim Jones recalled that the Democrats used Social Security, particularly the elimination of the minimum benefit, as a very effective campaign issue. He explained that, "solid Republicans like Barber Conable, who had good Republican districts, had very difficult races, had a very difficult time explaining why they wanted to decimate Social Security for the poorest retired people living."<sup>14</sup>

The concern over Social Security was again seen in a reelection flier for Gillis Long. Listing Long's political positions in separate entries, one entry read, "Congressman Gillis Long successfully opposed Ronald Reagan's plan to cut Social Security benefits. He

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12. Caucus Committee, *Rebuilding the Road to Opportunity*, 117-120.

13. Radio speech packet, Folder: Press Assistant Files--Democratic Response to Reagan's Radio Addresses, 1982, Box 17, Press Relations Press Assistant Files, O'Neill Papers.

14. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

succeeded in forcing the President to back off his attack on the elderly.”<sup>15</sup> The Democrats’ themes resonated well. A Gallup Poll conducted 17 September to 20 September found that 48% of respondents disapproved of Reagan’s handling of his job as president. Only 42% approved.<sup>16</sup>

The elections of 2 November for the Ninety-Eighth Congress proved good for Democrats. Gaining twenty-six seats, they won 267 seats in the House while the Republicans won 166 seats. Redistricting problems postponed voting for two seats in Georgia until 30 November. Twenty-six Republican incumbents lost, but only three Democratic incumbents lost. The new House would feature fifty-seven freshmen Democrats and twenty-four freshmen Republicans. Also, John LeBoutillier lost his bid for reelection.<sup>17</sup> The Senate proved a rock of the status quo. The election left the party lineup unaltered from the previous Congress with a 54 to 46 Republican majority. Of the thirty incumbents seeking reelection, only two, one Democrat and one Republican, lost.<sup>18</sup>

With the addition of twenty-six more Democratic seats, the CDF now found itself in a different position. An alliance between the 167 Republicans and them would amount to relatively less votes than their alliances of the Ninety-Seventh Congress. In other words, the Democratic Leadership was less vulnerable to the CDF’s bipartisan habits. CDF members did very well in the elections. All thirty-nine of them running for reelection won. Their average percent of the vote was over 80%. The media reported after the elections that CDF members claimed that they would be more inclined to work with the Democrats

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15. Long reelection flier, Folder: Political Series: GWL Congressional Campaign--Campaign Literature 1982, Box 11 of 25, Political Series: GWL Campaign Files Congressional Campaigns (1972-1974) 1976-1978, 1982-1984, Long Papers.

16. George H. Gallup, ed., *The Gallup Poll: Public Opinion 1982* (Wilmington, Delaware: Scholarly Resources Inc., 1983), 239-244.

17. Phil Duncan, “Impact of Reaganomics: House Vote: Major Midterm Setback for the Republicans,” *Congressional Quarterly Weekly Report*, 6 November 1982, 2780-2784.

18. Rhodes Cook, “Partisan Balance Unchanged: Senate Election: A Dull Affair Compared to 1980’s Upheaval,” *Congressional Quarterly Weekly Report*, 6 November 1982, 2789-2792.

and less inclined to seek Republican alliances in the upcoming Congress. Some CDF members opposed Reagan's call for more defense spending.<sup>19</sup> A CDF packet dated 1 December 1982 listed the group's membership for the Ninety-Eighth Congress as totaling thirty-seven members.<sup>20</sup>

With the committee assignment process coming soon, the CDF responded with another of its projects. Various public interest and lobbying groups create voting studies based on selected votes. Members' stances on these votes are scored to determine their rating on an ideological spectrum such as liberal versus conservative. Stenholm explained that the CDF constructed a voting analysis that combined the ratings of several of these groups, and the composite ratings of all the members showed what the CDF considered to be "the true philosophical representation of the Congress." The CDF would present their findings to the Democratic Leadership as evidence that conservative Democrats suffered from under-representation on some committees. Stenholm believed that unrepresentative committees could produce legislation unsatisfactory to the majority of members on the floor, and this divergence would cause such legislation to lose on the floor. On the other hand, balanced committees could give a realistic picture of the floor majority's preferences.<sup>21</sup>

A CDF packet for the Ninety-Eighth Congress contained a copy of this voting analysis. In line with Stenholm's characterization, a rating for members was calculated from adding the scores of six separate voting studies. These studies used a scale of 0 to 100 that indicated greater conservatism approaching 100. Then, one other voting study was used that indicated increasing liberalism on a 0 to 100 scale. The liberal study's rating was subtracted from 100, and the difference was added to the composite rating from the original six. The result was a rating of increasing conservatism on a scale of 0 to 700. The groups whose studies were used included Americans for Constitutional Action (ACA), American Conservative Union (ACU), American Security Council (ASC), Committee for the Survival

19. David Maraniss, "House Paradox 'Boll Weevil' Winners Feel Lost," *Washington Post*, 21 November 1982, A1, A2, A3.

20. CDF packet, File 5, Box 604, Hall Papers.

21. Charles W. Stenholm, interview by Karl Gerard Brandt, 11 June 2002.

of a Free Congress (CSFC), Chamber of Commerce of the United States (CCUS), National Federation of Independent Business (NFIB), and Americans for Democratic Action (ADA), the liberal rating.<sup>22</sup>

The analysis had interesting results. The CDF's voting analysis found the House's average rating in the Ninety-Seventh Congress to be 396; the averages for all Democrats, Republicans, and CDF members were 251, 596, and 495, respectively. The 0 to 700 range was subdivided into five categories of Conservative 561-700, Moderate Conservative 421-560, Moderate 281-420, Moderate Liberal 141-280, and Liberal 0-140. For the Democrats, the breakdown was as follows: Conservative 15, Moderate Conservative 30, Moderate 41, Moderate Liberal 76, and Liberal 80. For Republicans, the breakdown was as follows: Conservative 141, Moderate Conservative 41, Moderate 11, Moderate Liberal 0, and Liberal 0.<sup>23</sup> The average ratings showed the degree to which some key committees were representative of the Democratic Caucus. The average for the Ways and Means Committee was 254, and the Energy and Commerce Committee average was 250. Other committees were more liberal than the Caucus average: Appropriations 235, Budget 216, and Rules 205.<sup>24</sup> For comparison, Democratic leaders' averages included Jim Wright at 311, Gillis Long at 285, Jim Jones at 329, Tom Foley at 244, and Dan Rostenkowski at 237. Republican leaders' averages included Bob Michel at 618, Trent Lott at 645, Newt Gingrich at 607, and Dick Cheney at 613.<sup>25</sup> As for CDF

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22. "The Conservative Democratic Forum 98th Congress", p. 9, No exact title for folder, Box 96, Roemer Papers.

23. "The Conservative Democratic Forum 98th Congress", p. 19, No exact title for folder, Box 96, Roemer Papers.

24. "The Conservative Democratic Forum 98th Congress", p. 9, No exact title for folder, Box 96, Roemer Papers.

25. "The Conservative Democratic Forum 98th Congress", p. 10-18, No exact title for folder, Box 96, Roemer Papers.

members, their breakdown was as follows: Conservative 13, Moderate Conservative 24, Moderate 9, Moderate Liberal 0, and Liberal 0.<sup>26</sup>

An examination of the CDF voting analysis leads to some interesting conclusions. The Democrats possessed more diversity than the more homogeneous Republicans. The scores of Wright, Jones, and Long showed that the Moderate viewpoint enjoyed strong representation in the Democratic Leadership. Although the Democrats overall leaned towards the liberal end of the spectrum, they did have members in all five categories. The fifteen Conservative Democrats and the thirty Moderate Conservative Democrats, separate or together, were significant as a bloc of votes in raw numbers. The fifteen and thirty together, for a total of forty-five, aided in maintaining Democratic control of the House. If these forty-five hypothetically joined the Republicans, the Republicans would have control of the House with a 238-197 majority. In contrast, the Republicans had no minority/dissident counterparts. The CDF members did not all fall in the same category. Although they displayed a clear conservative slant, they had differences in philosophy consistent with the Democrats' overall pattern of diversity.

Meanwhile, the parties prepared for the upcoming Congress. During the Democrats' 6-9 December organizational Caucus, the Democrats reelected all of their leaders. The freshmen Democrats voted unanimously to recommend that Phil Gramm be reduced to the bottom of the Party seniority list. The Caucus also passed a set of rule changes for both the Caucus and the House. One proposed House rule change would strip committee assignments from a member who switched parties. Two Caucus rule changes also concerned loyalty issues. One rule change provided for expelling a member from the Caucus if that member switched parties by changing party registration, by filing for office as a candidate for another party's nomination, or by accepting the nomination of another party without winning the Democratic nomination. Another Caucus rule change

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26. "The Conservative Democratic Forum 98th Congress", p. 20, No exact title for folder, Box 96, Roemer Papers.

prohibited Democratic members from taking part in campaign functions for Republicans running for federal office. Violators could be expelled from the Caucus.<sup>27</sup>

When Congress convened in January, party loyalty once again was a big issue. On 3 January, the House passed the package of rule changes along party lines, including making committee assignments conditional upon maintaining membership in one's party caucus. Republicans saw the changes as too authoritarian and as infringements on members' rights; Democratic leaders claimed that the House needed the changes to work efficiently.<sup>28</sup>

As part of making committee assignments, the Democrats disposed of Phil Gramm. The DSPC met on 3 January concerning committee assignments and chairmanships, and the minutes from this meeting offer some insight into Gramm's removal. The subject of Gramm and the Budget Committee received "considerable discussion" before "Mr. Foley asked unanimous consent to restore all eligible returning members except Mr. Gramm." Charles Wilson of Texas objected but then withdrew his objection on the grounds that Gramm probably would resign. The DSPC then agreed to the unanimous consent request. Wilson nominated Gramm for a Budget Committee seat, and the DSPC voted on Gramm using a secret ballot. The nomination lost on a vote of 4 yes and 26 no.<sup>29</sup> On 5 January, Gramm resigned his House seat and announced that he would run for it again as a Republican in the special election on 12 February.<sup>30</sup>

The rest of the assignment process proceeded without significant conflict. The Caucus reelected all of the committee chairs returning to Congress by large margins, but CDF member Sonny Montgomery's reelection as Veterans' Affairs Chair was noteworthy.

27. Andy Plattner, "Democrats Set Stage for House Rules Battle," *Congressional Quarterly Weekly Report*, 11 December 1982, 3031-3033.

28. Andy Plattner, "Appropriations Riders Limited: Democrats Force Changes in House Rules," *Congressional Quarterly Weekly Report*, 8 January 1983, 7-8.

29. Steering and Policy Committee on Committees Minutes, 3 January 1983, Folder: Foley Papers Steering & Policy Comm.--Committee on Committees--Jan 3, 1983, Box 194, Foley Papers.

30. Dan Balz, "Rep. Gramm Resigns, Says He'll Both Fight and Switch for Seat," *Washington Post*, 6 January 1983, A4.



Before the vote, he proclaimed his loyalty to the Democratic Party and lobbied Democrats for their support. The DSPC renominated him by a vote of only 16-11, but O'Neill supported Montgomery during the Caucus vote. The final vote on Montgomery was 179-53.<sup>31</sup> In passing out new seats to fill vacancies on important committees such as Budget and Appropriations, the Democratic Leadership followed a pattern of rewarding party loyalty and passing over members with less loyal voting records. For example, the Party bypassed CDF member John Breaux for the Budget Committee in favor of Vic Fazio of California, William Gray of Pennsylvania, Butler Derrick of South Carolina, Pat Williams of Montana, Howard Wolpe of Michigan, Martin Frost of Texas, Geraldine Ferraro of New York, and George Miller of California. The Party rejected Doug Barnard of Georgia and Roy Dyson of Maryland for seats on the Appropriations Committee in favor of Steny Hoyer of Maryland, Bill Boner of Tennessee, Bob Carr of Michigan (returning to the House after losing in 1980), and Robert Mrazek of New York (defeated John LeBoutillier and was nominated by O'Neill for the seat).<sup>32</sup>

The Leadership designated highly significant votes as key votes. An examination of the Leadership's key vote scores on members reveals the details behind the choices for the Budget and Appropriations Committees' vacancies. The packet "Democratic Members in Descending Order" listed Democrats and their percentages on the key votes. In the first session of the Ninety-Seventh Congress, Breaux scored 20% while the members receiving a Budget Committee seat had scores of 100% or 90%. Appropriations seats winners Hoyer and Boner each scored 90% while rejects Dyson and Barnard scored 60% and 0%, respectively.<sup>33</sup> In the second session, Breaux scored 37.5% while the newly-chosen Budget Committee members had scored either 100% or 87.5%.

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31. Thomas B. Edsall, "Rep. Montgomery Retains Veterans' Committee Post," *Washington Post*, 5 January 1983, A1, A5.

32. "Rewards, Punishment Meted Out: House Panel Seats Assigned; Democrats Tighten Control," *Congressional Quarterly Weekly Report*, 8 January 1983, 4, 6.

33. "Democratic Members in Descending Order", Folder: Leg. Files Voting Record, 97th Congress, 1st Session (1981) Part I, Box 7, Party Leadership/Administrative Files Speaker's Office, O'Neill Papers.

Hoyer and Boner scored 100% and 87.5%, respectively; Dyson and Barnard scored 62.5% and 87.5%, respectively.<sup>34</sup>

Finally, with Congress back at work, the year's political jousting could begin with Reagan's pronouncement on the federal budget. In the State of the Union address on 25 January 1983, the President spoke of the need to restrain government spending. Failure in this matter would inhibit economic growth and add a tremendous amount to the national debt. This addition to the debt could be as much as \$1 trillion over the course of four years. Reagan claimed that defense spending and tax cuts did not cause the deficits. Rather, domestic spending caused the deficits. Reagan identified the solution to the nation's economic problems in a four-part plan that included a spending freeze for the federal government, control of the growth of automatic spending programs such as food stamps, scaling back plans for future defense spending by \$55 billion over five years, and a standby tax effective in fiscal year 1986 provided that Congress passed the spending freeze and the budget reductions. Also, Reagan announced his opposition to tampering with the scheduled 10% tax cut for 1983 and other tax reforms already implemented.<sup>35</sup> On 31 January, Reagan formally submitted his \$848.5 billion budget plan to Congress. The plan included a \$30.5 billion increase for defense, an increase in debt service of \$14.3 billion, and an increase in Social Security of \$9.9 billion. The so-called freeze on domestic spending actually would result in a 4% cut, on average, before inflation in many government spending categories. For each dollar spent, Reagan's plan would break down as follows:

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34. "Democratic Members in Descending Order", Folder: Leg. Files Voting Record, 97th Congress, 2nd Session (1982) Part I, Box 8, Party Leadership/Administrative Files Speaker's Office, O'Neill Papers.

35. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1984), Ronald Reagan, 1983 Book I, 102-110.

29¢ for defense, 42¢ for direct payments to individuals, 12¢ for debt service, 11¢ for grants to states and local governments, and 6¢ for other federal operations.<sup>36</sup>

Although the conservative Democrats did not enjoy great success in the committee assignment process, the Party still had room for them in the political battles against the Republicans. On 26 February 1983, CDF member Bill Hefner delivered the Democratic response to Reagan's weekly radio broadcast. The speech focused on Reagan's proposal for natural gas decontrol, but Hefner also attacked Reagan on his economic record. He discussed the large number of business failures, rising unemployment, huge deficits, and the growing national debt. Hefner warned Americans that, "By the end of 1986, this Administration tells us the national debt will go over \$2 trillion. This Administration will double, in five years, what it took us 205 years to do."<sup>37</sup>

In 1983, the Democrats drafted their budget resolution in a different manner than in 1981 and 1982. Jim Jones, still Chairman of the Budget Committee, recalled that he discovered that the budget process and the idea of the federal budget was not fully understood by all House members. He and his Committee staff decided to formulate a model of the entire budget-drafting process that would vividly present the decisions involved in designing a budget plan. Called "An Exercise in Hard Choices," the Budget Committee staff drew up this model. Jones discussed his idea with O'Neill and received his support for administering the "Exercise" to Democrats, and the Speaker was the first one to take the "Exercise." Jones characterized it as, "an academic exercise, how do you get a budget," and as, "a very good educational tool." It was not overtly political or partisan in any way.<sup>38</sup> The Leadership and Jones then informed the Democrats in a letter that on 3 March members of the Budget Committee and the DSPC regional representatives would

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36. David Hoffman and Helen Dewar, "Domestic Freeze Plan Would Mean a 4% Cut," *Washington Post*, 1 February 1983, A1, A11.

37. News release and speech by Hefner, 26 February 1983, Folder: Press Assistant Files--Democratic Response to Reagan's Radio Addresses, 1983, Box 17, Press Relations Press Assistant Files, O'Neill Papers.

38. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

convene regional meetings of all Democrats. The meetings would allow them to participate in creating the Democratic fiscal year 1984 budget proposal.<sup>39</sup>

Amounting to fourteen pages, the introduction to “An Exercise in Hard Choices: Policy Alternatives” explained that the test aimed to put deficit reduction into the budget resolution. The options for deficit reduction fell into one of eight categories and included choices that had already been proposed. These categories included: military spending; Social Security, other retirement, and pay programs; other entitlement programs; overall non-defense discretionary spending; additional spending proposals; revenue increases; revenue decreases; and interest payments. Baseline deficits were based on the CBO baseline plus Reagan administration defense policy, and the baseline numbers were based on CBO economic assumptions. The “Exercise” concluded with projected deficits for 1984 and 1988.<sup>40</sup>

An examination of the “Exercise” shows the absence of a politically-safe means of deficit reduction. First issue involved choosing the amount of real growth in defense spending: 7%, 5%, or 3%. Each choice’s effect on the projected deficits were provided. The person taking the “Exercise” would pick one and perform the necessary math to derive the total savings and the new deficit. The new deficit would then be carried to the next page for the next option, and the rest of the “Exercise” would proceed in this pattern.<sup>41</sup>

The entitlements section presented difficult and painful choices. For Social Security, one had to choose whether or not to delay the COLA for six months and to follow other recommendations of the National Commission on Social Security Reform. Then, there were three choices concerning federal pay: freeze military and civilian pay in 1984 (Reagan proposal), delay 1984 military and civilian pay raise for six months, or enact a 4% pay raise

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39. O'Neill, Wright, Long, Foley, and Jones to Colleague, 2 March 1983, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

40. “An Exercise in Hard Choices: Policy Alternatives”, p. 1, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

41. “An Exercise in Hard Choices: Policy Alternatives”, p. 2-3, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

in all years. Two more possibilities remained: freeze civilian and military retirement benefits in 1984 (Reagan proposal) and postpone civilian and military retirement COLAs for six months. Finally, one could decide whether or not to implement Reagan's other proposals concerning civil service retirement which included increases in employee contributions and an increase in retirement age.<sup>42</sup>

Medicare and Medicaid also received consideration. Medicare savings were available in two choices. First, one could implement Reagan's Medicare proposals which included higher hospital copayments and higher premiums for beneficiaries. On the other hand, one could instead implement prospective reimbursement as reported by the Ways and Means Health Subcommittee and/or take necessary steps to guarantee solvency of the Medicare hospital insurance trust fund. For Medicaid, one could implement Reagan's proposals which included making all beneficiaries pay copayments for services and extending present reductions in Federal grants to states. The other Medicaid choice involved only extending present reductions in Medicaid grants to states. For other COLAs, there was a Reagan proposal to delay COLA for food stamps, child nutrition, and SSI. Another possibility concerned implementing Reagan's proposals for reductions in the Guaranteed Student Loan program.<sup>43</sup>

The "Exercise" and the federal budget had other expenditures in addition to defense and entitlements. One could choose from three choices for non-defense discretionary spending. First, one could keep the programs at the 1983 level and allow increases only to keep pace with inflation through 1988. The other two choices were allowing no increases for inflation and allowing for only three-fourths of inflation through 1988.<sup>44</sup> It is important to note that no true increases above inflation were even considered. Furthermore, one could

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42. "An Exercise in Hard Choices: Policy Alternatives", p. 3, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

43. "An Exercise in Hard Choices: Policy Alternatives", p. 4-5, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

44. "An Exercise in Hard Choices: Policy Alternatives", p. 6, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

choose whether or not to add on a long list of additional spending proposals such as a \$4.6 billion jobs program, unemployment compensation, temporary public service jobs, foreclosure assistance for farmers and homeowners, health care for the unemployed, and youth employment. Also, this section had a list of more possible expenditures dealing with education, research, and economic development.<sup>45</sup>

The last part of the "Exercise" concerned revenues. One could choose which revenue increases to implement. The first option was Reagan's proposal for a Contingency Tax Increase amounting to a 5% surtax on individual income tax liabilities and a \$5 per barrel tax on domestic and imported oil. Another option addressed Reagan's proposal for a tax on employer-paid health insurance premiums. The next option concerned the third year of the Reagan income tax reduction. One could repeal the tax cut for the third year, reduce it from 10% to 5%, cap it at \$700, or cap it at \$500. For the tax code itself, one could repeal or delay indexing the tax code, restrict indexing of inflation minus 3%, or implement the tax freeze proposed by Rostenkowski. Also, one could increase excise taxes by putting an excise tax on luxuries, imposing a \$5 per barrel oil import fee, or doubling the excise tax for alcohol, beer, and wine.<sup>46</sup> The next decision involved choosing tax reform options and options for broadening the revenue base. Possibilities included ending DISC, ending the depletion allowance for oil and gas, restricting the business entertainment deduction to 50% of the total spent, ending the deduction of state and local sales tax, and whatever other ideas one might favor.<sup>47</sup> There were also possibilities to decrease revenue that included a tuition tax credit, repeal of withholding for interest and dividends, the Enterprise Zone Tax Incentive, and any other

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45. "An Exercise in Hard Choices: Policy Alternatives", p. 7-9, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

46. "An Exercise in Hard Choices: Policy Alternatives", p. 10-11, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

47. "An Exercise in Hard Choices: Policy Alternatives", p. 12, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

suggestions.<sup>48</sup> At the end, the total savings that one had chosen were subtracted from the baseline deficit. The amount left over represented the total deficit reduction prior to interest savings. Then, a formula was used to estimate the additional savings derived from paying less interest on smaller deficits.<sup>49</sup>

On 15 March, Jones spoke about the “Exercise” in a Caucus session. He explained that in 1981 the Democrats relied on meetings in which he explained the choices on the budget and collected members’ opinions on these choices. In 1983, things were different. The Democratic Leadership became more involved in soliciting members’ views on the budget and in trying to identify consensus positions. For example, 43% of respondents favored 5% real growth in defense spending, and 41% favored 3%. In response, Jones stated that the Budget Committee decided to propose a 4% increase in defense in real terms. In all, 186 House Democrats performed the “Exercise.”<sup>50</sup>

Jones later recalled that the “Exercise” proved a success on several fronts. Members gained a better understanding of the complexities of the budget; some learned that designing a budget was more difficult than they had earlier believed. It was also very effective in building consensus among Democrats on the budget. Democrats encouraged Republicans to take the “Exercise,” and many members also gave it to their constituents in order to educate the public. A public interest group, Committee for a Responsible Federal Budget, modified the “Exercise” and distributed it to meetings all over the nation.<sup>51</sup>

All this preparation climaxed on 17 March. The Budget Committee voted to approve a fiscal year 1984 budget resolution on a 20-11 party line vote. The Committee, or Democratic, plan would increase defense spending at a slower rate, 4% in real terms,

48. “An Exercise in Hard Choices: Policy Alternatives”, p. 13, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

49. “An Exercise in Hard Choices: Policy Alternatives”, p. 14, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

50. Caucus Minutes, 15 March 1983, p. 8-10, Folder: Foley Papers Democratic Caucus Minutes--January 3,4,6/February 2/March 15--1983, Box 186, Foley Papers.

51. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

than the 10% growth in real terms advocated by Reagan. The Democrats called for a \$30 billion revenue increase while restoring funding to several domestic programs.<sup>52</sup>

The Rules Committee had the responsibility of crafting a rule to govern debate on the budget. Minutes from its meeting/hearing on 21 March 1983 showed that the Democratic Leadership planned to avoid the mess of the 1982 debate. Jim Jones asked for a rule similar to the one used on Gramm-Latta II in 1981: vote up or down on the minority's substitute and vote up or down on the Budget Committee's proposal. The former Democrat-turned Republican Phil Gramm of Texas spoke for the Republicans. He explained that it would be challenging for the Republicans to craft and offer a substitute. They wanted the opportunity to offer a package of amendments. In addition to Gramm, other members also opposed Jones's simple plan for debate. John Conyers requested that the rule permit the CBC to offer its budget. William Dannemeyer asked that his budget plan receive consideration. Buddy Roemer proposed a "Democratic alternative budget"; he was accompanied by Sonny Montgomery, Andy Ireland, Doug Barnard, Ralph Hall, Sam Hall, and Bill Chappell. Rules Committee member Gillis Long moved that the Committee grant a modified closed rule allowing only an amendment in the nature of a substitute by Del Latta to be offered to the Budget Committee's resolution. Rules Committee member and Republican James Quillen of Tennessee proposed an amendment allowing the CBC budget, the Democratic alternative, and the Dannemeyer alternative all to be offered with one hour of debate each. All three alternatives were rejected on separate voice votes along party lines.<sup>53</sup>

The Democratic Leadership was serious about winning this budget battle as seen in a 22 March 1983 letter undersigned by O'Neill, Wright, Long, and Foley and sent to Democratic members. The letter announced that the DSPC, on 22 March, passed a resolution declaring that all votes during consideration of the budget resolution and its rule

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52. Dale Tate, "Ignoring Reagan: Democrats on House Panel Advance Own Budget Plan," *Congressional Quarterly Weekly Report*, 19 March 1983, 544-545.

53. Rules Committee Minutes, 21 March 1983, Folder 17, Box 6, Series 302F, Claude Pepper Papers, Claude Pepper Library, Florida State University Libraries, Florida State University, Tallahassee, Florida.



were “matters of party policy.” The resolution stated that Democrats were expected to vote to support the rule, to oppose the Republican substitute, and to support final passage of the Budget Committee’s resolution. The letter ended by urging members to vote according to the party line.<sup>54</sup>

The DSPC’s strong admonishment came at the beginning of a relatively smooth-running budget debate as compared to the proceedings of 1981 and 1982. On 22 March, Butler Derrick of South Carolina offered the rule to govern consideration of H Con Res 91, the first concurrent resolution on the budget for fiscal year 1984. The rule allowed one amendment in the nature of a substitute to be offered; no other amendments would be permitted. The substitute, if offered, would come from Ohio Republican Del Latta. Derrick defended this rule, a modified closed rule, by arguing that it gave the House a clear choice between genuine alternatives, a Democratic and a Republican budget. Since members had already had the opportunities to express their views and to fight for their views through the crafting of the budget plans, it was a fair rule.<sup>55</sup>

Latta disagreed with Derrick’s harmonious interpretation. He explained that other groups and persons asked the Rules Committee for the opportunity to offer their budget plans: the CBC, Dannemeyer, and moderate and conservative Democrats. The Democrats on the Rules Committee, the majority, rejected allowing these aforementioned parties to offer substitutes. The Democrats also rejected the idea of allowing other amendments.<sup>56</sup> The House passed the rule on a vote of 230 to 187.<sup>57</sup>

The Democratic or Budget Committee plan was officially entered into the *Congressional Record* after debate had ended for the day. It called for revenues of \$689.1 billion, total new budget authority of \$936.55 billion, total outlays of \$863.55 billion, and a

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54. O'Neill, Wright, Long, and Foley to Colleague, 22 March 1983, Folder: Foley Papers Leadership Files/98th Cong.--FY 1984 Budget Resolution, Box 165, Foley Papers.

55. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 5 (22 March 1983): 6460-6461.

56. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 5 (22 March 1983): 6461-6462.

57. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 5 (22 March 1983): 6469.

deficit of \$174.45 billion. The new revenue total would include an increase of \$35.2 billion. As for national defense, function 050 in the federal budget, it would receive \$263.85 billion in new budget authority and \$235.4 billion in outlays.<sup>58</sup> When the House began consideration of the budget on 23 March, part of the debate dealt with the required debate, as in other years, on economic goals and policies as mandated by the Full Employment and Balanced Growth Act of 1978.<sup>59</sup>

After the economic goals and policies time had expired, general debate on H Con Res 91 began with Jones making opening remarks. He explained that the Republicans had failed to offer an alternative budget or to offer the President's budget plan. Therefore, the House faced a choice: pass the Budget Committee proposal (a responsible choice) or pass no budget (an irresponsible course). In his opinion, the Republicans were reluctant to oppose Reagan by calling for a decrease in the growth rate of defense spending and for an increase in revenues. They also feared public opposition to further cuts in domestic programs. These factors prevented the Republicans from devising a rival budget that could deliver meaningful deficit reduction. Jones clarified the defense issue by explaining that no one's budget plan would actually reduce defense spending. The question concerned the magnitude of the increase in defense spending.<sup>60</sup>

Latta responded with an amusing reason for the Republicans' lack of action in his opening statement. They wanted the public to fully realize the Democratic budget's faults. A Republican substitute might distract public attention. As for the Democratic budget, Latta considered it "leftist" in nature and felt it recklessly increased spending. The budget had spending increases designed just to attract votes.<sup>61</sup>

The conservative Democrats had shaped federal policy in 1981 and 1982 but now found themselves adrift in 1983 due to the rule and the Republicans' failure. Sonny

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58. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 5 (22 March 1983): 6520-6524.

59. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6714.

60. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6746-6747.

61. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6748-6750.

Montgomery expressed the conservatives' quandary while speaking in opposition to the Democratic plan. He told the House that Buddy Roemer, others, and he drafted a budget alternative and requested from the Rules Committee an opportunity to offer it. The Rules Committee refused to allow them, the CBC, and two other members with amendments any such opportunity. This conservative alternative fell between the Budget Committee budget and the Reagan budget. It called for a 7% increase in defense spending in real terms, a freeze on many domestic programs but not on health or education spending, and an approximate \$10 billion tax increase. Furthermore, Montgomery claimed that the CBO reestimated the Democratic plan and found that its defense spending increase would only amount to 2.3%, not 4%, in real terms. He advocated scaling back already-planned tax reductions as a way to reduce deficits. In a possible jab at the President's fiscal policies, he added, "And I disagree with my Republican friends in some areas--you cannot raise military spending and continue to decrease taxes."<sup>62</sup>

Buddy Roemer of Louisiana gave a speech full of dissatisfaction. He criticized both the Democratic and the Reagan budgets as representing bad policy in addition to stating his opposition to the rule. His solution required voting against the Democratic budget and hoping for a better budget to emerge later. Although the Democratic budget had some good points, its flaws included raising taxes too much, spending too little on defense, spending too much on domestic programs, and doing too little for deficit reduction. Roemer also added a direct criticism of Reagan's fiscal and defense spending policies: "Ronald Reagan is going to do for national defense, I am afraid, what Lyndon Johnson did for the social welfare programs of America. If he gives a blank check to the generals, this country could be headed in the wrong direction."<sup>63</sup>

Other conservative Democrats spoke on the same themes articulated by Montgomery and Roemer. Charles Stenholm urged members to vote against the Democratic plan in the hope of continuing the budget-crafting process. Then, other ideas

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62. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6776.

63. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6783-6784.

could come forth, and a better budget could later win approval.<sup>64</sup> Bill Nichols of Alabama faulted the Democratic plan for spending too little on defense and using proposed revenue increases, in large part, to fund social programs. Still, he admitted that Reagan's economic program had not worked.<sup>65</sup> Doug Barnard of Georgia argued that both Reagan's budget and the Democratic plan had deficiencies and represented extremes. Reagan's plan called for increasing defense spending too much and cutting domestic programs too much. The Democratic plan would spend too much on domestic spending and raise taxes too much while not spending enough on defense.<sup>66</sup>

Democrats could defend their budget proposal on its own merits as seen in a speech given by Jim Wright. The Texan argued that the Democratic plan ranked superior to Reagan's plan partly on account of yielding a \$14 billion lower deficit. Reagan's proposal would make cuts in, or in some cases completely eliminate, some social programs. The Democratic plan would protect these programs such as the Legal Services Corporation, the strategic petroleum reserves, aid for public transportation, and vocational education. The Democratic plan would increase defense spending in a more fiscally responsible manner. Of course, Wright scolded the Republicans for not offering a substitute budget or Reagan's proposed budget.<sup>67</sup> The House passed H Con Res 91 on a vote of 229 to 196. The breakdown of the vote showed the reason for the Democrats' victory: a more united Democratic front. They voted 225 in favor and thirty-six opposed. The CDF divided

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64. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6784.

65. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6784-6785.

66. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6791.

67. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6803-6805.

roughly even with fifteen in favor and twenty opposed. The Republicans continued their strong unity with only four voting in favor of passage and 160 voting against passage.<sup>68</sup>

With the Democratic Leadership's victory on the budget resolution, the rest of the federal government's fiscal policy-making could proceed in a different direction than in the two preceding years. House-Senate conferences worked in 1981 and in 1982 to reconcile the resolutions passed by each chamber, but the resolutions in those years were close to one another. The Republicans controlled the Senate, and the House Republicans took de facto control over the House on the budget resolutions through an alliance with conservative Democrats. The Democratic Leadership and its rank-and-file supporters had little influence in the conferences. Now the Democrats could bring to the conference table their own resolution and use it as leverage to shape the eventual conference agreement. Of course, since compromise was part of the political process, the Democratic Leadership could not expect to achieve all of its goals.

The House and Senate reached agreement on the budget resolution on 20 June. Compared to Reagan's budget proposal, the conference agreement provided for higher taxes, more domestic spending, and less defense spending. The tax component of the budget plan, as dictated by reconciliation instructions, required a \$12 billion tax hike for fiscal year 1984 and a total tax hike of \$73 billion over three years. The exact numbers for budget authority, outlays, and the deficit varied depending on whether or not Congress passed a special anti-recession spending bill. For budget authority, it could be either \$919.5 billion or \$928.725 billion. Outlays could be either \$849.5 billion or \$858.925 billion. Revenues were assured to stand at \$679.6 billion. The deficit would still be too large: either \$179.3 billion or \$169.9 billion. Congress proposed defense spending at \$268.6 billion in budget authority and \$240.0 billion in outlays. Overall, it was felt that the conference agreement came closer to the Senate plan than the House plan. The agreement's tax hikes were closer to the Senate's tax projections and smaller than the

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68. Congress, House, 98th Cong., 1st sess., *Congressional Record* 129, pt. 6 (23 March 1983): 6823-6824.

House's tax projections. Both the House and the Senate approved the conference report on 23 June.<sup>69</sup>

As Congress contemplated some sort of revenue increase, Reagan showed no enthusiasm. In a 17 May 1983 news conference carried live on television, Reagan clearly stated his opinion on tax increase possibilities: "I will not support a budget resolution that raises taxes while we're coming out of a recession. I will veto any tax bill that would do this."<sup>70</sup> In a later nationally-televised news conference on 28 June 1983, Reagan specifically stated his opposition to the idea of imposing a tax cap on the scheduled 10% income tax reduction and asked Congress not to raise taxes.<sup>71</sup>

With a blueprint for the fiscal year 1984 finalized, Congress faced the task of drafting the necessary legislation. The projected tax increase faced the greatest challenge. The Senate agreed with the President. On 29 June, the Senate voted 45-55 to reject HR 1183, passed by the House earlier in June. The bill called for imposing a cap of \$720 per family on the 10% reduction in individual taxes scheduled for implementation on 1 July.<sup>72</sup>

The autumn weeks also showed the federal government's inability to fulfill its ambitious deficit reduction goals. Reagan's position remained unchanged as seen in his speech at the Reagan-Bush Campaign Reunion on 3 November. He stated that he still opposed another tax increase; he would veto tax bills passed by Congress.<sup>73</sup> The absence of presidential support foreshadowed inaction by Congress. On 18 November, Congress adjourned its session for the year and failed to fulfill the budget resolution's

69. Dale Tate, "Calls for \$73 Billion Tax Hike: Congress Rebuffs President, Clears '84 Budget Resolution," *Congressional Quarterly Weekly Report*, 25 June 1983, 1269-1274.

70. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1984), Ronald Reagan, 1983 Book I, 723.

71. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1984), Ronald Reagan, 1983 Book I, 929.

72. Dale Tate, "Senate Buries Democratic Tax-Cap Proposal," *Congressional Quarterly Weekly Report*," 2 July 1983, 1359.

73. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1985), Ronald Reagan, 1983 Book II, 1538-1539.

requirement to pass \$85 billion in deficit reduction for fiscal years 1984 through 1986 (\$12.3 billion in spending reductions and \$73 billion in tax increases). In the closing days, Congress raised the debt limit to \$1.49 trillion by both chambers passing the conference report on HJ Res 308, a debt limit measure. The House rejected on a vote of 204 to 214 the rule for consideration of HR 4170, a bill drafted by the Ways and Means Committee to raise taxes by \$8 billion. Then, the Senate stopped work on S 2062, a \$28 billion reconciliation package that called for \$14.6 billion in spending reductions and \$13.4 billion in tax hikes. The House in October had passed HR 4169, a \$10.3 billion package of spending reductions.<sup>74</sup> In April 1984, the Senate finally passed a reconciliation bill for fiscal year 1984, HR 4169. In its final form, it provided \$8.2 billion in savings primarily by postponing COLAs for federal retirees.<sup>75</sup> Reagan signed HR 4169, the Omnibus Budget Reconciliation Act of 1983, into law on 18 April 1984.<sup>76</sup>

With the end of business, recriminations followed. Speaker O'Neill issued a statement on 17 November concerning the political stalemate. He argued that Reagan's policy represented unfairness while the House Democrats fought for fairness. He claimed that: "Overall, the House succeeded in stemming the tide of social and economic unfairness." As evidence, he cited the House's successful effort to protect Social Security. O'Neill also faulted the Senate for failing to pass other important bills that the House had

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74. Dale Tate, "Debt Limit Increase Voted: Deficit Reduction Moves Fail As Torn Congress Shies Away From Tax, Spending Mandate," *Congressional Quarterly Weekly Report*, 19 November 1983, 2406-2409.

75. Diane Granat, "Senate Approves 1984 Reconciliation Bill," *Congressional Quarterly Weekly Report*, 7 April 1984, 762.

76. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1986), Ronald Reagan, 1984 Book I, 557-558.

approved dealing with issues such as jobs, unemployment/economic distress relief, and tax relief/deficit reduction.<sup>77</sup>

Gillis Long and his Caucus proteges also shot back at Reagan. He and sixteen other Democrats signed a letter to Reagan dated 21 December. Focusing on the budget deficit, their letter criticized Reagan for his economic policies and for his failure to work for the fiscal principles he avowed. They urged him to act in a bipartisan manner and work with both chambers of Congress for deficit reduction. The letter pointed out the recent record deficits: \$111 billion in fiscal 1982 and \$194 billion in fiscal 1983. The signatories included Richard Gephardt, Ronnie Flippo of Alabama, Les Aspin of Wisconsin, Charles Schumer of New York, Tony Coelho of California, Matthew McHugh, Steny Hoyer of Maryland, Sander Levin of Michigan, Gillis Long, Martin Olav Sabo of Minnesota, Tom Downey of New York, Barbara Boxer of California, Mel Levine of California, Dan Glickman of Kansas, Bruce Morrison of Connecticut, and Geraldine Ferraro of New York.<sup>78</sup>

The events of 1983 saw the Democratic Leadership stem the tide of the Reagan juggernaut. The Leadership beat the Reagan coalition in the House and retook control over fiscal policy as far as it could do so. Party unity was stronger on the budget vote. The committee assignment process and the Republicans' failure left the conservative Democrats with a choice: either be with the Party or be against it. Nonetheless, there were opportunities to influence the direction of Democratic policy. Jim Jones and the "Exercise in Hard Choices" illustrated that the Leadership was actually bargaining with members for support and not simply using the idea of consensus just for rhetorical appeals. Although the economic boom of the 1980s began in 1983, this boom also was bringing on the gravest threat to the long-term health of the United States: the growing national debt built by the deficits. The final estimate of the fiscal year 1983 deficit was \$207.8 billion.<sup>79</sup>

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77. O'Neill statement and Foley letter, 17 November 1983, p. 2, Folder: Foley, Thomas S. (Washington), Box 3-34 of 42, Wright Papers.

78. Long letter and press release, 21 December 1983, Folder: Leg. Files: 97th and 98th Congress GWL\_\_House Democratic Caucus 1981-1984, Box ABC, Long Papers.

79. U. S. President, *Economic Report of the President January 2001*, 369.



## CHAPTER 7 LIMITED OPTIONS

The year 1984 witnessed both good actions and shortcomings concerning the polity of the 1980s. Reagan and Congress actually agreed to do something about deficit reduction even though they faced election year pressures. House debate on the budget included a collection of competing visions for the nation's priorities. Yet, the entire political environment was being colored by a purely negative style of politics as dramatically seen in the House in May.

As the year's budget battles were beginning, Gillis Long and his Caucus program unveiled more of its long-term work. Back in July 1983, a group of House Democrats and other interested Democrats formed the National Democratic Caucus to promote the Democratic message and to build up the Party. Long and Robert Strauss, former Chair of the Democratic National Committee, served as Co-Chairs of the group. The group was created under the auspices of the Democratic Congressional Campaign Committee. In a letter to House Democrats, Long wrote that the purpose of the National Democratic Caucus was to promote the Caucus policy ideas.<sup>1</sup>

The new Long organization released a policy analysis book in 1984 in anticipation of the 1984 elections. The *Washington Post* reported on the release of the book, popularly called the *Blueprint*, on 8 January.<sup>2</sup> The work, officially entitled *Renewing America's Promise: A Democratic Blueprint for Our Nation's Future*, continued the same line of reasoning from *Rebuilding the Road to Opportunity*. The front and back inside covers of the book revealed information about the National House Democratic Caucus. Sixty-seven members of the House had positions on the Board of Advisors. These members included Party leaders such as Wright and Foley; Committee Chairs such as Jim Jones and Claude Pepper; conservatives such as Charles Stenholm, Bill Hefner, and Kent Hance; liberals such as Richard Ottinger and Matthew McHugh, and Long's close Caucus associates such

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1. Press Release and Long letter, 19 July 1983, Folder 8, Box 474, S301, Pepper Papers.

2. Margaret Shapiro, "Democrats Draw Up a Future 'Blueprint' for 1984 Campaign," *Washington Post*, 8 January 1984, A11.

as Geraldine Ferraro, Richard Gephardt, and Timothy Wirth. The private members of the group included former Congresswoman Barbara Jordan of Texas and former Cabinet Secretaries Cyrus Vance and Clark Clifford. Al From was a member of the group's staff.<sup>3</sup> The *Blueprint* contained three primary sections focusing on the economy, the community, and national security, and each section had subsections on various topics. Many of the subsections juxtaposed the Reagan Record on a particular issue or topic with the Democratic Blueprint position. The subsections dealt with items such as deficits, investment in people and infrastructure, education, women's issues, and arms control.

In the preface, Long wrote that the work represented new ideas that offered a package of alternatives to the Republican policies. The *Blueprint* was not the "official" position of the Party, but most Democrats could agree with the general ideas in it. Long explained that the work contained plans for economic development, a fair society, national security, and world peace. At the same time, the work reaffirmed traditional Democratic values. It was the product of three years' work by the Democratic Caucus, and the Caucus Committee on Party Effectiveness was deeply involved in the drafting. In addition, the *ad hoc* drafting subcommittee for the *Blueprint* contained a diverse collection of viewpoints. Stenholm, Ferraro, and Gephardt were among the subcommittee members. Long wrote of the book: "It serves notice that the Democratic Party has the compassion to care and the toughness to govern."<sup>4</sup>

Meanwhile, Ronald Reagan set the agenda for 1984 with his State of the Union address on 25 January 1984. Recognizing the danger posed by deficits, the President spoke of the need to reduce deficits and to reduce government spending. Domestic spending was cited as the reason for the deficits and the debt. Reagan stated his opposition to reducing defense spending significantly and to raising taxes as a way to reduce deficits. As for borrowing money to fund the federal government, Reagan voiced sound but neglected logic: "Whether government borrows or increases taxes, it will be

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3. The National-House Democratic Caucus, *Renewing America's Promise: A Democratic Blueprint for Our Nation's Future* (privately printed, 1984), front and back inside covers.

4. The National-House Democratic Caucus, *Renewing America's Promise: A Democratic Blueprint for Our Nation's Future*, v-vi.

taking the same amount of money from the private sector, and, either way, that's too much."<sup>5</sup> Reagan's logic overlooked an added flaw to government borrowing. Borrowing on one occasion added to the national debt on which Americans had to pay interest, or debt service. Over time, this added interest would become significant and result in Americans having to pay more than an earlier tax increase would have required.

The administration presented its budget proposal for fiscal year 1985 on 31 January, and the proposal followed the outline of Reagan's State of the Union message. It proposed increasing defense spending by 13% above inflation and making \$4.6 billion worth of cuts in domestic spending. The cuts would come from anti-poverty programs and the restraint of COLAs for federal retirees, among other things. The elimination of tax loopholes and the taxation of health-insurance benefits would produce a \$7.8 billion revenue increase. The budget would total \$925.5 billion and leave a \$180.4 billion deficit.<sup>6</sup>

Due to widespread concern over the deficit, the administration and Congressional Republicans and Democrats made an effort to reach consensus on deficit reduction through high-level negotiations. On 28 February, the fourth and last such meeting ended with no agreements being reached by the negotiators. Speaker O'Neill indicated that Congress would develop budget plans the regular way and would not rely on high-level negotiations to produce some grand budget agreement. Republican Senators Pete Domenici and Mark Hatfield were formulating a deficit reduction plan. Both the House Ways and Means Committee and the Senate Finance Committee were working on deficit reduction measures.<sup>7</sup>

With bipartisan agreement unattainable, partisanship became the next method. On 15 March, Reagan endorsed a deficit reduction plan created by Senate Republicans and supported by House Republicans. This Republican solution evolved from Domenici's and

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5. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1986), Ronald Reagan, 1984 Book I, 87-94.

6. Helen Dewar, "'85 Budget Lacks Big New Taxes," *Washington Post*, 1 February 1984, A1, A4.

7. Dale Tate, "Talks With White House Stall: Congress Takes Serious Steps Toward Budget-Deficit Cuts," *Congressional Quarterly Weekly Report*, 3 March 1984, 483.

Hatfield's plan that emerged in February. It would provide \$149.5 billion in deficit reduction over three years. Compared to the President's earlier budget proposal, the new solution would reduce defense outlays by \$40 billion, raise taxes by \$48 billion, and reduce domestic spending by \$43.2 billion.<sup>8</sup>

Of course, the Democrats responded but they needed time to build consensus. On 21 March, the DSPC issued a letter announcing that on 21 March the DSPC had passed a resolution in support of the Democratic budget resolution. The letter argued for the Democratic plan's superiority on the grounds that it would provide a lower deficit, would spend less on defense, and would better protect social programs. The resolution stated the minimum the Leadership expected from the House Democrats during the upcoming floor debate: "BE IT RESOLVED by the House Democratic Steering and Policy Committee that this Committee calls upon all Democratic Members to support the Democratic House Committee Budget Resolution, to support the Rule which will accompany the Resolution, and to oppose any Republican substitutes or amendments."<sup>9</sup>

The Democrats held a Caucus on 27 March concerning the budget. Beginning the proceedings, Jim Jones explained that members had goals for the budget such as protecting defense programs, preserving social programs, and proposing a deficit lower than Reagan's proposed deficit. These goals were "conflicting" and "not mutually agreeable." The Budget Committee had decided on four proposals that they would recommend the Rules Committee allow for floor debate: Reagan's original budget proposal, the Republican alternative endorsed by Reagan and Republican leaders recently in the Rose Garden, the "Democratic Committee consensus package" prepared by the Democrats on the Budget Committee, and the one-year freeze plan. Jones explained the complexities of the Democratic consensus package. It would limit all spending to 3.5% nominal growth, and 3.5% stood as roughly two-thirds of the inflation rate.

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8. Dale Tate, "Democrats Eyeing Larger Reductions: Reagan Achieves GOP Unity By Agreeing to Deficit Cuts," *Congressional Quarterly Weekly Report*, 17 March 1984, 595, 598.

9. Resolution and letter, 21 March 1984, Folder: Press Assistant Files--Dear Colleague Letters, 98th Congress, 1983-1984, Box 17, Press Relations Press Assistant Files, O'Neill Papers.

The plan would deal with Social Security, needs-tested programs, and military spending differently. Needs-tested programs and defense would increase at the rate of inflation. Social Security would grow to “current policy.” The package would then implement the pay-as-you-go scheme through a Committee amendment. This scheme would increase defense spending and needs-tested programs by 3.5% in real terms with the growth paid by \$49 billion in new taxes.<sup>10</sup> After his presentation, Jones answered questions on the budget issue. Questions concerned topics such as taxation, COLAs, the pay-as-you-go mechanism, preexisting defense contracts for things such as the B-1 bomber and the MX missile, budget baseline figures, the Airport Trust Fund, and money for the manned space station.<sup>11</sup>

Jones faced tough questions from some conservative Democrats concerning the proposals for the upcoming floor debate on the budget. Buddy Roemer initiated this issue by asking why a budget plan, known as the 2% solution, drafted by some Democrats could not be recommended to the Rules Committee as an option for floor debate. He pointed out the inconsistency of proposing Reagan’s original budget, a plan he believed would attract no votes at all, while not permitting the 2% solution the opportunity to be debated and voted on by members. Jones responded that it was this sort of exchange and question that the Caucus was supposed to bring forth.<sup>12</sup> Sonny Montgomery endorsed the 2% solution and asked why allow a plan doomed for rejection such as Reagan’s original

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10. Caucus Minutes, 27 March 1984, p. 3-8, Folder: Foley Papers Democratic Caucus Minutes--January 25/February 1, 29/March 27 1984, Box 186, Foley Papers.

11. Caucus Minutes, 27 March 1984, p. 8-30, Folder: Foley Papers Democratic Caucus Minutes--January 25/February 1, 29/March 27 1984, Box 186, Foley Papers.

12. Caucus Minutes, 27 March 1984, p. 12-14, Folder: Foley Papers Democratic Caucus Minutes--January 25/February 1, 29/March 27 1984, Box 186, Foley Papers.

budget to be offered. He asked that Jones and the Rules Committee consider allowing alternative proposals to be offered such as the 2% solution and the CBC plan.<sup>13</sup>

Charles Stenholm also spoke on this question. Another member had spoken and claimed that in 1982 every group had the opportunity to offer its budget plans. This member hoped the Caucus would decrease the number of budget options recommended to the Rules Committee for a rule. In response, Stenholm explained, in an apparent reference to conservative Democrats and their budget plans, that they had been denied the chance in the previous two years to present their budget plans. The Leadership refused to let them offer their plan in 1982. The Rules Committee refused to let them offer their plan in 1983. He asked that other proposals receive a chance for consideration.<sup>14</sup>

Following the questions for Jones, several other members received time to speak. The opinions of the speakers revealed division over the budget issue. Jim Wright endorsed the Budget Committee plan and the idea of having several budget options for debate. Les AuCoin of Oregon found fault with the Democratic consensus plan and preferred the freeze plan. Matt McHugh of New York discussed an alternative plan prepared by the DSG, and this DSG plan received the endorsement of other members including Dave Obey of Wisconsin, Mike Lowry of Washington, Pat Williams of Montana, and Charlie Rose of North Carolina. Buddy Roemer discussed the 2% solution.<sup>15</sup>

On 28 March, the House Budget Committee voted 19-9, along party lines, to approve a budget resolution that featured the pay-as-you-go mechanism. This mechanism required that spending increases for defense and poor relief above the inflation level be matched by tax increases to pay for the aforementioned spending increases. The Committee reported the mechanism as an amendment to the resolution. Specifically, pay-

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13. Caucus Minutes, 27 March 1984, p. 16-17, Folder: Foley Papers Democratic Caucus Minutes--January 25/February 1, 29/March 27 1984, Box 186, Foley Papers.

14. Caucus Minutes, 27 March 1984, p. 26-27, Folder: Foley Papers Democratic Caucus Minutes--January 25/February 1, 29/March 27 1984, Box 186, Foley Papers.

15. Caucus Minutes, 27 March 1984, p. 30-88, Folder: Foley Papers Democratic Caucus Minutes--January 25/February 1, 29/March 27 1984, Box 186, Foley Papers.

as-you-go would require that Social Security, defense, means-tested social programs, and certain discretionary programs for poor relief could increase 3.5% above inflation, but the government would have to implement tax hikes to pay for these increases. Other spending programs would grow only 3.5% without adjusting for inflation. Inflation in fiscal year 1985 was expected to be 5%. Without pay-as-you-go, the four spending categories mentioned above would grow only at the inflation rate. Also, the plan proposed \$49.8 billion in tax increases. The pay-as-you-go idea was advocated by liberals such as George Miller of California, Mike Lowry of Washington, and Pat Williams of Montana.<sup>16</sup>

The House began debate on the budget on 4 April in a manner different than in 1983. Instead of limiting substitute amendments, House members would enjoy a choice of alternatives. Rules Committee Democrat Butler Derrick of South Carolina offered the rule to govern consideration of H Con Res 280, the first concurrent resolution on the budget for fiscal year 1985. General debate would be followed by consideration of a select, pre-approved number of amendments in the nature of a substitute. No other amendments would be permitted, and these amendments could not be amended. If one or more of the amendments were adopted, then the original resolution, H Con Res 280, would be offered as an amendment at the end of debate. Then, the rule stipulated that only the amendment adopted last would be the overall winner that would be reported back to the House. Derrick called this rule a modified open rule that used a king-of-the-mountain procedure. The rule permitted seven alternatives to H Con Res 280.<sup>17</sup> In his opening remarks, Republican Del Latta seemed satisfied with the rule.<sup>18</sup> It won approval on a vote of 302 to 89.<sup>19</sup>

Budget Committee Chairman Jim Jones began general debate by explaining the rationales behind the Democratic plan. First, the pay-as-you-go approach would require

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16. Dale Tate, "Sharp Partisanship on Budget: House, Senate Brace for Vote On Deficit-Cutting Proposals," *Congressional Quarterly Weekly Report*, 31 March 1984, 699-701.

17. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7771-7773.

18. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7773-7774.

19. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7775-7776.

that new spending, or real spending increases above inflation or the freeze threshold, be deficit neutral. The extra spending would have to be offset by new revenues or new spending cuts. Second, the plan would implement a modified freeze with mandatory limits on the growth of spending. Defense and select domestic programs would grow by 3.5% in real terms, and Social Security and safety net programs would grow only to keep pace with inflation. All other spending would be frozen below the inflation rate. Jones stated that the two rationales were put into the budget resolution for the very first time this year.<sup>20</sup>

The Democratic resolution advocated by Jones, H Con Res 280, was formally entered into the *Congressional Record*. For fiscal year 1985, it called for revenues of \$742.7 billion, a revenue increase of \$9.7 billion, total new budget authority \$1 trillion, and total budget outlays of \$918.15 billion. Defense would be funded with \$285.7 billion in new budget authority and \$255.9 billion in outlays. The deficit would stand at \$175.45 billion.<sup>21</sup>

Del Latta made his opening remarks. He emphasized the need for Congress to fulfill the goals set forth in the budget resolution when appropriations bills were considered. Latta boasted about the recovery underway throughout the United States and argued that Republican policies deserved the credit.<sup>22</sup>

Timothy Wirth of Colorado offered an amendment in the nature of a substitute to H Con Res 280. This substitute was actually Reagan's fiscal year 1985 proposal submitted on 1 February, and Wirth explained that he offered the President's proposal because no Republican wanted to offer it. Jim Jones also spoke on Wirth's maneuver, reiterating that no Republicans wanted to offer Reagan's budget. He explained that he did not want Reagan to harp on Congress for not considering his budget. Reagan had denounced Congress in previous years for not considering his proposed budgets. Wirth cited evidence of these denunciations: Reagan's television speech of 8 May 1982 and his 27

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20. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7778-7779.

21. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7812-7816.

22. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7779-7781.



May 1983 press conference.<sup>23</sup> Wirth's amendment was rejected on a vote of 1 to 401 with only Jack Kemp of New York voting for the President's original budget proposal.<sup>24</sup>

The House then began consideration of substitutes actually favored by the persons offering them. William Dannemeyer offered an amendment in the nature of a substitute based on the premise that raising taxes to balance the budget represented bad policy. Rather, balancing the budget required spending cuts. He proposed a budget featuring revenues of \$734.39 billion, a revenue increase of \$1.39 billion, total new budget authority of \$989.4 billion, and total budget outlays of \$907.59 billion. Still, his proposal would leave a deficit of \$173.2 billion. Defense spending would receive \$299 billion in new budget authority and \$266 billion in outlays.<sup>25</sup> The House rejected Dannemeyer's substitute on a vote of 51 to 354.<sup>26</sup>

Buddy Roemer of Louisiana offered the next substitute on behalf of the conservative Democrats. Called the 2% solution, this plan proposed revenues of \$744.8 billion, a revenue increase of \$11.8 billion, total new budget authority of approximately \$1 trillion, and total budget outlays of \$915.95 billion. Defense would be funded at \$289.8 billion in new budget authority and \$258.27 billion in outlays. The deficit would only be \$171.15 billion. Roemer explained that the conservative Democrats intended to reduce the deficit enough so as to cause interest rates to decline, hopefully, by 2%. The plan required sacrifices from many constituencies, and it was designed so as to spread out the sacrifices. According to Roemer, sacrifices included limiting defense spending growth to 5% in real terms. Entitlements would face a 2% cut in COLA benefit growth for all programs with a COLA except for means-tested people and disabled veterans. A soft freeze would save approximately \$14 billion in other spending categories; new tax revenues

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23. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7817-7820.

24. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7828-7829.

25. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7829-7835.

26. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7842-7843.

would be attained through implementing HR 4170, a tax bill from 1983, plus indexing minus 2% for three years.<sup>27</sup>

Charles Stenholm rose in support of the Roemer substitute with a penetrating analysis of the federal government's fiscal dilemma. At the moment, the government spent 13% of its budget for debt service, 30% of its budget for defense, and 47% of its budget for entitlements. These amounts left only 10% for non-defense discretionary spending. He insisted that growth in entitlement spending was heavily fueled by COLAs. Stenholm simplified for members the inevitable solution to the fiscal crisis: "To reduce the deficit, we have only three choices: cut spending, raise taxes, or do both."<sup>28</sup>

The 2% solution could not fairly be accused of being soft on defense. Sonny Montgomery of Mississippi, a man regarded as a strong advocate of a strong national defense, spoke in support of the plan. He explained that this occasion was the first time in the past three years that their organization, the CDF presumably, was permitted to offer its proposal. Roemer and Stenholm had put much effort into the 2% plan. As for the plan's provisions, Montgomery argued that 5% real growth for defense would meet the nation's security needs; any lower defense number would be a bad policy. Montgomery, more so than most other members, generally tried to make his comments cordial, and this habit appeared again in his words of thanks to Speaker O'Neill, the Rules Committee, and Jim Jones for allowing the CDF to present its substitute budget.<sup>29</sup> The Roemer-conservative Democrat plan did not fare well; it was rejected by a vote of 59 to 338.<sup>30</sup>

The House resumed business by debating the budget alternative produced by another of the House factions, the Congressional Black Caucus, and offered by Julian Dixon of California. For fiscal year 1985, the CBC proposed revenues of \$784.6 billion, a revenue increase of \$51.6 billion, total new budget authority of \$996.2 billion, and total

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27. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7843-7846.

28. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7846-7847.

29. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7847-7848.

30. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (4 April 1984): 7853.

budget outlays of \$938.7 billion. This budget projected a deficit of \$154.17 billion, smaller than other projected deficits. Defense would be funded with \$234.89 billion in new budget authority and \$243.34 billion in outlays. Hailing the CBC budget as the best option for deficit reduction available to members, Dixon identified the basic thrust of this budget as reducing defense spending, increasing domestic spending, and altering the tax system to collect more revenue from corporate income taxes and excise taxes. Also, the existing tax cut would be limited to the first \$50,000 of income, and income tax indexing would be eliminated.<sup>31</sup> Dixon's substitute lost on a vote of 76 to 333.<sup>32</sup>

The next alternative was offered on behalf of the Executive Committee of the DSG, a group regarded as being liberal.<sup>33</sup> Offered by Matt McHugh of New York, this substitute called for revenues of \$747.3 billion, a revenue increase of \$14.3 billion, total new budget authority of \$991.9 billion, and total budget outlays of \$911.95 billion. This liberal plan would still provide national defense with \$276 billion in new budget authority and \$250.2 billion in outlays, and the deficit would stand at \$164.65 billion. Defense spending would increase just enough to keep pace with inflation. Overall non-defense spending would increase at a rate less than inflation, but some specific programs, such as programs for the poor and the handicapped, would receive spending increases of 3.5% in real terms. McHugh offered members, at least Democratic members, another reason to support this plan. He believed the eventual Senate plan would propose an increase in defense spending of approximately 8% in real terms. Passage of this substitute could ensure a more favorable final version since the conference committee members would have to

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31. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7907-7912.

32. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7937.

33. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7950-7951.

compromise.<sup>34</sup> Although finishing better than other substitutes, the McHugh-DSG plan lost on a vote of 132 to 284.<sup>35</sup>

Buddy MacKay of Florida offered the next amendment in the nature of substitute, the MacKay-Nelson plan. The co-sponsor Bill Nelson was also from Florida. This plan proposed revenues of \$742.2 billion, a revenue increase of \$9.2 billion, total new budget authority of \$990.85 billion, and total budget outlays of \$911.35. Defense spending would stand at \$276 billion in new budget authority and \$250.2 billion in outlays. The deficit would be \$169.15 billion. MacKay-Nelson used the idea of an across-the-board freeze in which spending would be frozen at 3.5% above fiscal year 1984 levels, but defense, Social Security, and select safety-net programs would receive increases to keep pace with inflation. The plan also envisioned passage of HR 4170 with its new revenues aiding deficit reduction.<sup>36</sup> The substitute also lost on a vote of 108 to 310.<sup>37</sup>

The ranking Republican member of the Budget Committee, Del Latta, offered the final alternative, the Republican alternative. This plan proposed revenues of \$742.2 billion, a revenue increase of \$9.2 billion, total new budget authority of approximately \$1 trillion, and budget outlays of \$916.8 billion. Defense spending would receive \$298.9 billion in new budget authority and \$266 billion in outlays. Latta's deficit would be \$174.6 billion. In defending this substitute, Latta conceded that it and the Democratic-Budget Committee plan had some similarities such as the size of the revenue increase. The two rivals differed, though, regarding defense. The Democratic plan would spend less on defense over three years, and Latta claimed his plan would provide more deficit reduction over three years. Furthermore, Latta felt his alternative was fairer in principle for two reasons. Deficit reduction would come from defense spending, domestic spending, and revenue increases roughly evenly, and his budget would continue the basic policies initiated by the Reagan

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34. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7938-7943.

35. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7951.

36. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7951-7956.

37. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7967-7968.

administration.<sup>38</sup> At approximately 5:30, the House rejected this Republican alternative by a vote of 107 to 311.<sup>39</sup> One might have thought that a so-called Republican alternative offered by a leader among the House Republicans would have posed a reasonably formidable challenge to the Democratic plan. A mere 107 votes in favor showed a lack of consensus among Republicans and the absence of a Republican-conservative Democrat alliance.

One final step remained. At approximately 5:40, the Committee of the Whole rose. The concurrent resolution was reported back to the House. The House then passed the concurrent resolution on the budget, H Con Res 280, on a vote of 250 to 168. The Democrats divided with 229 in favor and only twenty-nine opposed. The Republicans voted twenty-one in favor and 139 opposed. As for the CDF members, twenty-three of them voted for passage; eleven voted against passage.<sup>40</sup>

In addition to challenges from Reagan and the conservative Democrats, the House Democratic Leadership also faced a new challenge by the mid-1980s from one faction of the House Republicans. Jim Wright recalled that philosophical differences over political tactics existed among the House Republican leaders. For example, Bob Michel and he had a good working relationship based on mutual respect. This habit was normative when the two men first entered Congress during the Rayburn era but experienced a decline over the years. On the other hand, Wright found Trent Lott to differ in style from Michel. Lott was less a part of the culture of respect and camaraderie that had once characterized Congress. Lott became associated with the Conservative Opportunity Society (COS). The COS

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38. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7968-7975.

39. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7988-7989.

40. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 6 (5 April 1984): 7992-7993.

launched repeated attacks to slander and embarrass Democrats. They attacked not just ideas or policies. Rather, they attacked the Democrats as people.<sup>41</sup>

These confrontational Republicans found opportunities and controversy through the House's special orders. Special orders refers to when a member reserves a time period in order to speak, for sixty minutes or less, after the House has finished legislative business for the day but technically before the House adjourns.<sup>42</sup> The idea behind special orders involved letting members express their opinions on topics with which the House was then not concerned. Sometimes in practice, special orders could be seen as pointless as Wright explained:

Actually I always thought that there was little social value in those speeches that were made when nobody was on the floor because, I don't know, it just seemed to me that it was play-acting. It was an act of self-promotion or an effort of someone to get some limelight and be seen.<sup>43</sup>

Early in 1984 after Congress convened, the COS began using the special orders speeches broadcasted on C-SPAN, a cable television channel, to attack Democrats and to enunciate their conservative agenda. Newt Gingrich of Georgia was the group's thinker. Robert Walker of Pennsylvania was their parliamentarian and floor manager. Vin Weber of Minnesota ran the special orders operation. Other Republicans involved in this affair included Dan Coats of Indiana, Judd Gregg of New Hampshire, Dan Lungren of California, Connie Mack of Florida, and Barbara Vucanovich of Nevada. The group was angry because the Democratic Leadership would not schedule floor debate on possible constitutional amendments on controversial issues.<sup>44</sup>

Wright recalled that these Republicans would use high-handed tactics. The chamber would be almost completely empty during special orders, but the television cameras were

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41. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

42. Tarr and O'Connor, *Congress A to Z*, 413.

43. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

44. Diane Granat, "Televised Partisan Skirmishes Erupt in House," *Congressional Quarterly Weekly Report*, 11 February 1984, 246-249.

directed on only the person speaking and therefore did not reveal the empty chamber to the audience. The people accused by the special orders orators would not be present in the chamber and would not know about the accusations. The orators would act as if the members about whom they were speaking and accusing were actually present in the chamber. They would say things such as, "If he denies that, let him come forward right now. I'll yield to the gentleman if he wishes me to yield." This practice would lead the C-SPAN audience to believe that the accusations were true. For several months, this faction of Republicans would reserve the best times in special orders for themselves. They delivered one-hour speeches.<sup>45</sup>

Serious trouble began in early May with a letter, on Gingrich's stationery, signed by Gingrich, Walker, and Weber and dated 8 May 1984. The letter announced that on the night of 8 May during special orders, the trio would read from a Republican Study Committee (RSC) work entitled "What's the Matter with Democratic Foreign Policy?" by Frank Gregorsky. The letter stated that "you" were discussed in the work, and the trio wanted to "invite you" to the event in order "to discuss the RSC study." The event was scheduled for Wednesday and Thursday. The work's thesis argued that, "today's national Democrats have a pessimistic, defeatist, and skeptical view toward America's role in the world." The letter claimed this supposed Democratic view could be seen as "radical" since it "violates every U.S. tradition since Truman's time." A list with the letter included fifty-one names of members who apparently were supposed to receive the letter including O'Neill, Wright, Ronald Dellums of California, Edward Boland of Massachusetts, and Dante Fascell of Florida.<sup>46</sup> The letter's days and dates were wrong. In 1984, 8 May was a Tuesday.

The event began on Tuesday and not on Wednesday as the letter had stated. On 8 May, Walker received a special order for sixty minutes and read from Gregorsky's

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45. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

46. Photocopy of letter and list, 8 May 1984, Folder: Legislative Assistant Files 95th Congress, 2nd Session T.V. Coverage of the House, 1977-1984, Box 6, Party Leadership/Administrative Files Speaker's Office, O'Neill Papers.

aforementioned article.<sup>47</sup> After Walker, Gingrich began his special order for sixty minutes and continued reading from the article.<sup>48</sup> Walker stated that he and Gingrich were doing the reading because Gregorsky's work, "is a very cogent presentation of how the radical wing of the Democratic Party has taken over the foreign policy of that party."<sup>49</sup> An examination of the article leads to the conclusion that it egregiously removed from the proper context members' actions and quotes over a period of years and misrepresented them. The purpose appeared to be an effort to portray these members, and all Democrats by implication, as favoring a weak foreign policy and as endangering U. S. security.

The Democrats could tolerate this hooliganism no longer. O'Neill was watching the special orders speeches from his office and saw Gingrich besmirch Representative Edward Boland's patriotism through an attack on his voting record. Gingrich acted as if Boland was present in the chamber, challenging and offering him the chance to respond. The next day, Robert Walker was speaking and pulled the same sort of shenanigans, and O'Neill ordered the cameras to pan the entire House chamber. The cameras showed Walker speaking to an empty or near-empty chamber and appearing "like a fool."<sup>50</sup>

The Republicans took offense at the Speaker's order. In a letter to O'Neill, Bob Michel expressed displeasure that O'Neill gave the order without prior notice. He called the decision "an act of dictatorial retribution."<sup>51</sup> On 14 May, Trent Lott gave a one-minute speech on the controversial order. He declared that: "But this is not evenhanded--it is

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47. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 8 (8 May 1984): 11421-11428.

48. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 8 (8 May 1984): 11428-11437.

49. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 8 (8 May 1984): 11421.

50. O'Neill, *Man of the House*, 354.

51. Michel to O'Neill, 11 May 1984, Folder: Legislative Assistant File 98th Congress, 2nd session Legislative Correspondence, 1984 20-3, Box 20, Personal/Office Files, O'Neill Papers.



downright underhanded.”<sup>52</sup> O’Neill responded to the Republican complaints with a one-minute speech and a brief dialogue with Michel. The Speaker explained that House rules permitted him to change the camera coverage, and no warning was necessary. He denounced the tactic of attacking people’s patriotism while pretending they were present: “A more low thing I have never seen.”<sup>53</sup>

The controversy over the 8 May incident and O’Neill’s order climaxed on 15 May shortly after the House convened with a heated exchange between O’Neill and Gingrich. Additional testimony emerged about the 8 May incident from the comments of the members. Gingrich, Walker, and Weber sent a letter to some Democrats informing them that an article critical of them would be read into the *Congressional Record* during special orders. The letter, the trio claimed, should have been delivered the day of the speech. Due to logistical problems with the mail, their letters could not arrive on time. They proceeded with their plans, and the Democrats mentioned in the speeches did not know of the event.<sup>54</sup>

The argument on 15 May followed these lines. Gingrich began the argument by asking for a question of personal privilege in order to give a rebuttal to O’Neill’s comments from 14 May. Gingrich was trying to defend the practices of himself and his associates. Finally, O’Neill took the floor to condemn Gingrich’s tactics and claims and to defend the Democrats. The Speaker explained that the members in question did not know about the speech, that the speech was designed to embarrass them, that the event was intended to set up a context so that they would have to defend themselves, and that Gingrich and his group ignored relevant facts in the speeches. O’Neill denounced Gingrich and his gang: “You deliberately stood in that well before an empty House and challenged these people,

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52. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 9 (14 May 1984): 12040-12041.

53. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 9 (14 May 1984): 12042-12043.

54. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 9 (15 May 1984): 12198-12201.

and you challenged their Americanism, and it is the lowest thing that I have ever seen in my 32 years in Congress.”<sup>55</sup>

The entries in the *Congressional Record* did not reveal everything about the incident. Gingrich had refused to yield the floor until O’Neill simply interrupted him and took control of the floor. Lott argued that O’Neill’s statement violated House rules. The parliamentarian agreed and ordered that the presiding representative at the moment declare O’Neill’s use of the word “lowest” a violation. This order was carried out. The general consensus of everyone present contended that this ruling represented the first time a Speaker was ruled out of order in recent history. Gingrich received a standing ovation from many Republicans, but Michel did not applaud.<sup>56</sup>

Despite the problems of the spring and the approach of the 1984 elections, the implementation of a revenue increase proceeded relatively smoothly. In this matter, the President and Congress and Democrats and Republicans managed to work together effectively. With a growing consensus that a revenue increase appeared likely, the Ways and Means Committee passed a tax increase package, HR 4170, on 1 March. Overall, the \$49.3 billion package for three years called for closure of some tax loopholes and extraction of more revenue from taxes on liquor, cigarettes, and telephone use. The Committee based this bill on 1983’s failed HR 4170 plus new proposals. Meanwhile, the Senate Finance Committee worked on a deficit reduction package with both tax hikes and spending cuts.<sup>57</sup>

The House disposed of HR 4170 on 11 April. Ways and Means Committee Chairman Dan Rostenkowski began general debate with a speech in favor of HR 4170. He explained that it resulted from bipartisan cooperation and enjoyed Reagan’s support;

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55. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 9 (15 May 1984): 12198-12201.

56. T. R. Reid, “Outburst: Speaker O’Neill and Republicans Clash Fiercely in House Debate,” *Washington Post*, 16 May 1984, A1, A6.

57. Pamela Fessler, “After Bipartisan Talks Stall: Ways & Means, Finance Panels Fashion Deficit Reduction Bills,” *Congressional Quarterly Weekly Report*, 3 March 1984, 484-486.

continued deficit growth was a threat to the U. S. economy. This \$49.2 billion package included many provisions and lacked a focus on any one particular type of tax. It included tax reforms, tighter corporate accounting procedures, postponement of some tax cuts scheduled to begin after 1983, and closure of some tax loopholes. Both Democrats and Republicans on the Ways and Means Committee supported the bill.<sup>58</sup> The ranking Republican on the Committee, Barber Conable, also spoke in favor of the bill.<sup>59</sup> The House approved HR 4170 with a final vote of 318 to 97.<sup>60</sup>

The bill fared much better than it had fared in 1983. On 27 June, both chambers passed the conference report on HR 4170 by safe margins. The House voted 268 to 155; the Senate gave its approval with a vote of 83 to 15. In its final form, HR 4170 would provide for roughly \$50 billion in additional revenue through fiscal year 1987 by closing tax loopholes and tax shelters and by increasing taxes on telephones and liquor. The bill would also make spending cuts in Medicare and other programs amounting to roughly \$13 billion. Congress decided to eliminate the House's proposed increase on the cigarette tax.<sup>61</sup> On 18 July, Reagan signed HR 4170, now formally called the Deficit Reduction Act of 1984, into law.<sup>62</sup>

In theory, Congress should agree to a conference report on the budget resolution and use it as a guide to writing the appropriations bills. These bills are supposed to be completed by 1 October, the beginning of the new fiscal year. Unfortunately, 1984 showed the failure of the government to operate in this manner. Not until 1 October did Congress complete the conference report on H Con Res 280. The House passed it on

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58. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 7 (11 April 1984): 8830-8833.

59. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 7 (11 April 1984): 8833-8836.

60. Congress, House, 98th Cong., 2nd sess., *Congressional Record* 130, pt. 7 (11 April 1984): 8986.

61. Pamela Fessler, "\$63 Billion in Cuts, Taxes: First Installment of 'Down Payment' Clears," *Congressional Quarterly Weekly Report*, 30 June 1984, 1539-1544.

62. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1987), Ronald Reagan, 1984 Book II, 1053.

that day by a vote of 232 to 162. The Senate had passed it on 26 September. The resolution proposed a deficit for fiscal year 1985 of \$181.1 billion.<sup>63</sup>

Once again, the powers in the federal government worked hard to find agreement on defense spending. On 20 September, Reagan and Congress finally struck a deal on defense spending for fiscal year 1985 and the controversial MX missile that allowed Congress to complete work on the budget resolution, the defense authorization bill, and a defense appropriations bill. The deal was formed over a set of talks lasting nearly two weeks. The agreement called for \$292.9 billion in new budget authority, a 5% increase in real terms. This figure fell roughly between the proposals in the Senate's original budget resolution, \$299 billion, and the House's original budget resolution, \$285.9.<sup>64</sup>

When appropriations bills were not yet completed, the federal government turned to continuing resolutions to fund the government. This practice had become routine by the mid-1980s. For example, on 10 October House and Senate conferees agreed on a continuing resolution of approximately \$370 billion to fund much of the government's operations. There had already been four separate emergency funding measures passed to keep government agencies operating.<sup>65</sup>

In conclusion, the growing unity of the House Democrats in 1984 could be found in two of the competing budget plans from the debate in April. The Roemer substitute and the base resolution, H Con Res 280, did not differ that much from one another in general terms. They proposed roughly the same levels of revenues, revenue increases, total new budget authority, and total budget outlays. The Roemer plan would spend only a slight amount more on defense, and the base resolution actually proposed a smaller revenue increase for fiscal year 1985. So a question emerges, was the House Democratic Leadership and the Caucus as a whole more receptive to the conservative viewpoint, or

63. "Budget Resolution Adopted: Congress Wraps Up Deficit-Reduction Efforts," *Congressional Quarterly Weekly Report*, 6 October 1984, 2429.

64. Pat Towell, "Hill Leaders, Reagan Break Defense Stalemate," *Congressional Quarterly Weekly Report*, 22 September 1984, 2291-2292.

65. Helen Dewar, "Conferees Approve '85 Funds," *Washington Post*, 11 October 1984, A1, A4, A5.

were the conservatives drifting towards the viewpoint of the Leadership and most House Democrats? Since a budget concerns practical issues and not abstract political philosophy, another question might be more appropriate. Was the gravity of the fiscal crisis so great that members actually faced an increasingly limited set of options if they were serious about deficit reduction? This last question suggests that tax increases were becoming more and more necessary, even inevitable, in the short-term and that large spending increases for any category were impractical. Meanwhile, fiscal year 1984 ended with a deficit of \$185.4 billion.<sup>66</sup>

Stenholm's analysis of spending percentages complements the second question. Ninety percent of the budget covered categories of spending often deemed as untouchable. The government could not avoid debt service. Defense spending was necessary due to U. S. security needs and its foreign commitments. It also was politically sensitive; no politician would want to be accused of being "soft on defense" or "soft on Communism" at a time when Reagan had set the national agenda with an emphasis on military buildup. Entitlements were also politically salient and included the people's most prized government benefit, Social Security. The rest of federal spending included many beneficial expenditures. What could the government cut?

Furthermore, the defeat of the Roemer substitute suggested that the Democratic Leadership had clearly cemented control over fiscal policies in the House. In 1983, the Republicans offered no substitute of their own volition, and the conservative Democrats and all other House factions had been denied the opportunity to offer full-fledged alternatives. This year, the conservative Democratic plan lost badly as the mass of Republicans showed no interest in a bipartisan alliance. The Republican plans also lost badly.

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66. U. S. President, *Economic Report of the President January 2001*, 369.

## CHAPTER 8 THERMIDOR

The Ninety-Ninth Congress essentially began with the elections in November 1984. As for the Democrats, Reagan's success made their circumstances look bad and helped precipitate a time of questioning. At the same time, the grave problems of the federal government forced the nation to consider new solutions. In contrast to the previous four years, the Democrats would have to face the Ninety-Ninth Congress without Gillis Long. On 20 January 1985, he died in Washington, D. C. following a heart attack.<sup>1</sup>

The elections of 1984 reinforced the status quo. Despite Reagan's landslide victory over Walter Mondale, the Republicans made only very modest gains in the House. Based on unofficial results since a few contests remained in dispute, the Democrats lost fourteen seats overall to the Republicans. The Ninety-Ninth Congress would stand at 253 seats for the Democrats versus 182 seats for the Republicans. These 253 seats were still ten more than the Democrats possessed following the 1980 elections. Only thirteen Democratic incumbents lost, and only three Republican incumbents lost. The freshmen class would include twelve Democrats and thirty-one Republicans. Being conservative did not necessarily protect a member from defeat. CDF members Jack Hightower of Texas and Ike Andrews of North Carolina lost their bids for reelection. Two other Democrats viewed as conservatives, Bill Patman of Texas and Tom Vandergriff of Texas, also lost their reelection bids.<sup>2</sup>

The election results sparked a period of questioning and challenging among the House Democrats with Speaker O'Neill facing challenges on two fronts. First, a bloc of twenty-five to thirty younger Democrats, with generally ten or less years of service in the House and led by Richard Gephardt and Tony Coelho, pressed for more influence. Some members of the bloc felt that the Democratic Leadership did not act sufficiently vigorous in Reagan's first term. Before the election, some of them contemplated an effort to remove

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1. Richard Pearson, "Rep. Gillis Long, 61, Influential Democrat," *Washington Post*, 22 January 1985, D4.

2. Rob Gurwitt, "GOP Disappointed With Gains in the House," *Congressional Quarterly Weekly Report*, 10 November 1984, 2897-2900.

O'Neill but backed off when the election results proved to be not so bad. Still, the bloc requested that O'Neill establish another leadership council with some young Democrats as members to help manage House and Party affairs.<sup>3</sup>

The Leadership decided to acquiesce to the demands for more influence. The Leadership agreed to hold more meetings of the Caucus, delegate more influence to the DSPC, and set up a leadership council. The leadership council, called the Speaker's Cabinet by some, would include elected leaders, important committee chairs, and chairs of the Caucus and the DCCC. It might also have a few at-large members to represent ideological factions. Meetings of this group were supposed to take place every two weeks.<sup>4</sup>

Meanwhile, the conservative Democrats contemplated their own challenge. Some conservatives had called for O'Neill to resign the Speakership, and Charles Stenholm announced that a bloc of conservatives might offer a rival candidate for Speaker.<sup>5</sup> This potential candidate was Stenholm, and a meeting between the challenger and the Speaker on 30 November produced an agreement. Stenholm abandoned the challenge. In return, O'Neill offered concessions to conservative Democrats that included seats on the DSPC and on the new leadership council.<sup>6</sup>

A tape of Stenholm's press conference found in the O'Neill Papers revealed a strongly positive tone about the 30 November meeting. During the press conference, Stenholm stated that he had yet to decide whether or not to drop the challenge, but the comments on the tape lead to the conclusion that he had almost completely decided against the challenge. He explained that he was on his way to meet nine members of the

3. Margaret Shapiro, "O'Neill Faces New Pressure to Step Back," *Washington Post*, 16 November 1984, A14.

4. Diane Granat, "Junior Democrats Gain a Louder Voice.....Leadership Panels Will Serve as Forum," *Congressional Quarterly Weekly Report*, 8 December 1984, 3054-3055.

5. Margaret Shapiro, "O'Neill Faces New Pressure to Step Back," *Washington Post*, 16 November 1984, A14.

6. Diane Granat, "House Rules Changes Proposed: Democratic and GOP Leaders Named for the 99th Congress," *Congressional Quarterly Weekly Report*, 8 December 1984, 3051, 3053-55, 3057.

CDF. According to Stenholm, the issue was not O'Neill but rather the orientation of the Party. He believed that O'Neill and the Democrats had a public image problem, especially in Texas and the South. As for O'Neill, Stenholm stated that the Speaker had said that he wanted conservative Democrats to be part of the Party and working for it as opposed to being backbenchers. O'Neill asked for a list of recommendations concerning conservative Democrats and committee seats. The Speaker also stated that conservative Democrats would get a chance to offer their legislative plans. O'Neill said he would set up a council to confer with the Leadership. But this meeting was not all concessions from the Speaker. Stenholm told that O'Neill actually challenged him and the conservatives to be working members of the Party. Stenholm conceded that CDF members have to be team players in order to take advantage of O'Neill's challenge and offers. He insisted that in 1981 the conservatives were not Reagan's lackeys. Rather, the conservatives believed in the principles of bipartisanship. Buddy Roemer also attended the meeting and discussed it during the press conference. Roemer said that he was urging Stenholm not to challenge O'Neill since the meeting went so well.<sup>7</sup>

Jim Wright recalled much about the Stenholm-O'Neill conflict and detente. Stenholm had attracted very little support. Most conservative Democrats would not support him in this challenge. Only the required Republican nominee at the start of each Congress had ever challenged O'Neill for the Speakership, and he wanted to finish his career with an unopposed election. He approached Wright about getting his help in preventing Stenholm's challenge. Based on conversations with members whose support Stenholm had sought, Wright told the Speaker that Stenholm would probably garner only six to eight votes. Wright also felt Stenholm was searching for a way to extract himself from this

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7. Charles Stenholm on Challenging O'Neill for Position of Speaker, Tape 8, Box 1, Audiovisual Materials (1-3), O'Neill Papers.



potentially embarrassing challenge. Wright offered to arrange a meeting between the two rivals. O'Neill agreed, and Wright arranged the meeting.<sup>8</sup>

The Democrats met for their organizational Caucus. O'Neill won the nomination for Speaker without opposition. In addition, the Democrats reelected Wright as Majority Leader, and O'Neill reappointed Foley as Majority Whip. The Caucus elected Gephardt as its new Chairman.<sup>9</sup>

Stenholm made a speech before the vote on the Democratic candidate for Speaker although O'Neill was the only nominee. He explained that his aborted challenge to the Speaker was not based on personal feelings. Rather, he believed the Democrats needed a change. The Party needed to retool its "game plan" in order to solve the "perception problem" that it faced. He declared his satisfaction with the meeting with O'Neill and accepted the challenge to be a constructive member of the Party and a team player.<sup>10</sup>

In his acceptance speech, O'Neill addressed several topics. He reiterated that the Ninety-Ninth Congress would be his last term in the House. O'Neill recognized the problems the Democrats faced which the 1984 election results made evident: "we know we must find new themes, and we have to find new directions for our party." He found hope amidst the problems in the form of the Caucus. He praised Gillis Long and Richard Gephardt for reinvigorating the Caucus and using it to formulate new ideas such as *Rebuilding the Road to Opportunity*. O'Neill lamented that the media and many Democrats gave little consideration to these ideas. He stated that the Caucus would have its regular gatherings once a month plus an extra monthly meeting. The Leadership and the committee chairs would present the legislative agenda and strategy in the extra meeting. As for the conservative Democrats, the Speaker admitted that: "The truth of the matter is that for many years we paid no attention to one group in that Caucus, the conservatives.

8. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

9. Diane Granat, "House Rules Changes Proposed: Democratic and GOP Leaders Named for the 99th Congress," *Congressional Quarterly Weekly Report*, 8 December 1984, 3051, 3053-3055, 3057.

10. Caucus Minutes, 3 December 1984, p. 44-46, Folder: Foley Papers Democratic Caucus Minutes--September 13/October 3/December 3-1984, Box 187, Foley Papers.

We felt that there was no need for them; there were always 25 or 35 Republicans who would vote along with us.” He announced that Democrats who believed that they had not received due consideration or fair treatment were, “welcome to the table to express their views.” On legislative strategy, O’Neill announced that the House Democrats would not take the lead, and the heat, for deficit reduction. Reagan would have to lead the way.<sup>11</sup>

The conservative Democrats received their payoff. As later reported, the deal’s provisions about committee seats were implemented with Marvin Leath of Texas receiving a seat on the Budget Committee and Dan Daniel of Virginia receiving a seat on the Permanent Select Committee on Intelligence.<sup>12</sup> Jim Wright recalled that he asked of Leath the same that he had asked of Phil Gramm: fight in the Committee for your ideas but support the Budget Committee and its proposals. Wright played a critical role in getting Leath elected to the Budget Committee.<sup>13</sup> Conservative Democrats Ed Jenkins of Georgia, Buddy Roemer of Louisiana, and Wes Watkins of Oklahoma received appointments to the Speaker’s Cabinet. This new panel’s function was “to advise” the DSPC and the Leadership on “party policy” through regular meetings with the Democratic Leadership.<sup>14</sup>

Although the CDF reached a detente with the Leadership, the group still continued its mission as a forum. A membership list for the Ninety-Ninth Congress showed that the group had thirty-seven members.<sup>15</sup> Throughout 1985, the CDF still continued its information meetings. A memo dated 20 February 1985 showed that the CDF meeting for 26 February would feature two guest speakers. Budget Committee Chairman Bill Gray would address the members, and Armed Services Committee Chairman Les Aspin would

11. Speech, Folder: Press Assistant Files--Democratic Caucus & Speaker Election Nov.--Dec. 1984, Box 17, Press Relations Press Assistant Files, O’Neill Papers.

12. Jacqueline Calmes, “No Longer Seen as ‘Traitors’: ‘Boll Weevils’ Now Welcome In House Democratic Fold,” *Congressional Quarterly Weekly Report*, 26 April 1986, 909-910, 912-913.

13. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

14. Press Advisory, 1 February 1985, Folder: Leadership--House, Box 3-1 of 42, Wright Papers.

15. CDF list for 99th Congress, 1985, File 5, Box 604, Hall Papers.

speaking about the MX missile.<sup>16</sup> The agenda for the meeting scheduled for 7 May 1985 would include Reagan's budget, the Boll Weevil PAC budget, and the proposed bylaws for the CDF.<sup>17</sup> Generally, the CDF held its regular meetings every other Wednesday.<sup>18</sup>

Before the House could resume regular business, one more conflict erupted. On 4 January 1985, the Caucus voted to remove Melvin Price of Illinois as Chair of the Armed Services Committee and to assign the post to Les Aspin of Wisconsin. The vote to remove Price was 121 to 118. The Caucus then passed over several more senior members of the Committee to elect Aspin. Aspin ranked seventh in seniority on the Committee. Price had the support of the Leadership, the CBC, senior members, and about half of the Democratic members of the Armed Services Committee. O'Neill pleaded with members unsuccessfully to retain Price as Chairman for one more term. Aspin had the support of junior members of various ideological stripes. Although he had supported and compromised with Reagan on defense issues, he had been regarded as having liberal leanings and had been very critical of the defense establishment on occasions. All other returning committee chairs won reelection. Also, the Democrats had to elect a new Budget Committee Chairman due to the two-term rule for that position. The winner was William Gray of Pennsylvania.<sup>19</sup>

William, or Bill, Gray now took on the responsibility of mediating the diverse budget views found among House members. Born in 1941, he became a Baptist minister and earned degrees from Franklin and Marshall College (B.A.), Drew Theological Seminary (M.Div.), and Princeton Theological Seminary (Th.M.). Gray was elected to the House in 1978 and sat on the Budget Committee in the Ninety-Sixth Congress. He left

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16. Memo from Stenholm to CDF members, 20 February 1985, Folder: CDF--General 1982-1986, Box 96, Roemer Papers.

17. Letter from Stenholm to CDF members, 2 May 1985, File 5, Box 604, Hall Papers.

18. Letter from Stenholm to CDF members, 3 June 1985, Folder: CDF--General 1982-1986, Box 96, Roemer Papers.

19. Margaret Shapiro, "Democrats Remove Price as Chairman," *Washington Post*, 5 January 1985, A1, A6.

the Committee after his first term because he felt that the Committee did not provide sufficient support for social spending. He returned to the Committee in 1983. Gray remained the main minister for a three thousand member congregation in Philadelphia and returned to Philadelphia to preach on Sundays. His Second district comprised north and west Philadelphia.<sup>20</sup>

Meanwhile, Ronald Reagan began his second term as President. His inaugural address on 21 January 1985 featured the standard fare: vague, positive generalities of a standard patriotic bent. He discussed the need for fiscal responsibility at this historic juncture, this “time of reckoning.” On the need for positive action, he asked, “If not us, who? And if not now, when? It must be done by all of us going forward with a program aimed at reaching a balanced budget.”<sup>21</sup>

The plans of the administration became clearer with Reagan’s State of the Union address on 6 February. He did not address the deficit/debt issue directly. He merely counseled Americans to just hope that the economy performed well; if it did, it would produce enough tax revenues to compensate for past debts and to prevent future deficits. If this strategy did not work or if the economy did not perform well, Reagan had no backup advice. His budget plan proposed freezing overall government program spending for fiscal year 1986 at the fiscal year 1985 level. The plan’s basic principles included protecting the social safety net for the elderly, the disabled, and the poor. The military buildup would continue. Finally, the President called for the reduction or elimination of some domestic expenditures/programs. Reagan also advocated a balanced budget amendment.<sup>22</sup>

Congress received the details of the President’s budget on 4 February. The \$973.7 billion budget would leave a deficit of \$180 billion. Military spending, Social Security, and debt service would receive increased funding. Spending cuts would come

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20. Ehrenhalt and Glennon, *Politics in America*, 1284-1286.

21. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1985 Book I, 55-58.

22. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1985 Book I, 130-136.

from some domestic spending such as farm price supports, college student aid, veterans' health care, Medicare, REA, AFDC, and salaries for federal employees. Programs marked for elimination included federal revenue sharing, Job Corps, the Small Business Administration, mass transit subsidies, and Amtrak subsidies. The budget proposed not implementing the scheduled COLA for the next year for military and civil service pensioners. While not proposing higher or new taxes, the Reagan budget called for new user fees. Reagan's proposed budget broke down into the following percentages: 29% for defense spending, 15% for debt service, 10% for grants to state and local governments, 41% for direct payments to people (Social Security, etc.), and 5% for other federal government spending.<sup>23</sup>

Reagan further solidified his position for 1985 with a clear stand against tax hikes. On 13 March in a speech to members of the American Business Conference, the President bluntly stated: "No matter how well intentioned they might be, no matter what their illusions might be, I have my veto pen drawn and ready for any tax increase that Congress might even think of sending up. And I have only one thing to say to the tax increasers: Go ahead, make my day."<sup>24</sup>

Members of Congress expressed their displeasure at Reagan's proposal and announced that they had their own ideas. Senate Finance Committee Chairman Bob Dole and House Minority Leader Bob Michel were guarded, even reluctant, to endorse the President's proposal. Senate Budget Committee Chairman Mark Hatfield was very critical. Bill Gray was critical, and O'Neill claimed Reagan's budget was tough on the middle-class.<sup>25</sup>

As the Democrats prepared for four more years of Ronald Reagan, they still engaged in Long-style consensus building efforts. The House Democratic Caucus

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23. David Hoffman, "Reagan Proposes More Budget Shifts in 1986: Middle Class, Businesses Face Benefit Cuts," *Washington Post*, 4 February 1985, A1, A4.

24. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1985 Book I, 281.

25. Helen Dewar and Margaret Shapiro, "President's Budget Meets Opposition On Capitol Hill: Democrats Attack Middle-Class Cuts," *Washington Post*, 5 February 1985, A1, A6.

sponsored the Gillis Long Issues Conference as “an opportunity for open and direct dialogue” from 1-3 March 1985. The conference included seminars and workshops on public issues and the current political environment as well as country western entertainment coordinated by W. G. “Bill” Hefner of North Carolina.<sup>26</sup> The event, held at White Sulfur Springs, West Virginia, attracted 135 House Democrats. Participants felt that the event strengthened their camaraderie.<sup>27</sup>

With the budget process beginning, the Democrats turned to the updated version of “An Exercise in Hard Choices.” They received notice that on 21 March, members of the DSPC would convene regional meetings of the Democrats in which Budget Committee members and Committee staff would administer the “Exercise.”<sup>28</sup> Although the format resembled the 1983 edition, the twelve-page 1985 version had greater detail. The document used OMB’s current services baseline as the baseline for comparison.<sup>29</sup>

The “Exercise” presented tough decisions. There were eight options for military spending. The greatest possible savings would total \$42.6 billion in fiscal year 1986 and would be achieved by freezing 1986 outlays at the 1985 level. The least amount of savings, \$8.9 billion, would result from following Reagan’s proposal for 5.9% real growth in budget authority. The other six options fell between these two extremes and addressed decisions such as real growth versus inflation-only growth. Their savings were \$25.5 billion, \$19.2 billion, \$16.2 billion, and \$14.6 billion. Even the \$42.6 billion savings option would

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26. Brochure for Gillis Long Issues Conference, Folder: Democratic Caucus Binder, Box Misc. 12, Wright Papers.

27. Andy Plattner, “Communication Is the Key: Democrats Gain Camaraderie But No Consensus on Message,” *Congressional Quarterly Weekly Report*, 9 March 1985, 456, 458-459.

28. Letter from O’Neill and Gray to Colleague, 19 March 1985, Folder: Letters from Speaker, Box 3-1 of 42, Wright Papers.

29. “An Exercise in Hard Choices”, Folder: Press Assistant Files--Budget, Deficit, 1984-1985, Box 16, Press Relations Press Assistant Files, O’Neill Papers.

still provide for \$252 billion in defense outlays in fiscal year 1986. This option was the only one that had the potential to cut defense below the fiscal year 1985 program level.<sup>30</sup>

The section on entitlements included many choices for savings. The first general type of savings involved an outright freeze on all entitlements at the 1985 outlay level for one year in one of two ways. One choice would allow for demographic growth while the other choice would not allow for demographic growth. In this context, demographic growth referred to the situation in which more people become eligible for benefits due to factors such as population growth. On the other hand, there were six modified freezes that involved COLAs. One could freeze all COLAs or just some of them. COLAs applied to Social Security, veterans' benefits, SSI, food stamps, child nutrition, railroad retirement, and federal civilian and military retirement. Then, there were several options for savings involving changes in entitlements such as Medicare, Medicaid, farm commodity price support programs, guaranteed student loans, general revenue sharing, child nutrition, and retirement. For example, one could decide to implement Reagan's idea to permanently cut aid for meals served in schools and day care centers; this idea would save \$.6 billion for fiscal year 1986.<sup>31</sup>

The next major section concerned non-defense discretionary spending. One began by choosing among four options. First, one could freeze 1986 levels at the 1985 program level and save \$3.5 billion. A similar choice involved freezing the 1986 levels at the 1985 program level, but exempting low-income discretionary programs, for savings of \$3.1 billion. The third choice required implementing the freeze and also accepting all of Reagan's proposed program terminations and reductions beyond the freeze; this choice would save \$17.7 billion. Fourth, one could pick the freeze and just choose the termination and reduction proposals that he or she favored. Two long lists identified Reagan's proposed terminations and reductions. The proposed terminations would provide only small amounts

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30. "An Exercise in Hard Choices", p. 2, Folder: Press Assistant Files--Budget, Deficit, 1984-1985, Box 16, Press Relations Press Assistant Files, O'Neill Papers.

31. "An Exercise in Hard Choices", p. 3-4, Folder: Press Assistant Files--Budget, Deficit, 1984-1985, Box 16, Press Relations Press Assistant Files, O'Neill Papers.

of savings; the largest individual one for fiscal year 1986 would be only \$1.3 billion, new commitments for subsidized housing. Some proposed terminations would save only \$0.1 billion, and some programs did not even list a numerical amount for the savings. Programs picked for termination by Reagan included rural water and wastewater grants, flood prevention operations, juvenile justice programs, and library programs. Reagan's proposed reductions list would also only yield very small amounts of savings.<sup>32</sup> Other sections dealt with user fees, off-budget spending, proposals for additional spending, interest savings, and a list of programs not targeted for termination or reduction by Reagan but which could be terminated or reduced.<sup>33</sup>

The "Exercise" illustrated the weaknesses of many deficit reduction ideas. Non-defense discretionary spending was a popular target for reductions and was often accused of being merely wasteful government programs. Within the context of the entire federal budget, significant cutbacks in these programs would only yield relatively small amounts of savings. Significant cuts in this category alone could not produce a balanced budget. While waste and inefficiency seem to be universally present in some form or another in any large enterprise, many non-defense discretionary programs were beneficial and justified. The true obstacles to a balanced budget, barring tax increases, were the popular defense budget and the popular entitlements category. Jim Wright later explained that the federal government reached a point where elimination of all of the discretionary domestic spending still would not produce a balanced budget.<sup>34</sup>

In 1985, entitlements and COLAs were serious topics for budget debate, and the Democrats held a Caucus session concerning these topics on 14 May. A resolution was offered calling for the Caucus to take a policy stand on Social Security and the fiscal year 1986 first budget resolution. The stand would be against any reduction in Social Security

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32. "An Exercise in Hard Choices", p. 5-7, Folder: Press Assistant Files--Budget, Deficit, 1984-1985, Box 16, Press Relations Press Assistant Files, O'Neill Papers.

33. "An Exercise in Hard Choices", p. 8-12, Folder: Press Assistant Files--Budget, Deficit, 1984-1985, Box 16, Press Relations Press Assistant Files, O'Neill Papers.

34. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.



benefits, and this stand would apply to tampering with COLAs.<sup>35</sup> During debate, Marvin Leath spoke on the reasons to consider tampering with COLAs and explained that he wanted to solve the deficit problem. He agreed with the view that domestic discretionary programs should not be subject to additional cuts. Such programs should get more funding, and he had supported putting more money into education and Medicaid. Leath explained that discretionary programs did not constitute the structural part of the deficit. Rather, the structural part of the deficit came from debt service, defense spending, entitlements, and the revenue levels. Debt service payments would only increase over time if deficits were not controlled. The Reagan defense buildup occurred too quickly, and Leath favored reductions in defense spending.<sup>36</sup> Speaker O'Neill delivered the last address. Based on his conversations with other members, he believed that the Democrats opposed tampering with COLAs by a ratio of four to one. O'Neill stated that a vote on the resolution was unnecessary, and to him, it seemed that the Budget Committee was aware of the members' opinions on the COLA issue. O'Neill moved that the Caucus adjourn, and the Caucus adjourned without a vote on the resolution.<sup>37</sup> The debate over COLAs would appear again later.

The information collected through the "Exercise" and through the Caucus went into the main Democratic plan. On 16 May, the House Budget Committee approved a fiscal year 1986 budget resolution on a vote of 21 to 12. All Democrats on the Committee voted for the Committee plan, and one Republican also voted for it. The plan would maintain a 1986 COLA for 36 million Social Security recipients, would freeze defense spending in fiscal year 1986, and would avoid a tax increase while leaving a deficit of \$173 billion. Compared to the Senate plan, the House plan would spend less on

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35. Caucus Minutes, 14 May 1985, p. 3-6, Folder: Foley Papers Democratic Caucus Minutes--May 14, 21/June 5 1985, Box 187, Foley Papers.

36. Caucus Minutes, 14 May 1985, p. 41-49, Folder: Foley Papers Democratic Caucus Minutes--May 14, 21/June 5 1985, Box 187, Foley Papers.

37. Caucus Minutes, 14 May 1985, p. 84-85, Folder: Foley Papers Democratic Caucus Minutes--May 14, 21/June 5 1985, Box 187, Foley Papers.

defense and would spend more on domestic programs. The Senate plan would cut the COLA.<sup>38</sup>

Budget debate in the House began in an atmosphere of limited options for deficit reduction. Butler Derrick of South Carolina offered the rule for consideration of H Con Res 152, the first concurrent resolution on the budget for fiscal year 1986. He called it a modified open rule that used a king-of-the-mountain procedure. The rule permitted four amendments in the nature of a substitute to be offered. The last one that was adopted by the Committee of the Whole would be the overall winner and the one that would be ultimately adopted and reported back to the House. The rule permitted two amendments to be offered after the four substitutes had been considered. Then, consideration would end, and the Committee would rise. The House would then vote for final adoption of the concurrent resolution.<sup>39</sup> Republican leader on the Budget Committee Del Latta endorsed the rule.<sup>40</sup> The House approved the rule by a vote of 273 to 141.<sup>41</sup>

General debate on H Con Res 152 began with Budget Committee Chairman Bill Gray highlighting the plan's selling points. The plan would provide \$56.2 billion in deficit reduction for fiscal year 1986, more than the Senate proposed and more than Reagan originally proposed. COLAs for Social Security recipients, military retirees, civil service retirees, and others would be fully implemented, and current funding of poor relief programs would be preserved. The plan would freeze defense spending for one year. Non-defense discretionary programs would be frozen overall, but some select programs

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38. Jacqueline Calmes, "House Panel Gives Quick OK to '86 Budget," *Congressional Quarterly Weekly Report*, 18 May 1985, 915-919.

39. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13001-13002.

40. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13003.

41. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13004-13005.

were to be reduced even below the freeze level. Finally, Gray explained that the plan did not call for revenue increases beyond the amount proposed by Reagan.<sup>42</sup>

Ranking Budget Committee Republican Del Latta gave his opening remarks. He argued that the Democratic budget plan did not spend enough on defense, and this flaw was not in the best interests of U. S. security. Latta announced that the plan that he would offer would not make reductions in COLAs, would not propose a COLA freeze, and would not reduce means-tested programs. In conclusion, he reminded members of some facts about the fiscal crisis. Fifteen cents of every dollar collected by the government paid for debt service, but only 7¢ of every dollar went to debt service in the mid-1970s.<sup>43</sup>

During the required debate under the Humphrey-Hawkins Act on economic goals and policies, Sonny Montgomery of Mississippi gave an interesting speech that showed the conservative Democrats' improved relationship with the rest of the Party. He declared that the House Budget Committee and its Chairman treated veterans fairly in their budget resolution. The Committee asked for \$300 million in savings from veterans' programs, but Montgomery believed that these savings could be achieved without serious difficulty. He faulted the Senate's budget resolution for cutting too deeply into veterans' programs, \$1 billion in cuts, and for proposing a significant user fee increase on GI home loans. The House Budget Committee did not propose any such increase. He added that veterans' programs had experienced reductions in the last five years, and this fact proved that veterans' programs were not "sacred cows."<sup>44</sup>

House Concurrent Resolution 152 was formally entered into the *Congressional Record*. For fiscal year 1986, it proposed revenues of \$794.1 billion, a revenue increase of \$1.45 billion, total new budget authority of \$1,051.5 billion, and outlays of \$959.1 billion.

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42. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13005-13006.

43. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13007-13008.

44. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13022-13023.

The deficit would stand at \$165 billion. National defense would be funded with \$292.6 billion in new budget authority and \$267.1 billion in outlays.<sup>45</sup>

The amendment process began with William Dannemeyer of California offering the first amendment in the nature of a substitute. The fiscal year 1986 provisions of this substitute proposed revenues of \$793 billion, a revenue increase of \$300 million, total new budget authority of \$1,050.9 billion, and outlays of \$961.3. The deficit would be \$168.2 billion. Defense would receive \$302.5 billion in new budget authority and \$273.1 billion in outlays. The Californian defended his substitute for providing the highest number for defense outlays among the plans being considered by the House. He would have preferred even greater defense spending but realized the need for compromise. Dannemeyer blamed spending on social programs, and not defense spending, for the federal government's fiscal problems.<sup>46</sup> The House rejected Dannemeyer's substitute on an almost completely uncompetitive vote of 39 to 382.<sup>47</sup>

Another Republican, Pursell of Michigan, offered an amendment in the nature of a substitute on behalf of the 92 Group. The plan proposed for fiscal year 1986 total new budget authority of \$1,060 billion, outlays of \$970.8 billion, and a deficit of \$176.6 billion. Defense would be funded with new budget authority of \$293.5 billion and outlays of \$269.9 billion. For some unknown reason, the *Congressional Record* did not print the revenue levels and the revenue increase amounts for Pursell's substitute. Pursell explained that this proposal would impose a comprehensive freeze in fiscal year 1986 budget authority and produce savings in more than seventy-five programs. This plan with the

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45. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13047-13053.

46. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13053-13058.

47. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13066.

\$176.6 billion deficit was called "A Blueprint for Balance."<sup>48</sup> The House rejected Pursell's alternative by a vote of 87 to 335.<sup>49</sup>

Mickey Leland of Texas came next with an amendment in the nature of a substitute offered on behalf of the CBC. This substitute for fiscal year 1986 proposed revenues of \$816.1 billion, a revenue increase of \$27.7 billion, total new budget authority of \$1,056.5 billion, and outlays of \$989.35 billion. The deficit would be \$173.25 billion. The CBC would fund national defense with \$259.25 billion in new budget authority and \$261.55 billion in outlays. The southern Democrat argued that this proposal would reduce the deficit more over three years than would the plans of the House Budget Committee and the Senate. The CBC plan would advance the idea of an equitable tax system by providing tax relief to low- and moderate-income people while forcing affluent corporations and individuals to pay more. The CBC would restrain defense spending partly by eliminating new procurement of items such as the MX missile, the Trident II missile, and the Pershing II missile. Furthermore, this alternative would protect and restore in some instances funding for social programs, and Social Security recipients would receive the full COLA.<sup>50</sup> The House rejected Leland's substitute by a vote of 54 to 361. Then, the Committee of the Whole rose, and consideration of the budget resolution ended for the day.<sup>51</sup>

The House resumed consideration of the budget resolution on 23 May with Latta offering an amendment in the nature of a substitute. For fiscal year 1986, his plan proposed revenues of \$793.5 billion, a revenue increase of \$850 million, total new budget authority of \$1,064.85 billion, and outlays of \$966.1 billion. The deficit would be \$172.6 billion. National defense would receive \$302.5 billion in new budget authority and \$270.1 billion in

48. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13066-13071.

49. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13082.

50. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13082-13087.

51. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (22 May 1985): 13095-13096.

outlays. Latta yielded to Lynn Martin of Illinois to explain and defend his alternative. She claimed this plan would provide greater savings than the Democratic plan. She praised the Latta substitute for adequately funding national defense, providing savings in domestic spending partly through termination of some programs, and protecting programs for the poor and elderly.<sup>52</sup>

Stenholm rose in opposition to Latta's substitute because its projected deficit was too large. Personally, he favored freezing defense spending, freezing entitlements except for the elderly poor, freezing and/or reducing other programs, and raising enough revenue to get a balanced budget. Stenholm challenged critics of the Democratic budget plan to actually prove how the \$10 billion difference in defense spending between the Democratic plan and the Latta substitute would be significant to national defense. In his speech, Stenholm used the phrase "we Democrats."<sup>53</sup> The House rejected Latta's alternative with a vote of 102 to 329.<sup>54</sup>

The House then proceeded to consideration of the two amendments. Marvin Leath of Texas offered an amendment to H Con Res 152 that would provide for \$12 billion more in taxes for fiscal year 1986 and would make savings in domestic spending.<sup>55</sup> Leath then yielded to Buddy MacKay. MacKay described the Leath amendment as complementing the budget resolution offered by the Budget Committee. It called for a one-year freeze on entitlement COLAs, and 20% of the savings from this freeze would be used to help the elderly poor. Leath proposed a \$12 billion revenue increase, but the amendment

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52. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13355-13360.

53. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13365.

54. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13371-13372.

55. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13372-13373.

stipulated that tax hikes could not precede spending cuts. Overall, Leath's amendment would provide \$75 billion in deficit reduction in fiscal year 1986.<sup>56</sup>

Although the idea of limiting Social Security benefits sounds callous, Leath's amendment had to be viewed in the context of the federal budget spending percentages. Slattery of Kansas offered statistics that showed the significance of COLAs and defense spending to the federal budget. Eighty-two percent of the budget was for expenditures considered untouchable due to necessity or public concern: 14% for debt service, 37% for entitlements, and 31% for defense spending. Only 5% went to the non-elderly poor in what was popularly known as welfare, and a mere 11% was left for all other functions of the federal government.<sup>57</sup>

Leath delivered a speech in support of the Budget Committee plan and his amendment before the vote. He scolded all elected officials of the federal government for failing to deal effectively with the budgets and the deficits. They engaged in too much grandstanding, and his list of culprits included Democrats, Republicans, liberals, conservatives, and Ronald Reagan and Tip O'Neill. On this topic and the public's perception, Leath had this to say:

they expect us to govern their country--not constantly stand here like 4-year-olds in a kindergarten playground pointing fingers and denying responsibility. "It's your fault, Tip. No, it's your fault, Ronnie."

Concerning the leaders of the two parties in the federal government, Leath passed an equally harsh judgment:

Our President says he wants to halt these deficits, but he has yet to give us a plan to halt them that can pass this Congress.

Our Speaker says he wants to halt these deficits, but he has yet to give us a plan to halt them that can pass this Congress.

Leath explained that the solution required sharing of sacrifices among all constituencies and programs. He praised the Committee budget-Leath amendment combo as capable of restraining defense and entitlement spending, protecting anti-poverty programs, eliminating tax loopholes, and reducing the deficit. Leath conceded that the federal government erred

56. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13373.

57. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13385.

in letting entitlements, social programs, and defense spending grow so large and without the proper oversight. As for the tax component of federal fiscal policy, he admitted that the government had been too generous, in some regards, in providing tax relief. One example was the practice of letting corporations escape taxation while reaping huge profits. Leath criticized the simplistic anti-tax sentiment so pervasive in 1980s political discourse:

Oh, I know, some colleagues can punch up speech No. 21 and tell us how taxes are the devil incarnate, yet you can't spend as a government unless you either tax to pay for it, or print funny money, or borrow it for a while, as we are doing. We will pay--if not with taxes and restraint--then with inflation.<sup>58</sup>

Leath's amendment lost on a vote of 56 to 372.<sup>59</sup>

The last amendment came from Mary Rose Oakar of Ohio. This proposal called for the Ways and Means Committee and the House to pass a minimum tax for corporations that avoided taxation due to the nuances of the tax code. Oakar argued that this amendment would help correct the unfairness in the tax code. Some corporations made huge profits but paid no taxes while average Americans carried the tax burden. Other corporations received refunds from the federal government but paid no taxes. This amendment carried no force; it was just a sense-of-the-Congress resolution.<sup>60</sup> The House rejected Oakar's amendment by a vote of 142 to 283 at roughly 2:40.<sup>61</sup>

Debate now winded down except for perfunctory matters. In remarks on another topic, Stenholm touched again on the budget resolution, commenting that "This is possibly the best first concurrent budget resolution I have have ever seen come out of the committee."<sup>62</sup> Finally, the Committee of the Whole rose, and the concurrent resolution was

58. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13386-13387.

59. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13387-13388.

60. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13388-13389.

61. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13397-13398.

62. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13398.



reported back to the House. Then, the House passed H Con Res 152 by a vote of 258 to 170. Voting was completed at approximately 3:00. The final tallies showed that 234 Democrats voted for passage while only fifteen voted against passage. The Republicans divided with twenty-four in favor and 155 opposed. The CDF did not appear as a group of dissidents at all. Thirty-one of them voted in favor while only five voted against passage.<sup>63</sup>

Conference committee work on the budget resolution took a while, and Reagan continued establishing an environment with few options for meaningful efforts at deficit reduction. On 6 July, he delivered a radio speech on the budget and spoke of the need to do something about the deficit problem. Yet, he criticized the House budget resolution as weakening national defense too severely and reaffirmed his opposition to tax increases.<sup>64</sup>

Of course, Reagan did not act alone in establishing this environment. Senator Warren Rudman recalled the events that shaped Reagan's position in the summer of 1985. The Senate Budget Committee produced a budget resolution that featured a one-year freeze on COLAs for Social Security and federal retirement options. The resolution would increase defense spending only to keep pace with inflation while making cuts in some domestic programs and eliminating other domestic programs. Reagan had decided to support this Senate plan in May and had Vice-President George Bush cast the tie-breaking vote to pass the plan. On 9 July, the White House invited Congressional leaders for cocktails. Reagan and O'Neill took a walk on the South Lawn and agreed to a deal on the budget. They announced their budget deal, and it would drop the COLA freeze, not propose a tax hike, and propose defense spending at the level proposed by the Senate. Senate Republicans took offense at Reagan's agreement to this deal.<sup>65</sup> On 29 July, the

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63. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 10 (23 May 1985): 13407-13408.

64. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1985 Book II, 893-894.

65. Warren B. Rudman, *Combat: Twelve Years in the U.S. Senate* (New York: Random House, 1996), 77-80.

administration issued a statement on the conference committee work. The statement explained that the President would not support a tax hike in the form of an oil import fee, an alteration in Social Security COLAs, or a change in tax indexing.<sup>66</sup>

The conference committee finalized its report on the budget resolution, now labeled S Con Res 32, on 1 August. The House approved it on a vote of 309 to 119, and the Senate passed it by a vote of 67 to 32. It was reported that O'Neill, Wright, and House Republican leaders convinced Reagan to withdraw his support for the Senate plan and instead to endorse the position of no tax hikes and no Social Security cuts. The compromise resolution called for no tax increases and no reductions in Social Security COLAs. Defense spending was not supposed to grow beyond inflation in fiscal year 1986. The plan called for cuts in non-poverty domestic programs while allowing anti-poverty programs, for the most part, to keep pace with inflation. Reconciliation instructions called for the government to make savings of \$68 billion in non-defense programs over three years. The deficit would stand somewhere between \$171.9 billion and \$181 billion.<sup>67</sup>

The federal government's management of its fiscal affairs received a jolt in the autumn of 1985. A new budget-management scheme was introduced as S 1702 on 25 September by Senators Democrat Ernest F. Hollings of South Carolina, Republican Warren B. Rudman of New Hampshire, and Republican Phil Gramm of Texas. Congress did not process the bill by committees in the usual way. Support for it developed quickly, and senators hashed out the final form of the scheme in private sessions. On 9 October, the Senate voted 75 to 24 to add the new scheme to a piece of debt ceiling legislation, HJ Res 372. The Senate then passed HJ Res 372 on a vote of 51 to 37. The House had approved the debt ceiling increase legislation on 1 August as part of the budget resolution. The House decided on 11 October to proceed directly to conference on the bill. The new

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66. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1985 Book II, 954.

67. Elizabeth Wehr, "Congress Cuts Budget by More Than \$55 Billion," *Congressional Quarterly Weekly Report*, 3 August 1985, 1520-1521, 1523-1524.

scheme intended to balance the budget by 1991 in six years by mandating \$36 billion in deficit reduction each year. If Congress and the President failed to reach the deficit reduction goals, across-the-board spending reductions would go into effect automatically.<sup>68</sup>

The scheme continued its rapid advance. By 11 December, the House took up the conference report on HJ Res 372, the Public Debt Limit Increase, with Rostenkowski beginning debate. He contended that the House significantly reshaped the Gramm-Rudman-Hollings scheme in conference from its original form. The House conferees worked to ensure the protection of a safety net for the poor, the initiation of the scheme's procedures in fiscal year 1986, the subjecting of defense spending to the automatic cuts, and the limitation of presidential authority over the process. Rostenkowski announced that he would vote for the measure because he was a member of the conference committee. He would not urge other members to do so. The measure had faults, and its effects were unpredictable. It might be valuable if it could force Reagan to actually confront the deficit crisis.<sup>69</sup>

House Democratic leaders differed over the measure. Bill Gray concisely outlined reasons to oppose Gramm-Rudman-Hollings. It represented an abdication by Congress of some of its authority. It would lock in the priorities of the current moment for the future instead of maintaining the flexibility to respond to the nation's needs. The measure could force Congress to cut spending during a recession when government spending was especially needed.<sup>70</sup>

Favoring Gramm-Rudman-Hollings essentially rested on a very simple rationale. As Richard Gephardt argued, something needed to be done to assert control over the federal government's fiscal mess. The Congress had to assert its authority over fiscal policy

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68. Elizabeth Wehr, "Senate Passes Plan to Balance Federal Budget," *Congressional Quarterly Weekly Report*, 12 October 1985, 2035-2042.

69. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 26 (11 December 1985): 36069-36072.

70. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 26 (11 December 1985): 36083-36084.

because Reagan had abandoned presidential responsibility for the federal government's finances.<sup>71</sup>

Gramm-Rudman-Hollings had become law very quickly. The House passed the conference report on a vote of 271 to 154.<sup>72</sup> The Senate passed the measure on 11 December as well by a vote of 61 to 31.<sup>73</sup> On 12 December, Reagan signed HJ Res 372 into law. This measure included the Balanced Budget and Emergency Deficit Control Act of 1985.<sup>74</sup>

According to the bill, automatic cuts for fiscal year 1986 would be presented on 1 February 1986 and would take effect on 1 March 1986 unless the government met the deficit reduction goals. These cuts would amount to \$11.7 billion. The scheme set limits beyond which deficits could not exceed. The limits were: \$171.9 billion for fiscal year 1986, \$144 billion for fiscal year 1987, \$108 billion for fiscal year 1988, \$72 billion for fiscal year 1989, \$36 billion for fiscal year 1990, and \$0 billion for fiscal year 1991. If the government did not meet these deficit targets through regular budget and appropriations measures, the scheme would then force across-the-board cuts of non-exempt programs by a standard percentage. Automatic cuts would come equally from defense and non-defense spending. The exempt programs included Social Security, debt service, veterans' payments, Medicaid, and select anti-poverty programs. There would also be limits on the cuts in Medicare and four other health programs. The automatic cuts would be suspended in a recession or war, and the President and Congress would have to

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71. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 26 (11 December 1985): 36073.

72. Congress, House, 99th Cong., 1st sess., *Congressional Record* 131, pt. 26 (11 December 1985): 36102-36103.

73. Elizabeth Wehr, "Congress Enacts Far-Reaching Budget Measure," *Congressional Quarterly Weekly Report*, 14 December 1985, 2604-2611.

74. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1985 Book II, 1471-1472.

order/approve the cuts if the court system ruled against the law. The scheme was officially entitled the Balanced Budget and Emergency Deficit Control Act of 1985.<sup>75</sup>

Challenges to the scheme of Hollings, Rudman, and Gramm emerged instantaneously. On 12 December, Democratic Representative Mike Synar of Oklahoma filed a lawsuit challenging the constitutionality of the law. The challenge centered on the automatic cuts mechanism that allowed three federal agencies to make the decisions on the cuts. The three agencies were the Office of Management and Budget, the Congressional Budget Office, and the General Accounting Office (GAO). Under the law, the GAO was required to order the President to make the recommended cuts. If the mechanism was ruled invalid, the law provided for a second means. OMB and CBO would report on whether the federal government had reached its deficit targets and would recommend any cuts necessary to reach the targets. Congress and the President would have to approve the cuts before they took effect; the GAO would not order the President. Synar filed the suit in U. S. District Court under Judge Oliver Gasch. He would oversee the case along with two other yet-to-be-named judges. The decision could be appealed directly to the Supreme Court.<sup>76</sup>

Meanwhile, the federal government struggled unsuccessfully to impose deficit reduction. Congress adjourned before passing the reconciliation bill HR 3128; it provided for spending cuts and tax increases for three years valued at \$74 billion. A House-Senate conference reported the package, but then the full House and the full Senate could not come to agreement on the bill. The conflict centered on a tax on manufacturers designed to fund toxic-waste cleanup. The issue transcended party lines. Reagan opposed the bill in its present form for a variety of reasons including the manufacturers' tax. A majority of House members also opposed this tax, but a majority of the Senate favored the tax.<sup>77</sup>

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75. Elizabeth Wehr, "Congress Enacts Far-Reaching Budget Measures," *Congressional Quarterly Weekly Report*, 14 December 1985, 2604-2611.

76. George Lardner Jr., "Rep. Synar Challenges Budget Act," *Washington Post*, 13 December 1985, A4.

77. Jacqueline Calmes, "Deficit-Reduction Bill Goes Down to the Wire," *Congressional Quarterly Weekly Report*, 21 December 1985, 2669, 2671-2672.

Congress finally reached agreement on HR 3128 in March 1986. In its final form, this bill provided for \$12 billion in savings and \$6 billion in revenue increases over three years.<sup>78</sup> Reagan signed the bill, the Consolidated Omnibus Budget Reconciliation Act of 1985, into law on 7 April 1986.<sup>79</sup>

The events following the elections of 1984 proved to be the true turning point in the relationship between the Democratic Leadership and the conservative Democrats. Stenholm's aborted challenge represented the answer to the question the conservatives had faced since the grand Reagan coalition of 1981 fractured. The choice was to be part of the Democratic Party rather than to be against it. Stenholm had accurately identified the key problem facing the national Democratic Party, the perception problem. His challenge was not inherently different from the Gephardt-Coelho faction that threatened O'Neill's authority. The difference lay in the fact that conservative Democrats had better opportunities for bipartisan coalitions; other Democratic factions of the moderate and liberal bent had no such opportunities. The Republicans controlled the Presidency and the Senate. For them, the situation was stick with the Democratic Party or lose influence over policy.

The position of Marvin Leath represented the great deal of common ground that existed among House Democrats and the willingness to build on that common ground rather than to obsess over ideological differences. American politics was based more on the practice of responding to practical problems as opposed to blindly following an ideology and trying to mold society according to that ideology. After supporting Reaganomics in 1981, Leath became dissatisfied with the Reagan program. He sought alternative methods to achieve the pragmatic goals he felt the nation needed. He worked with, not against, the Budget Committee and found common ground with other Democrats over the deficiencies of Reagan's fiscal policies. Deficiencies were obvious. The end of

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78. Stephen Gettinger, "\$18 Billion Deficit-Reduction Measure Clears," *Congressional Quarterly Weekly Report*, 22 March 1986, 682.

79. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1986 Book I, 888.

fiscal year 1985 on 30 September 1985 marked the conclusion of Reagan's first term fiscal policies. These policies finished with a deficit of \$212.3 billion.<sup>80</sup>

The Democratic Leadership, too, contributed to this turning point. They better recognized the diversity of the Party and made efforts to include rank-and-file members in the shaping of policy. Examples of this change included Leath's acquisition of a Budget Committee seat and the continuation of multiple amendments being offered during the budget debate. Conservatives such as Leath and Stenholm were a minority in the Party, and the Leadership could not be blamed for the full House's low interest in the Leath amendment.

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80. U. S. President, *Economic Report of the President January 2001*, 369.

## CHAPTER 9 A NEW STATUS QUO

In 1986, the federal government operated under the dictates of the Gramm-Rudman-Hollings law. The challenges remained the same. Passing a budget required consensus and compromise, and spending decisions involved tough choices.

The Gramm-Rudman-Hollings law made its impact felt quickly. On 15 January, OMB and CBO reported the first automatic reductions in spending of \$11.7 billion due to the deficit in accordance with Gramm-Rudman-Hollings. The programs slated for reduction included college student aid and mass transit subsidies. COLAs for civil service, military, and other benefit programs were eliminated for this year. Social Security and some military programs were free of the reductions. The cuts were scheduled to go into effect after 1 March. The estimated deficit for fiscal year 1986 at this point was \$220.5 billion, and Gramm-Rudman-Hollings had called for a deficit of \$171.9 billion for this year.<sup>1</sup>

The law itself faced challenges. On 7 February, a federal judiciary panel ruled that the law's automatic cuts mechanism violated the Constitution's idea of separation of powers. This violation existed because the law delegated executive branch authority to an officer of the legislative branch, the Comptroller General of the General Accounting Office. The panel did not fault the backup mechanism in which the cuts required the approval of Congress and the President. The OMB and CBO would only report on the federal government's fiscal status and recommend cuts. Nonetheless, the three-judge panel stayed the ruling until the Supreme Court heard the case. Eleven other members of Congress had joined Synar in his suit.<sup>2</sup>

On 4 February 1986, the President delivered the State of the Union message. In addition to the standard fare of vague, positive generalities of a patriotic bent, Reagan spoke about the fiscal problems of the federal government. Although he hailed the Gramm-Rudman-Hollings scheme as providing the means to achieve fiscal responsibility,

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1. David Hoffman and Helen Dewar, "Blueprint of First Cuts Issued Under Budget Act," *Washington Post*, 16 January 1986, A1, A8.

2. Al Kamen, "Key Aspect of Budget Law Held Unconstitutional," *Washington Post*, 8 February 1986, A1, A10.



his analysis of fiscal problems suffered from over-simplification. Reagan stated: "Now, Mr. Speaker, you know, I know, and the American people know the Federal budget system is broken. It doesn't work. Before we leave this city, let's you and I work together to fix it, and then we can finally give the American people a balanced budget."<sup>3</sup>

Was the budget system really broken, or were the powers that be simply using the system to make bad policy? Reagan could not blame the system for his failure to ever submit a budget proposal that featured a balanced budget. The system did not prevent the politicians from raising the taxes or cutting the expenditures required for a balanced budget. If the members of the federal government could not achieve a balanced budget, then how could a mere law such as Gramm-Rudman-Hollings do so?

Reagan submitted a fiscal year 1987 budget proposal to Congress on 5 February that continued the general policy direction of his previous budgets. This year's proposal would meet the Gramm-Rudman-Hollings deficit target of \$144 billion. As for the content of the proposal, the administration still wanted to increase defense spending. There would be no tax increases, and Social Security would not be cut. Domestic savings would come partly from eliminating crop insurance, the Amtrak subsidy, the Interstate Commerce Commission, small business credit programs, and the Legal Services Corporation. Cuts would be made in Medicare, Job Corps, vocational education, child nutrition subsidies, Medicaid, AFDC, food stamps, veterans' medical care, and the strategic petroleum reserve. The administration would institute user fees on national park and forest recreation, meat and poultry inspection, and Coast Guard services. The government would sell the Elk Hills and Teapot Dome petroleum reserves, excess government properties, and government loan portfolios. Yet, Reagan proposed increasing foreign aid. The budget

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3. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1986 Book I, 125-130.

used optimistic economic forecasts, and both Democrats and Republicans in Congress found significant deficiencies in Reagan's budget.<sup>4</sup>

The House did not ignore Reagan's proposal. On 13 March, Martin Frost of Texas offered a rule to govern consideration of the Reagan proposal, labeled as H Con Res 296. No amendments would be allowed. Frost explained that the administration had issued many calls for Reagan's budget to be considered and to be considered soon. The other aspects of the budget debate, such as the offering of substitutes and the reporting of a resolution from the Budget Committee, would occur at another time.<sup>5</sup> The rule was approved on a vote of 239 to 168.<sup>6</sup>

General debate began with statements by the majority and the minority. Bill Gray gave three reasons for this debate. First, Reagan deserved having his budget considered by Congress. The public had a right to know the position of their representatives on Reagan's budget and policies. Finally, Reagan had been asking for it.<sup>7</sup> Bob Michel had very little to say that was substantive. He called the debate a "charade" and a "sham" and a "farce." He explained that he would vote present and would urge his Republicans to vote present on the vote on Reagan's budget.<sup>8</sup>

Several members of both parties spoke during debate, but the debate was noteworthy due to the significant criticism of the Reagan budget voiced by conservative Democrats. Some of the criticisms were of a general bent. Buddy Roemer defended the debate for allowing the President to learn the House's views on his priorities as set forth in the budget. He also criticized Minority Leader Michel for urging members to vote present.<sup>9</sup>

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4. Helen Dewar, "Reagan Offers \$994 Billion Budget of 'Hard Choices'," *Washington Post*, 6 February 1986, A1, A10.

5. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4628-4630.

6. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4637-4638.

7. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4638-4639.

8. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4639-4640.

9. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4641-4642.

Marvin Leath argued that Reagan's latest proposed budget was not a realistic recommendation; some of his previous budget proposals were not realistic, either. Leath denounced the President for failing to act as a constructive player in the budget process and for just criticizing Congress.<sup>10</sup> Ed Jenkins of Georgia explained that Reagan deserved to have his priorities reviewed by the House. He faulted Reagan's budget for failing to give sufficient focus to domestic concerns such as education and health matters.<sup>11</sup>

Other criticisms centered on specific aspects of the Reagan proposal. Wes Watkins of Oklahoma explained that Reagan's budget neglected domestic concerns by making cuts in health care for senior citizens, education, programs for the homeless, and programs for rural areas. For example, Reagan would cut funding for rural water and waste grants by 45% and would cut loans to reduce unemployment in rural areas by 87%.<sup>12</sup>

Sonny Montgomery spoke in opposition to Reagan's budget because of its veterans policy. The Reagan proposal would make cuts in the Veterans' Administration's budget that he felt would impair the VA in carrying out its obligations. Reagan proposed repealing the new GI Bill that had come into effect only since 1 July 1985. The President's plan would double the 1% user fee for veterans applying for VA home loans.<sup>13</sup>

Charles Stenholm also spoke in opposition to Reagan's budget. He stated that Reagan's plan was actually \$16 billion above the Gramm-Rudman-Hollings deficit target in addition to being too severe in its agriculture policies. For example, Stenholm cited the

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10. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4671.

11. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4650.

12. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4654-4655.

13. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4654.

Reagan administration's idea of making cuts in farm export credits and proposal for user fees on federal government-ordered meat inspection.<sup>14</sup>

The Reagan budget was finally read into the *Congressional Record*. It proposed revenues of \$850.4 billion, a revenue increase of \$6 billion, total new budget authority of \$1.102 trillion, total outlays of \$994 billion, and a deficit of \$143.6 billion. Defense spending would stand at \$320 billion in new budget authority and \$282 billion in outlays.<sup>15</sup> The House rejected H Con Res 296, Reagan's proposed budget, by a margin of 12 to 312. Seventy-eight members took Michel's advice and answered present.<sup>16</sup> Such a lopsided vote implied that Republicans did not want to even be associated with Reagan's proposal. Since it was doomed for defeat in the House, would it have hurt Republican representatives to vote for the President's budget simply based on party loyalty? Perhaps the prospect of increasing foreign aid while also decreasing domestic spending would be difficult to justify to the public.

The House debate of 13 March was just one vivid example of the changing position of the conservative Democrats. As reported, the idea of a bipartisan conservative front as existed in 1981 faced severe barriers by 1986, and conservative Democrats found working within the Democratic fold more practical. The House Republicans had too few members and suffered from too many internal divisions of their own. Reagan did not provide the leadership needed for such a conservative front. He generally stopped seeking conservative Democratic support. Other criticisms of Reagan contended that he did not sufficiently respond to domestic concerns of interest to conservative Democrats. In addition, there was a more moderate outlook among House Democrats and the national Party. In 1985, the Conservative Coalition voting phenomenon appeared less often than

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14. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4662-4663.

15. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4676-4679.

16. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 4 (13 March 1986): 4679-4680.

in any other year since 1962, and House Democrats' party loyalty was the highest since 1959.<sup>17</sup>

Three examples illustrated the distance between the conservative Democrats and Reagan and their improved ties with the Party. In general, Budget Committee member Marvin Leath was well-respected among the House Democrats. His stature had lifted the CDF's prestige from its Gramm-caused low reputation of 1981.<sup>18</sup> Veterans' Affairs Chairman Sonny Montgomery found serious problems with Reagan as expressed in a one-page letter to Jim Wright dated 17 March 1986. He viewed Reagan's latest budget proposal as inadequate concerning veterans' programs. He expressed agreement with Wright's position that Reagan erred in advocating repeal of the new GI Bill. Montgomery explained that the program enjoyed a good beginning and had good prospects for future recruitment.<sup>19</sup> The CDF held weekly meetings, and a special meeting on the budget with Budget Committee Chairman Bill Gray was set for 11 March.<sup>20</sup>

Meanwhile, the House Budget Committee performed its duties and reported out a budget resolution on 8 May that projected a deficit of \$137 billion. This figure was \$7 billion less than the Senate's proposed deficit. The Committee approved the resolution largely along party lines with a vote of 21 to 7; one Republican voted for it. The proposal would spend less on defense than Reagan and the Senate proposed in their plans. The Committee proposed \$285 billion in new budget authority for defense, a reduction of \$1.8 billion from the fiscal year 1986 level. Outlays would grow to \$276.2 billion. The Committee proposed \$4.7 billion in new tax revenues that would be placed in a special account for deficit reduction. The House plan proposed cutting most domestic programs to

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17. Jacqueline Calmes, "No Longer Seen as 'Traitors': 'Boll Weevils' Now Welcome In House Democratic Fold," *Congressional Quarterly Weekly Report*, 26 April 1986, 909-910, 912-913.

18. Jacqueline Calmes, "Democrats Cotton to 'Boll Weevil' Leath," *Congressional Quarterly Weekly Report*, 26 April 1986, 911.

19. Montgomery to Wright, 17 March 1986, Folder: Montgomery, G.V. (Sonny) (Mississippi), Box 3-36 of 42, Wright Papers.

20. Stenholm to CDF members, 7 March 1986, Folder: CDF--General 1982-1986, Box 96, Roemer Papers.

a level that was 2.5% below the fiscal year 1986 level. Social Security, food stamps, AFDC, SSI, student aid, subsidized housing, legal services, and vocational rehabilitation would be permitted to keep pace with inflation. Medicaid, child nutrition, Head Start, maternal and child health, and Indian education would be increased above inflation. Also, the Committee plan included the sale of some federal loans, some user fees, and a 2% COLA for military and civilian retirees.<sup>21</sup>

As reported, the Democrats on the House Budget Committee relied on consensus to craft the budget resolution. After Reagan unveiled his budget, Bill Gray began the Committee's work by stating that the deficit target of \$144 billion would have to be met without tax increases. Nonetheless, Marvin Leath became the Committee's leading advocate of using additional revenues to reduce the deficit even further. Also, he was willing to accept defense cuts provided that domestic spending faced cuts as well. Leath, Jim Slattery, and Buddy MacKay began building support for the idea of using revenues only for deficit reduction. On the other hand, a group of Democratic liberals that included Mike Lowry, Vic Fazio, George Miller, and Charles Schumer hoped that by supporting Leath's revenue idea, a deal might be arranged to reduce defense spending. As a result of this ferment, the Budget Committee developed its plan and persuaded the Democratic Leadership to support it. Yet, the Leadership had not been keen on the plan. Rostenkowski won a pledge that the Ways and Means Committee would not have to draft a tax hike bill unless the President agreed to a tax hike bill. In addition, Leath persuaded Armed Services Committee members that automatic Gramm-Rudman-Hollings defense cuts would be worse than the Committee's proposals for defense spending.<sup>22</sup>

The full House finally took up the budget debate in earnest. Butler Derrick of South Carolina offered the rule to govern consideration of H Con Res 337, the concurrent resolution on the budget for fiscal year 1987. General debate would be followed by three

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21. Stephen Gettinger, "Budget Panel Uses New Taxes to Cut Deficit," *Congressional Quarterly Weekly Report*, 10 May 1986, 1061-1064.

22. Stephen Gettinger, "The Making of the Democrats' Budget... ...A New Conservative-Liberal Coalition," *Congressional Quarterly Weekly Report*, 17 May 1986, 1080-1081.

amendments in the nature of a substitute offered by William Dannemeyer, Mickey Leland, and Del Latta. Only the last of these three amendments to be adopted, if any of them won approval at all, would be considered as being adopted by the Committee of the Whole and reported back to the House. Then, after H Con Res 337 was adopted, S Con Res 120 from the Senate would be considered for the purpose of replacing its text with the text of H Con Res 337.<sup>23</sup> Latta spoke in favor of the rule.<sup>24</sup> The House passed the rule with no recorded vote.<sup>25</sup>

General debate began with Latta delivering an opening statement. He began by comparing the numbers for spending found in the budget resolution passed by the Senate and in the resolution produced by the House Budget Committee. He explained that it was not possible to just set aside tax revenue only for deficit reduction as the Democrats claimed their budget resolution would do. Congress could at any time use that revenue for something else. Furthermore, Latta reminded members that the Budget Committee had not operated in a bipartisan manner. The Republicans on the Committee were excluded from the Committee's drafting of the budget resolution.<sup>26</sup>

Next, Bill Gray responded with his opening statement. He argued that Reagan's proposed budget would have cut too much from domestic spending, and the Senate plan also called for cuts in domestic spending that were too deep. The virtues of the House Budget Committee's resolution included cuts in both defense and domestic spending, a

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23. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (14 May 1986): 10657-10659.

24. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (14 May 1986): 10659.

25. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (14 May 1986): 10661.

26. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (14 May 1986): 10661-10662.

deficit below the Gramm-Rudman-Hollings target, and a proposed revenue increase devoted to deficit reduction rather than spending.<sup>27</sup>

General debate included two interesting speeches that showed why a self-proclaimed conservative Democrat could support the Democratic budget. First, Marvin Leath spoke in support of the Democratic budget. He identified limitations on the Budget Committee's ability to write a budget. There existed strong opposition to reining in the growth of entitlement programs such as Social Security and Medicare. Nothing could be done to directly reduce the amount for debt service. The categories amounted to 45% of the budget, and defense totaled roughly 30%. Then, priority domestic programs such as justice and anti-poverty efforts amounted to only 10% to 15%; only a small amount of domestic spending remained to be the target of budget cuts. Leath's second main point was that the Democratic budget really did not reduce defense spending that much. It called for only \$5 billion less in outlays than the defense figures in the Senate plan proposed. The Democratic plan's three-year projections for savings called for less than half of the total savings to come from defense. Leath reminded members that defense outlays had risen from \$154 billion in 1981, and the Democratic plan projected them to be \$276.2 billion in 1986.<sup>28</sup>

Ed Jenkins also spoke in support of the Democratic plan. He, too, reminded the House that the plan's proposed defense spending level was still quite large. It was not really that much lower than the amount proposed by the Latta substitute. Over three years, the Democrats' plan would provide \$848 billion in defense spending as compared to the \$865 billion proposed by the Latta alternative. Jenkins summed up this difference of \$17 billion by arguing that it amounted to less than 2% over three years.<sup>29</sup>

The House resumed debate on the concurrent resolution on the budget on 15 May. The Chairman announced that time for general debate had expired when the Committee of

27. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (14 May 1986): 10662-10663.

28. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (14 May 1986): 10675.

29. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (14 May 1986): 10686.



the Whole rose on 14 May. Accordingly, H Con Res 337, the budget resolution under debate, was entered into the *Congressional Record*. It proposed revenues of \$857.2 billion, total new budget authority of \$1.086 trillion, total outlays of \$994.25 billion, and a deficit of \$137.05 billion. The revenue increase would be \$10.7 billion with \$4.7 billion of that amount being applied to deficit reduction only. Defense would receive \$285 billion in new budget authority and \$276.2 billion in outlays.<sup>30</sup>

William Dannemeyer of California offered the first amendment in the nature of a substitute. He proposed new budget authority of \$1.086 trillion, outlays of \$971.1 billion, revenues of \$844 billion, and a deficit of \$127.1 billion. The revenue increase would be \$0.0. National defense would receive funding of \$320.34 billion in new budget authority and \$282.23 billion in outlays. Dannemeyer defended his substitute as being capable of dealing effectively with the fiscal problems of the federal government without raising taxes. His solution focused on the idea that the federal government could refinance the national debt by selling U. S. Government bonds backed by gold with an interest cost of 2%. This scheme would somehow reduce the amount of debt service that the government paid by allowing the government to sell its debt at 2% rather than 10%.<sup>31</sup> The House rejected the Dannemeyer solution with a vote of 73 to 338.<sup>32</sup>

Next, Mickey Leland of Texas offered the “quality of life budget” substitute on behalf of the CBC. The CBC proposed revenues of \$868.1 billion, total new budget authority of \$1.088 trillion, total outlays of \$1.011 trillion, a revenue increase of \$14.89 billion, and a deficit of \$143.8 billion. This proposal would provide \$255.39 billion in new budget authority and \$264.96 billion in outlays for defense. Leland defended the substitute as promoting deficit reduction, strongly supporting domestic spending, making

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30. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10890-10894.

31. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10894-10898.

32. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10903-10904.

reforms in the tax system, and proposing ways to revive the family farm and the industrial sector.<sup>33</sup> Leland's alternative budget lost on a vote of 61 to 359.<sup>34</sup>

The amendment process concluded with the substitute offered by Del Latta. It proposed revenues of \$849.7 billion, total new budget authority of \$1.081 trillion, total budget outlays of \$993.5 billion, and a deficit of \$143.8 billion. The revenue increase would only be \$5.7 billion. Latta's substitute would provide for defense spending of \$293 billion in new budget authority and \$280 billion in outlays. He explained that this proposal maintained the Reagan defense buildup with a 2% increase above the fiscal year 1986 level for defense budget authority. The substitute would freeze most non-defense discretionary spending. Some programs would face cuts below the freeze level, and other programs would face termination. Although no tax increases were proposed, the Latta plan would propose some new user fees.<sup>35</sup>

Some of the comments during debate on the Latta substitute were noteworthy and pertained to the obstacles to deficit reduction and the growing unity of the Democrats. Dan Rostenkowski explained that the Ways and Means Committee would not report a tax increase proposal unless a majority of the Republicans agreed to support such an endeavor. This position was endorsed by Bill Gray, the Democratic Leadership, and himself. This hypothetical tax increase referred to raising revenues above the amount mandated by the budget resolution's reconciliation instructions.<sup>36</sup>

CDF member Bill Hefner spoke in support of the Democratic resolution and in opposition to the Latta substitute. As a member of the Appropriations Subcommittee on

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33. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10904-10907.

34. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10918-10920.

35. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10920-10924.

36. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10932-10933.

Defense, Hefner argued that the difference in defense spending between the two plans, a mere \$17 billion over three years, was not really that great.<sup>37</sup>

Marvin Leath gave another speech during debate on the Latta substitute. He lamented that members were motivated so strongly by pure political considerations when forming policy. They lacked the collective will to make the tough choices needed to effectively deal with the fiscal problems. Still, he believed the Democratic resolution represented the best option available. A quote from Leath summed up one of the underlying reasons for the lack of fiscal responsibility: "Obviously, this budget is not the solution I would give. I would cut defense, freeze entitlements, cut domestic programs, and then raise taxes--how many votes would I get--maybe the 56 we received last year--surely no more. After all, this is an election year."<sup>38</sup>

The grand moment of decision arrived. The House rejected Latta's substitute on a vote of 145 to 280.<sup>39</sup> The House proceeded to pass the concurrent resolution reported by the Budget Committee, H Con Res 337, by a vote of 245 to 179. Then, the House inserted the text of H Con Res 337 into S Con Res 120 and thereby eliminated the Senate's text. In other words, the House resolution simply took the Senate's number. Republicans had seventeen members voting for approval and 160 members voting against approval. The Democrats showed a high degree of unity with 228 members voting in favor and nineteen members opposed. The CDF had thirty-one members voting

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37. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10925.

38. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10941.

39. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10952-10953.

for passage and five members voting against passage. The Democratic nay votes came from all regions of the nation.<sup>40</sup>

As work progressed on the conference agreement for the budget resolution, Congress received reminders of Reagan's general position on fiscal matters. During an 11 June nationally-televised news conference, Reagan reiterated his adamant opposition to a tax increase. He also addressed efforts in Congress to rein in defense spending: "Rather than make the sensible adjustments we've suggested, some in Congress apparently intend to take large and dangerous cuts out of our national defense."<sup>41</sup> It was unclear to whom the President was referring when he mentioned defense cuts. The budget resolution produced by the House did not propose large cuts, and the Senate did not propose large cuts either.

Finally, Congress reached a compromise on the budget resolution, S Con Res 120. The House approved the conference report shortly before midnight on 26 June with a vote of 333-43, and the Senate gave its approval shortly after midnight. The agreement was finally reached through private talks involving Senate Budget Committee Chairman Pete Domenici, Bill Gray, Senate Budget Committee Democrat Lawton Chiles, and Del Latta after the formal conference procedure ended in failure. The resolution provided for \$1.093 trillion in budget authority, \$995 billion in outlays, \$852.4 billion in revenues, and a \$142.6 billion deficit. Revenues would increase by only \$3.5 billion as Reagan had requested. The House would not produce tax hike legislation unless Reagan agreed to a tax hike in principle. National defense would be funded with \$292.2 billion in budget authority and with \$279.2 billion in outlays. Based on these figures, defense spending would not keep pace with inflation. Domestic programs were frozen or reduced except for some programs involving education and health which would receive increases. Reconciliation instructions

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40. Congress, House, 99th Cong., 2nd sess., *Congressional Record* 132, pt. 8 (15 May 1986): 10953-10954.

41. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1988), Ronald Reagan, 1986 Book I, 748-755.

called for \$9.2 billion in savings for fiscal year 1987 with \$3.5 in new revenues and the remainder in spending cuts.<sup>42</sup>

Meanwhile, the Supreme Court took action. The Court struck down the Gramm-Rudman-Hollings procedure for automatic cuts as unconstitutional. The seven-to-two ruling on the case, called *Bowsher v. Synar*, centered on the idea of separation of powers. The procedure violated this principle by putting executive branch authority in a legislative branch officer, the Comptroller General of the General Accounting Office.<sup>43</sup>

The federal government labored successfully in the fall of 1986 to fulfill the mandates of the budget resolution and the Gramm-Rudman-Hollings scheme. Congress approved a conference agreement on a fiscal year 1987 omnibus appropriations bill, HJ Res 738. This measure, a continuing resolution, included all thirteen standard appropriations bills and totaled \$575.9 billion in budget authority and \$560 billion in outlays. Yet, these appropriations totaled less than the amounts proposed by S Con Res 120. The House passed it on 15 October by a vote of 235 to 172; the Senate passed it by voice vote on 16 October. HJ Res 738 provided for \$284.8 billion in new budget authority and \$278 billion in outlays for defense. Approximately \$6 billion of HJ Res 738 was previously appropriated budget authority reassigned to other programs. Together, HJ Res 738 actually provided for a grand total of \$290 billion in budget authority for defense purposes. The administration had at first threatened to veto it but switched to urging its passage.<sup>44</sup>

Next, Congress passed a conference report on HR 5300, a reconciliation bill. Amounting to \$11.7 billion, the bill would help the government attain a deficit of \$151 billion for fiscal year 1987 as projected by the Congressional Budget Office. The \$151 billion deficit was acceptable because it fell within the \$10 billion window of the \$144 billion deficit target. In addition, the projected deficit was lowered by two other reasons. Changes in the

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42. Elizabeth Wehr, "Congress Adopts \$1 Trillion Fiscal 1987 Budget," *Congressional Quarterly Weekly Report*, 28 June 1986, 1440-1442.

43. Al Kamen, "Budget Law Rejected by High Court," *Washington Post*, 8 July 1986, A1, A6.

44. Elizabeth Wehr, "Congress Clears \$576 Billion Spending Measure," *Congressional Quarterly Weekly Report*, 18 October 1986, 2584-2587.

tax code would provide \$11 billion in additional revenue for its first year. The payday for military personnel would be delayed by one day, and this accounting trick would save \$2.9 billion. The \$2.9 would be calculated into the following fiscal year. The House passed HR 5300 by a vote of 305 to 70 on 17 October, and the Senate approved it on a vote of 61 to 25. Reagan signed it on 21 October. The bill's provisions included sale of the government-owned freight railroad Conrail, sale of the government's portfolios of federal loans for some programs, imposition of a customs fee, changes in tax laws, changes in Medicare rules and procedures, and other health matters.<sup>45</sup>

With three-quarters of the Reagan years completed, some key milestones had been reached. Despite legal problems, the Gramm-Rudman-Hollings law did help keep in check the federal government's early 1980s trend of runaway deficits. The law's impact stemmed from the willingness of the nation's elected officials to face the fiscal problems in a systematic manner. The Gramm-Rudman-Hollings law would only be as effective as the nation's elected officials wanted it to be. An act passed by Congress could later be amended, repealed, or ignored. The Reagan defense buildup had finally leveled off after several years of impressive growth. The demands of the fiscal crisis and the political fights had spurred the Democrats to find greater unity and cooperation. Generally regarded as the party of social programs, the Democrats had accepted the necessity of reducing the social programs infrastructure built over the previous decades. As Gillis Long had stated, the Democrats were showing the toughness to govern. Their actions in 1986, as in other years of the Reagan Era, bore little resemblance to the stereotype of the tax-and-spend straw man found in low-level political discourse. Despite any progress made in confronting the fiscal crisis, much damage had already been done. Fiscal year 1986 left a deficit of \$221.2 billion.<sup>46</sup>

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45. Stephen Gettinger, "Budget Measure Helps Congress Hit Deficit Goal," *Congressional Quarterly Weekly Report*, 25 October 1986, 2709-2710.

46. U. S. President, *Economic Report of the President January 2001*, 369.

## CHAPTER 10 THE WRIGHT PATH

The One Hundredth Congress of 1987 and 1988 would include the final two years of Reagan's presidency. In addition, Jim Wright's election as Speaker brought a new assertiveness to the Democratic House. A Republican critic's strange quote about a controversial event illustrated the power, with a bit of exaggeration, that Wright would exert as Speaker: "Not only did the Speaker manage to turn 1 day into 2, but to stretch 15 minutes into 25 minutes, and convert defeat into victory."<sup>1</sup>

The roots of Wright's Speakership and the One Hundredth Congress lay in the preceding years' events. Tip O'Neill wrote that he began considering retirement in early 1984. On 29 February 1984, he talked with a reporter from the *New York Times*. O'Neill told him, in an offhand manner, that he would probably remain in the House one more term. If a Democrat won the presidency, he might leave at the end of the year. O'Neill did not intend this statement to constitute an official announcement. He saw the exchange as just an off-the-record private conversation. Word spread quickly about O'Neill's words, and the next day, newspapers carried the story. O'Neill wrote that the *Boston Globe* learned of the rumor and started preparing its own story on the very same day that he had talked with the *New York Times* reporter.<sup>2</sup>

The media wasted little time. The 1 March edition of the *New York Times* ran a front-page article on the O'Neill rumor. The story told that O'Neill had said that he would like to leave Congress when 1984 ended and perhaps become ambassador to Ireland. The change depended upon a Democrat becoming President, and if that did not occur, he would stay in office one more term. O'Neill predicted that Jim Wright would succeed him as Speaker.<sup>3</sup> The *Washington Post* showed its slowness by reporting the same story in a small article on page A14. Its story stated that the *New York Times* was reporting that

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1. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 9 (24 May 1988): 12180.

2. O'Neill, *Man of the House*, 371-372.

3. Martin Tolchin, "O'Neill Hopes to Retire Soon, to Another Job," *New York Times*, 1 March 1984, A1, B15.

O'Neill would like to retire from the House when 1984 ended and perhaps receive appointment as ambassador to Ireland. The move required a Democrat winning the presidential election. If this did not happen, he would stay one more term.<sup>4</sup>

The months passed, Ronald Reagan won reelection, and it became apparent that O'Neill would leave the House soon. Eventually, Jim Wright and his allies sprung into action. Wright wrote that on 5 February he organized a group of about thirty members that included Texans as well as non-Texans on whom he thought he could rely. The group, chaired by Jack Brooks of Texas, surveyed the House Democrats on 5 February in order to collect pledges supporting Wright for Speaker. The Wright group wanted to complete the survey in forty-eight hours if possible. By 7 February in the afternoon, they had collected 184 solid pledges among the approximately 250 Democrats expecting to return to the next Congress. With the success of the canvassing effort, Wright was now confident of his future election as Speaker.<sup>5</sup> On 7 February, Wright publicly announced that, with the pledges of 184 House Democrats, he had marshaled the support to become Speaker.<sup>6</sup>

Meanwhile, almost two years passed before further action occurred concerning Wright's Speakership. The nation held elections on 4 November for the One Hundredth Congress. With a few contests remaining to be resolved, it appeared that the Democrats had gained five seats in the House and established the lineup for the upcoming Congress at 258 to 177. Only one Democratic incumbent and five Republican incumbents lost, and four incumbents were in races yet to be decided. The freshman class of fifty members

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4. "O'Neill Eyes Appointment As Ambassador to Ireland," *Washington Post*, 1 March 1984, A14.

5. Wright, *Balance of Power*, 398-399.

6. Margaret Shapiro, "Wright Says House Colleagues Vow to Back Him," *Washington Post*, 8 February 1985, A16.



would include twenty-three Republicans and twenty-seven Democrats.<sup>7</sup> In worse news for Reagan, the Democrats recaptured control of the Senate with a lineup of 55 to 45.<sup>8</sup>

Early in December, the House Democrats met for their organizational Caucus. On 8 December, they chose Wright as the nominee for Speaker without opposition, and Tom Foley won election as Majority Leader without opposition. In the race for the Majority Whip post, Tony Coelho of California beat Charles Rangel of New York and W. G. "Bill" Hefner of North Carolina. The DSPC had seats to represent the freshman class, the CBC, and the women members of the Party. O'Neill had let each of these groups elect their own representative to the DSPC. In a sign of a more assertive Speakership, Wright appointed the members from these groups for their DSPC seats, the freshman class, the CBC, and the women members of the Party.<sup>9</sup>

In a speech to the Caucus, Wright revealed a new assertiveness for the House. He wanted Congress to act as an equal partner of the government in relation to the executive branch as mandated by the Constitution. The legislative branch should "renew its rightful role in this 100th Congress as a prime initiator of policy." Wright discussed his objectives for this Congress: a comprehensive trade bill, assistance for agriculture, welfare reform, better control over the government's finances, a clean water bill, a highway bill, and an investigation of the emerging Iran-Contra scandal.<sup>10</sup>

On 8 December, the same day as his speech and nomination, Wright addressed deficit reduction in a press conference. He stated that in order to deal with the deficit, Congress could consider better controlling defense spending, altering the deficit target, or freezing the tax rates for the very affluent at 1987 levels. The 1986 Tax Reform Act aimed

7. Tom Watson, "A Year of Little Turmoil in House Elections," *Congressional Quarterly Weekly Report*, 8 November 1986, 2841-2853.

8. Rob Gurwitt, "Voters Restore Democrats to Senate Control," *Congressional Quarterly Weekly Report*, 8 November 1986, 2811-2821.

9. Janet Hook, "House Leadership Elections: Wright Era Begins," *Congressional Quarterly Weekly Report*, 13 December 1986, 3067, 3070-3072.

10. Wright Speech, 8 December 1986, Folder: Democratic Caucus (This folder is one of three with same title), Box 3-26 of 42, Wright Papers.

to lower the top tax rate from the present 50% to 38.5% in 1987 and then lower it again in 1988 to a top effective rate of 33%. Two days later, Wright clarified his position by stating that his revenue idea would be limited to families earning more than \$150,000 yearly.

Other Democratic leaders did not endorse Wright's general position.<sup>11</sup>

On 6 January 1987, the One Hundredth Congress convened. In the pro forma election of the Speaker, Wright beat House Republican Leader Bob Michel of Illinois on a vote of 254 to 173. The two leaders both voted present, and 429 members in all voted.<sup>12</sup> In his victory speech, Wright reiterated the same themes from December. Congress and the Presidency stood as equal partners in government and depended upon cooperation with one another, and he warned that Congress would act as an equal partner under his Speakership. He also briefly discussed problems facing the nation and stated that the government had to address the fiscal crisis.<sup>13</sup>

Wright recalled the early work of the One Hundredth Congress. The DSPC had issued a resolution previously passed by the Caucus that called for implementing an agenda of legislation. The bills in the agenda were given numbers beginning with number one, HR 1 for example, to identify them as very important. Early in the session, he had a conference with the committee chairs in order to receive their agreement for a specific schedule or timetable for the agenda bills to be reported by the committees with jurisdiction over them. Members could then know the rough outlines of the House's work schedule and be prepared for the important moments. The committee chairs did not oppose Wright's plan for the agenda and schedule; they were cooperative. In general, Rostenkowski was the only chairman who showed any tendencies to pursue his own separate path, but this habit was not a serious problem and did not appear regularly.<sup>14</sup> These agenda bills

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11. Stephen Gettinger, "Republicans React With Glee: Key Democrats Press Revenues As Means to Reduce the Deficit," *Congressional Quarterly Weekly Report*, 13 December 1986, 3075.

12. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 1 (6 January 1987): 2-3.

13. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 1 (6 January 1987): 4-5.

14. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

received a brief description in the *Congressional Record Index*. The volume listed HR 1 as a clean water renewal bill and HR 3 as the trade bill, for example.<sup>15</sup>

While the One Hundredth Congress and the legislative work of the new year were beginning, a significant fight emerged for the Chairmanship of the Armed Services Committee. Les Aspin of Wisconsin served as Chairman during the Ninety-Ninth Congress after ousting the incumbent Chairman in 1985. As explained by Democrat Ronald Dellums of California, a key participant in the 1987 struggle, Aspin had alienated many Democrats who had wanted the House to be more active in opposing Reagan's foreign and military policies. Aspin had utilized the Armed Services Chair to impede the Caucus in its attempts to terminate the MX missile. He also supported the Contras as Reagan did.<sup>16</sup>

While Aspin had alienated Democrats, Marvin Leath had improved his ties with other members of the Party. Dellums wrote about a conversation with Leath. Dellums had completed a speech against the MX missile, and although the Texan normally ignored him, he actually listened to the speech. Leath told Dellums that his grasp of the issues behind the MX missile and nuclear weapons proliferation impressed him. This exchange marked the beginning of a friendship, and Leath even had Dellums appear with him in Central Texas to address his constituents. According to the *Californian*, this action symbolized a transformation in Leath. He was confronting the dangers of nuclear proliferation while maintaining a belief in a strong national defense and solid conservative convictions.<sup>17</sup>

Aspin's problems and Leath's growing political capital gave the Texan an opportunity for advancement in the House. As early as 17 July 1986, he was soliciting support for a bid to become Armed Services Chairman as seen in a letter to Wright. Leath articulated the themes for his campaign: strong defense, consensus, and realization of fiscal constraints. The letter stated that: "We must be perceived as a party that stands for a

15. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 27 (Index): 3267-3268.

16. Ronald V. Dellums and H. Lee Halterman, *Lying Down With the Lions: A Public Life From the Streets of Oakland to the Halls of Power* (Boston: Beacon Press, 2000), 153-156.

17. Dellums, *Lying Down*, 88-90.

strong defense, yet a party where all members, from conservative to liberal, are determined to give the Pentagon the extreme scrutiny and oversight necessary to insure the strength to deter aggression without bankrupting our economy.”<sup>18</sup> A subsequent letter to Wright dated 30 July 1986 gave an update on the campaign. Having been at work for less than two weeks, Leath described his early support as “totally broad-based.”<sup>19</sup>

Dellums discussed the reasons he supported Leath, and his reasons could be interpreted as reflective of other members as well. Aspin tried to run the Committee with limited input from other Committee members. He allowed his own positions on the issues to exercise too much influence on his management of the Committee. On the other hand, Dellums believed Leath would allow more open debate and act more fairly. Leath represented a conservative viewpoint in favor of arms control. With Leath as Chairman, the coalition for arms control and containment of Reagan’s military policy would be strengthened.<sup>20</sup>

Party rules had a process for the selection and removal of committee chairs for committees such as Armed Services. The DSPC would make nominations for the chairmanships, and the full Caucus would vote on the nominee. If the majority voted for rejection, the DSPC would make another nomination. The floor would be open for nomination, and more votes would be held until a winner emerged.

The Aspin-Leath contest proceeded along these lines. On 7 January, the Caucus voted 124 to 130 to reject Aspin’s nomination for the Armed Services Chair. On 8 January, the DSPC nominated Charles Bennett of Florida for the post on a vote of 16 to 11. Bennett ranked number two in seniority on the Committee among Democrats; only the former Chairman Mel Price ranked ahead of him. After Mel Price of Illinois was purged in 1985, Bennett lost to Aspin on a vote of 125 to 103 for the Chairmanship. After Aspin’s rejection, another member, Nicholas Mavroules of Massachusetts, also indicated he might

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18. Leath to Wright, 17 July 1986, Folder: Leath, Marvin (Texas), Box 3-35 of 42, Wright Papers.

19. Leath to Wright, 30 July 1986, Folder: Leath, Marvin (Texas), Box 3-35 of 42, Wright Papers.

20. Dellums, *Lying Down*, 153-156.

compete for the Chairmanship. All other incumbent committee chairs returning to the House won renomination.<sup>21</sup>

Until the Caucus voted again, the candidates lobbied for votes. An examination of their campaign letters revealed the nature of their support, an idea of their stand on the issues, and their qualifications. First, there was Mavroules, whose basic theme, as seen in a letter to Foley, was that he had consistently reflected “the mainstream of the Democratic Party.”<sup>22</sup> Mavroules’s supporters argued that he was a solid Democrat reflective of the Caucus’s views. He had worked for arms control while working for a strong national defense. They claimed that Mavroules had never supported Contra aid, had fought strongly against the MX missile, and had worked to restrict funding for the Strategic Defense Initiative.<sup>23</sup>

Charles Bennett represented the tradition of the old seniority system. In an 8 January 1987 letter to Wright, Bennett lamented the “chaos and confusion” experienced by House Democrats due to the competition for the Armed Services Chair. He urged the Caucus to rely on the seniority system to resolve the matter. The seniority system ensured that committee chairs had experience, offered a standardized process for chair selections, and guaranteed that minorities enjoyed fair chances for leadership.<sup>24</sup> In a letter to Foley, Bennett confronted the issues. He explained that he had opposed the MX missile and the Strategic Defense Initiative in the past. Not only was he in favor of a strong national defense, Bennett also cared about the interests of the average person in the military. He

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21. Jacqueline Calmes, “Aspin Ousted as Armed Services Chairman,” *Congressional Quarterly Weekly Report*, 10 January 1987, 83-85.

22. Mavroules to Foley, 21 January 1987, Folder: Foley Papers Leadership Files/100th Cong.--Budget and Armed Service Chairs, 1987, Box 168, Foley Papers.

23. Atkins, Boland, Markey, Kennedy, et al. to Colleague, 20 January 1987, Folder: Foley Papers Leadership Files/100th Cong.--Budget and Armed Service Chairs, 1987, Box 168, Foley Papers.

24. Bennett to Wright, 8 January 1987, Folder: Marvin Leath, Box JJ-2, Wright Papers.

believed that the government had gone too far in developing “strategic weapons programs” (high-dollar and of questionable need) while neglecting conventional forces.<sup>25</sup>

Aspin represented the status quo. A letter undersigned by forty-nine members argued that Aspin had helped build Democratic consensus on defense issues during the Ninety-Ninth Congress. Eighty percent of all Democrats voted for the fiscal year 1986 defense bill, and 97% of all Democrats voted for the fiscal year 1987 defense bill. These numbers, claimed the letter, were the all-time highest voting percentages for Democrats on the annual defense authorization bill.<sup>26</sup>

The ideological distance between Aspin and his main rival, Leath, became an issue. Matthew McHugh of New York and Don Edwards of California sent Democratic colleagues a twelve-page packet comparing the voting records of the candidates with a special emphasis on Leath’s record. The duo conceded that Leath was likable and was right in urging liberals and conservatives to find common ground. They recognized that Leath displayed a “cooperative attitude” as a member of the Budget Committee, and his voting record had mellowed to become “less extreme” in the previous Congress. Yet, these facts did not overcome the fact that Leath was just too conservative: “For example, until last year when he became a candidate for chairman, he has voted overwhelmingly against the majority of Democrats and with the majority of Republicans every year.” As evidence, they cited the Chair candidates’ eight-year average on *Congressional Quarterly’s* Party Unity and Opposition scores. The Party Unity scores fell as follows: Mavroules 84%, Aspin 80%, Bennett 60%, and Leath 33%. The Party Opposition scores were as follows: Mavroules 9%, Aspin 11%, Bennett 36%, and Leath 57%. The packet listed Presidential Support and Opposition scores for the six years of the Reagan administration. The Support and

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25. Bennett to Foley, 20 January 1987, Folder: Foley Papers Leadership Files/100th Cong.--Budget and Armed Service Chairs, 1987, Box 168, Foley Papers.

26. Hoyer, McHugh, et al. to Colleague, 20 January 1987, Folder: Marvin Leath, Box JJ-2, Wright Papers.

Opposition scores, respectively, were as follows: Mavroules, 28% and 69%; Aspin, 33% and 60%; Bennett, 47% and 53%; and Leath, 60% and 36%.<sup>27</sup>

In addition, the packet highlighted some of Marvin Leath's more egregious votes. The egregious vote entries were divided into categories that included but were not limited to human and civil rights, budget and taxes, environment, and consumer protection. The entries gave a brief description of the issue/topic of the vote, the date of the vote, and its number as recorded by *Congressional Quarterly*. The entries also stated how many Democrats voted as Leath did on these votes; for example, Leath might have been one of three Democrats to vote against something. The packet offered evidence that Leath was one of three Democrats to vote against funding for the Civil Rights Commission. He was also one of three Democrats to vote against funds for providing shelters to victims of domestic violence and preventing domestic violence.<sup>28</sup>

Leath's coalition represented all parts of the Democrats' ideological spectrum as seen in a letter signed by the members of the Leath "steering committee." The twenty-three member group included liberals, moderates, and conservatives. Liberals in the group included Barbara Boxer of California, George Miller of California, Ronald Dellums, and Charles Schumer of New York. Conservatives included Charles Stenholm, Bill Nichols of Alabama, Ed Jenkins of Georgia, and W. G. "Bill" Hefner. Former Chairman Mel Price was also a member of the Leath steering committee.<sup>29</sup>

Leath and his supporters based his candidacy on the theme of consensus. In a letter to Wright, Leath argued that he could best promote consensus: "Yes, I am conservative, but I have one conviction that is much stronger than my basic philosophy-- that is the conviction that we govern through consensus." He explained that the Caucus

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27. McHugh and Edwards packet to Colleague, 19 January 1987, Folder: Marvin Leath, Box JJ-2, Wright Papers.

28. McHugh and Edwards packet to Colleague, 19 January 1987, Folder: Marvin Leath, Box JJ-2, Wright Papers.

29. Stenholm, Boxer, et al. to Foley, 5 January 1987, Folder: Foley Papers Leadership Files/100th Cong.-- Steering & Policy Cte Requests, 1986-1987, Box 168, Foley Papers.

could end the divisiveness by choosing a Chairman capable of fostering unity on defense issues.<sup>30</sup>

Another letter from Leath's supporters, including Barbara Boxer, Charles Schumer, and George Miller, to Democratic colleagues specifically argued against the McHugh-Edwards packet. The pro-Leath letter explained that an ideological litmus test had the potential to impede both conservatives and liberals in attaining committee chairs. Rather, the Party should choose based on "integrity, honesty with members, and talent for working constructively with all members of the caucus--regardless of ideology." From the authors' perspective, Leath had been "with us" on four of the five arms control amendments to the 1985 defense bill. The letter reiterated that Leath worked with liberals and moderates on the Budget Committee to stop the growth in military spending. On the other hand, Aspin believed the Budget Committee had been "too tough" on the military budget.<sup>31</sup>

On 22 January, the Democratic Caucus met to elect the Armed Services Chairman. Foley announced the nomination of Charles Bennett by the DSPC.<sup>32</sup> Dante Fascell of Florida delivered a nominating speech for Bennett filled mostly with vague generalities of praise and almost void of substantive reasoning.<sup>33</sup> Thomas Foglietta of Pennsylvania followed with a seconding speech better than Fascell's. He praised the tradition of seniority as helping to unite and stabilize the House. Although there existed legitimate reasons to ignore seniority, those reasons did not apply to the current contest and Bennett. Foglietta cited some of Bennett's qualifications. He oversaw the largest component of the entire military budget as Chairman of the Sea Power Subcommittee. Bennett had not missed a legislative vote in thirty-five years and had been on the Armed Services Committee for

30. Leath to Wright, 20 January 1987, Folder: Marvin Leath, Box JJ-2, Wright Papers.

31. Boxer, et al. to Colleague, 21 January 1987, Folder: Foley Papers Leadership Files/100th Cong.--Budget and Armed Service Chairs, 1987, Box 168, Foley Papers.

32. Caucus Minutes, 22 January 1987, p. 7, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

33. Caucus Minutes, 22 January 1987, p. 7-9, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.



thirty-five years. He opposed the MX missile and helped limit funding for the Strategic Defense Initiative. In other matters, Bennett supported anti-Apartheid legislation and had worked for the elevation of Martin Luther King day as a national holiday. In World War II, he led Filipino guerrillas in Luzon against the Japanese and won a Silver Star, a Bronze Star, and the Combat Infantry Badge.<sup>34</sup>

Ronald Dellums delivered the speech nominating Leath. He told the Caucus about the time when they appeared to an audience in Killeen, Texas. According to Dellums, Leath told his constituents that he had been greatly impressed by a speech Dellums gave on the MX missile. Leath told them that, "We must begin to listen to what this man is saying." Leath explained that the two had once viewed each other in an extremely terrible light. Now, he could say, "I bring him here as my friend and my brother." Dellums informed the Caucus that he saw him growing as a man and as a public official. He had leadership potential and was starting to transcend the standard ideological divisions.<sup>35</sup>

Matthew McHugh delivered the nominating speech for Aspin. He defended Aspin's ability to build consensus by citing the fact that 97% of Democrats voted in favor of the previous year's defense bill. In his opinion, the Democrats would appear in a bad light if they again switched Armed Services Chairs after having done so in 1985. McHugh added that Aspin ideologically reflected the Democratic Party's views and assured the Caucus that Aspin would reform his committee leadership style.<sup>36</sup>

The last candidate was Nicholas Mavroules. Dennis Hertel of Michigan gave the nominating speech, but his speech contained mostly vague generalities with little substantive reasoning. He did mention that Mavroules opposed the MX missile and

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34. Caucus Minutes, 22 January 1987, p. 9-11, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

35. Caucus Minutes, 22 January 1987, p. 16-20, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

36. Caucus Minutes, 22 January 1987, p. 24-26, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

the Strategic Defense Initiative.<sup>37</sup> The best speech in favor of Mavroules came from Barney Frank of Massachusetts. He defended the idea that a committee chair should, in general, reflect the ideas of the Caucus as a whole, and in his opinion, Mavroules best reflected the Caucus's views. Frank claimed that he respected the tradition of seniority so long as there were exceptions.<sup>38</sup>

Voting time arrived. On the first ballot, Bennett collected 44 votes, Leath won 69 votes, and Aspin received 96 votes. Mavroules was dropped from the contest on account of finishing last in votes.<sup>39</sup> On the second ballot, Leath won 91 votes while Aspin finished with 108 votes. Bennett was eliminated on account of finishing last.<sup>40</sup> On the final tally, Aspin beat Leath by a vote of 133 to 116. In his concession speech, Leath apologized to the Caucus for the conflict that had engulfed it as a result of his challenge to Aspin. He stressed that his challenge centered on political reasons and did not focus on Aspin personally. Leath declared that he would not challenge Aspin for the Chairmanship again.<sup>41</sup> In his victory speech, Aspin pledged to reform his chairmanship style and to seek greater input from members.<sup>42</sup>

Aspin had apparently staged a comeback. Stenholm recalled that Leath had conservative and liberal support, and the CDF strongly supported Leath. Too many

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37. Caucus Minutes, 22 January 1987, p. 34-36, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

38. Caucus Minutes, 22 January 1987, p. 40-43, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

39. Caucus Minutes, 22 January 1987, p. 51, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

40. Caucus Minutes, 22 January 1987, p. 53, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

41. Caucus Minutes, 22 January 1987, p. 62-64, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

42. Caucus Minutes, 22 January 1987, p. 66-69, Folder: Foley Papers Democratic Caucus Minutes--January 22, 29/February 4, 19/March 11, 18--1987, Box 187, Foley Papers.

liberals still remained uncomfortable with the prospect of a Leath Chairmanship, and Aspin outdid Leath in attracting liberal support.<sup>43</sup> Dellums wrote that after retaining the Chair, Aspin reformed his chairmanship style to run the Committee more openly and with more input from Committee members.<sup>44</sup>

As the Leath-Aspin conflict unfolded, the legislative work of the federal government proceeded as scheduled. On 5 January, Reagan submitted his budget proposal for fiscal year 1988. While it did not call for new taxes, the proposal would increase user fees overall. Some government assets would be sold. The plan proposed defense spending budget authority of \$312 billion, and foreign aid would also receive an increase. On the other hand, domestic spending would face cuts including reductions in Agriculture Department farm support and nutrition programs, cuts in medical programs such as Medicare, cuts in education aid, and proposals to terminate some domestic programs. The proposal claimed to meet the Gramm-Rudman-Hollings deficit target of \$108 billion, but dispute already emerged over the deficit projection. Critics believed the Reagan budget used flawed economic assumptions. Therefore, the charge was made that Reagan's actual deficit would exceed the one projected in his proposal by \$27 billion.<sup>45</sup>

Reagan followed up his budget proposal with his seventh State of the Union address on 27 January. Reagan's solution to the fiscal crisis required Congress to approve a balanced budget amendment and a line-item veto. He dismissed the idea of postponing the Gramm-Rudman-Hollings timetable for a balanced budget and the possibility of a tax increase to handle the deficit. Reagan also made a small jab at Congress by explaining

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43. Charles W. Stenholm, interview by Karl Gerard Brandt, 11 June 2002.

44. Dellums, *Lying Down*, 153-156.

45. Tom Kenworthy, "Reagan Submits Record Budget With Domestic Cuts, No Tax Rise: 3% Boost Sought for the Military," *Washington Post*, 6 January 1987, A1, A8, A9.

that the legislative branch reduced his defense requests by \$85 billion in the previous three years and reduced his request for foreign aid by 21% for the current year.<sup>46</sup>

Wright felt that his response to Reagan's State of the Union message as Speaker was his most effective means of competing for public opinion against Reagan.<sup>47</sup> Wright, along with Senate Majority Leader Robert Byrd of West Virginia, delivered the Democratic response to Reagan's speech of 27 January. Wright began the response and emphasized to the public that the U. S. political system required the President and Congress to act as "equal partners" in government. He discussed the Democratic agenda and its progress in Congress. The Speaker assured the nation that the Democrats were prepared to work with the President to get the federal government's finances in order. The differences between Reagan and the Democrats over federal expenditures centered on their differing priorities.<sup>48</sup>

The House proceeded to work on its own budget resolution as usual. On 1 April, the Budget Committee approved on a party line vote of 21 to 14 a budget resolution for fiscal year 1988. Republican Committee members claimed that the Democrats excluded them from the Committee's work and denied information to them on the resolution before the vote. Bill Gray claimed the Republicans refused his offers to join the negotiations. On 1 April, the Republicans did not offer any amendments or a Republican resolution. The resolution projected a deficit of \$107.6 billion, but dispute emerged concerning this figure. The Budget Committee used the Reagan administration's economic assumptions prepared by OMB. The assumptions were viewed as optimistic and therefore of doubtful accuracy. Under the less-optimistic assumptions prepared by the Congressional Budget Office, neither Reagan's proposal or the Budget Committee resolution would meet the

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46. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1989), Ronald Reagan, 1987 Book I, 56-61.

47. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

48. "As Delivered by Wright and Byrd: Democratic Response to State of the Union," *Congressional Quarterly Weekly Report*, 31 January 1987, 203-205.

Gramm-Rudman-Hollings target. Their deficits would actually stand more than \$20 billion higher.<sup>49</sup>

Within a few days, the House took up debate on the budget resolution. Butler Derrick of South Carolina offered the rule to govern debate on H Con Res 93, fiscal year 1988 concurrent resolution on the budget. H Con Res 93 represented the budget that would actually result from the automatic cuts of Gramm-Rudman-Hollings unless Congress created a budget that met the deficit targets. Four amendments in the nature of a substitute were permitted: Reagan's budget proposal, the Dannemeyer substitute, the CBC budget, and the Budget Committee's resolution. The last amendment that passed would become the overall winner. Derrick explained that the Republicans, as a group, did not submit a budget substitute. Rather, they wanted to offer a collection of proposals to change the budget process.<sup>50</sup>

Del Latta presented a Republican commentary on the rule and the debate. He criticized the proposed debate's format for using a Gramm-Rudman-Hollings sequestration budget as the base vehicle for debate and amendments instead of using the Committee resolution. In his opinion, offering Reagan's budget was merely a political trick to distract attention from the flaws of the Committee resolution. Opposed to the rule, Latta hoped that the House would approve a rule to permit his budget procedural reform amendment to be offered.<sup>51</sup> The House approved the rule on a vote of 241 to 168.<sup>52</sup>

After the adoption of the rule, the House went into the Committee of the Whole House for general debate on H Con Res 93. In his opening statement, Chairman Bill Gray praised the Democratic budget for yielding a deficit lower than the Gramm-Rudman-Hollings target of \$108 billion and the Reagan proposal's deficit. The Democratic plan preserved

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49. Elizabeth Wehr, "Budget Moves to Full House Amid Partisan Flak," *Congressional Quarterly Weekly Report*, 4 April 1987, 608-613.

50. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 6 (8 April 1987): 8307-8308.

51. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 6 (8 April 1987): 8308-8309.

52. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 6 (8 April 1987): 8314-8315.

funding for some domestic spending that the Reagan budget would cut such as education, Medicare, Medicaid, and veterans' programs. Yet, the Democratic plan would cut both defense and domestic spending each by \$8.75 billion. Furthermore, Gray warned that sequestration, the automatic cuts of Gramm-Rudman-Hollings, would be worse than the Democratic plan.<sup>53</sup>

Latta delivered a typically-partisan opening statement. He argued that the Democratic plan called for too much in taxes, did not adequately provide for national defense, and wasted too much money. He accused the Budget Committee Democrats of not operating in a bipartisan manner. Latta did not discuss the Dannemeyer substitute and did not give an explanation for the Republicans' failure to offer a budget substitute.<sup>54</sup>

On 9 April, the House returned to consideration of the budget resolution. At this time, general debate had ended. The text of H Con Res 93 was entered into the *Congressional Record*. The resolution proposed revenues of \$900.5 billion, total new budget authority of \$1.083 trillion, total budget outlays of \$1.008 trillion, and a deficit of \$108 billion. Defense would receive new budget authority of \$251 billion and outlays of \$260.4 billion.<sup>55</sup>

Next, Gray offered Reagan's budget proposal from January as an amendment in the nature of a substitute since he wanted the House to have the opportunity to consider the President's plan. The Reagan plan proposed revenues of \$916.6 billion, a revenue increase of \$6.1 billion, total new budget authority of \$1.142 trillion, and outlays of \$1.024 trillion. The deficit would supposedly stand at \$107.8 billion. National defense would

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53. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 6 (8 April 1987): 8315-8317.

54. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 6 (8 April 1987): 8317-8318.

55. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8568-8570.

receive funding of \$312 billion in new budget authority and \$297.6 billion in outlays.<sup>56</sup> The House rejected the Reagan vision on a vote of 27 to 394.<sup>57</sup>

Dannemeyer followed with his substitute. He proposed revenues of \$929.4 billion, a revenue increase of \$18.9 billion, new budget authority of \$1.135 trillion, and outlays of \$1.027 trillion. The deficit would be \$107.98 billion. Defense would receive \$304 billion in new budget authority and \$291.9 billion in outlays. Aside from the raw numbers, the Californian proposed that the U. S. sell gold-backed bonds to interested gold owners in exchange for their gold. This gold would be sold in the form of coins to an international market, and the proceeds would help compensate for the federal government's fiscal shortcomings. Dannemeyer believed that people all over the world wanted gold coins because they harbored suspicions about paper currency.<sup>58</sup> The gold-plan budget was rejected by a vote of 47 to 369.<sup>59</sup>

Democrat Mervyn Dymally of California came next and offered the CBC substitute. The CBC proposed revenues of \$989.1 billion, a revenue increase of \$19.85 billion, new budget authority of \$1.178 trillion, and outlays of \$1.094 trillion. The deficit would be \$105.68 billion. Defense spending would receive \$272.5 billion in new budget authority and \$279 billion in outlays. Dymally yielded to Democrat Walter Fauntroy, delegate from the District of Columbia. Fauntroy stressed that their proposal would reduce the deficit, maintain a strong national defense, and address domestic needs. He reiterated that the

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56. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8570-8573.

57. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8580-8581.

58. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8581-8587.

59. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8592-8593.

CBC opposed the policies and fiscal practices of Reagan.<sup>60</sup> The House voted down the CBC substitute by a margin of 56 to 362.<sup>61</sup>

Finally, Gray offered the Democratic plan as a substitute. The Democrats proposed revenues of \$930.9 billion, a revenue increase of \$19.85 billion, total new budget authority of \$1.142 trillion, and total outlays of \$1.038 trillion. The projected deficit would be \$107.6 billion. National defense would receive \$288.7 billion in new budget authority and \$281.7 billion in outlays.<sup>62</sup>

Other members rose in support of the Democratic position. Charles Stenholm stressed the need for compromise and defended the Democratic plan as the best means to address the government's fiscal problems. Anticipating potential criticisms, he faulted members who condemned the budget and forgot the fiscal constraints facing the government. Stenholm rejected the charge that the Democratic budget would seriously impair national defense. He added that a tax hike was necessary to deal effectively with the fiscal crisis.<sup>63</sup>

Marvin Leath continued the same line of reasoning. Although admitting that the Democratic plan was not perfect, he believed that it stood as the best option available. Leath criticized Reagan for not taking a more active, constructive role in the entire budget process. He referred to him as, "a President who for 4 straight years has simply refused to participate in the process and has so frustrated his own party." Leath reminded the House that the hype about cutting taxes in past years overlooked a glaring fact. The federal government's past fiscal policies had created a large burden in the form of interest

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60. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8593-8596.

61. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8605-8606.

62. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8606-8609.

63. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8609.



payments on the national debt, and younger generations would have to bear this burden and make these interest payments.<sup>64</sup>

The House now concluded business. Gray's Democratic substitute won approval on a vote of 230 to 192. The resolution was reported back to the House, and the House then approved the amendment to the concurrent resolution and the concurrent resolution itself. All voting Republicans voted against passage. The Democrats split with 230 in favor and nineteen opposed.<sup>65</sup>

During the summer months, the positions of Congress and Reagan seemed set on a collision course. On 15 June, Reagan delivered a televised speech to the nation following the recent Venice economic summit with the leaders of the world's leading industrialized democracies. Among other important topics, Reagan discussed the nation's fiscal and economic situation. Although the speech was vague on some points and misrepresented some facts, it showcased Reagan's standard viewpoint and rhetoric and foreshadowed conflict with Congress. Reagan characterized the management of the federal government's finances as a contest between Manichean-like absolutes: "You see, in the critical matchup between those who want to keep spending your money and raising your taxes and those of us who resist a return to the old policies of tax and tax, spend and spend, we have now reached breakpoint." He said the budget process was not working. In his view, he proposed a responsible budget, but Congress ignored it. He argued that Congress instead was working on a budget that would reduce defense spending to the "dangerous levels of the late 1970's." Reagan lamented that Gramm-Rudman-Hollings's restraint on "wasteful domestic spending" had disappeared. His solution to the fiscal mess called for a balanced budget amendment and a deficit reduction plan. He promised to veto "big spending bills" that exceeded Gramm-Rudman-Hollings targets. On the possibility of a budget summit, Reagan stated: "Well, we're ready to talk and consult at any time, but not if the objective is additional spending, more taxes, and less defense. What we want is less

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64. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8612.

65. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8628-8629.

spending--period. And I think you do too.”<sup>66</sup> If the 15 June speech was ambiguous, Reagan clarified his position in comments at the Dictaphone Corporation Employee Appreciation Day Picnic on 22 June. He said: “So, the tax-and-spend crew might as well just face the facts: There isn’t going to be any tax hike in this administration.”<sup>67</sup>

Meanwhile, Congress did its work. In June, Congress completed the conference agreement on H Con Res 93. The budget resolution called for a \$19.3 billion tax hike. The resolution projected a deficit of either \$108 billion or \$133.9 billion depending on whether Reagan signed a tax hike bill. The House passed the conference agreement on a vote of 215 to 201 on 23 June, and the Senate passed it on 24 June by a vote of 53 to 46.<sup>68</sup>

In the One Hundredth Congress, the CDF still continued its informational meetings. The CDF held a meeting each Thursday morning at 9:05 while the House was in session.<sup>69</sup> On 14 May, the CDF was scheduled to meet with Adolfo Calero, a leader of the Contras, and to parley over the debt ceiling increase.<sup>70</sup> On 23 June, the CDF had a meeting scheduled with Bill Gray concerning the fiscal year 1988 budget.<sup>71</sup>

Meanwhile, mounting evidence of continuing fiscal problems led the federal government to backtrack on the ambitious goals embodied in 1985’s Gramm-Rudman-Hollings law. In September, Congress passed a measure, HJ Res 324, to increase the debt ceiling from \$2.1 trillion to \$2.8 trillion. The measure also included legislation revising the original Gramm-Rudman-Hollings law. The revisions extended the timetable to reach a

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66. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1989), Ronald Reagan, 1987 Book I, 651-655.

67. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1989), Ronald Reagan, 1987 Book I, 694-696.

68. Elizabeth Wehr, “Budget, Now Adopted, Is Political Ammunition,” *Congressional Quarterly Weekly Report*, 27 June 1987, 1369, 1372-1373.

69. Stenholm to Roemer, 2 June 1987, Folder: CDF--General 1987-1988, Box 96, Roemer Papers.

70. Stenholm to CDF members, 12 May 1987, Folder: CDF--General 1987-1988, Box 96, Roemer Papers.

71. Stenholm to CDF members, 19 June 1987, Folder: CDF--General 1987-1988, Box 96, Roemer Papers.

balanced budget to fiscal year 1993. The yearly deficit targets were increased, and the new target for fiscal year 1988 rose to \$144 billion. The revised version reinstated the automatic cuts mechanism should Congress and the President fail to reach the targets, but the impact of the automatic cuts was diminished. In fiscal years 1988 and 1989, the automatic cuts would be limited. In fiscal year 1988, the automatic cuts could not exceed \$23 billion, and only \$23 billion in deficit reduction was required in order to avoid the automatic cuts. The legislation permitted a \$10 billion error margin for all years' deficit targets except for fiscal year 1993. The legislation included some technical/accounting changes that diluted the effect of the automatic cuts further. The House approved the measure on 22 September by a vote of 230 to 176, and the Senate passed it on a vote of 64 to 34 on 23 September.<sup>72</sup> On 29 September, Reagan signed HJ Res 324.<sup>73</sup>

The events of the summer and early autumn seemed to foreshadow continued gridlock, but the nation received a shock in October. On 19 October, the stock market experienced its worst single-day loss in its history. The Dow Jones Industrial Average's 508 point drop ranked five times greater than the previous record. Closing at 1738, the drop of 19 October amounted to a loss of 22.6%. The plunge of 28 October 1929 had amounted to only a loss of 12.8%. Other leading stock markets around the world also suffered significant declines.<sup>74</sup>

The nation's leaders reacted quickly. On 20 October shortly after the House convened, Wright spoke concerning the recent stock market decline. He invited Reagan to enter an economic summit with the Democratic and Republican leaders in Congress to

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72. Elizabeth Wehr, "Doubtful Congress Clears Gramm-Rudman Fix," *Congressional Quarterly Weekly Report*, 26 September 1987, 2309-2311.

73. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1989), Ronald Reagan, 1987 Book II, 1096-1097.

74. Peter Behr and David A. Vise, "Stock Market Suffers Largest Loss in History As Dow Industrial Average Drops 508 Points: Plunge Blamed on Anxieties and Computerized Trading," *Washington Post*, 20 October 1987, A1, A14.

address the nation's fiscal and economic problems.<sup>75</sup> On 22 October, Reagan held a news conference at the White House carried live on television. In the opening statement, the President announced that his administration would meet with Congressional leaders in negotiations over deficit reduction. He declared that all options were open except for any proposal concerning Social Security and expressed a hope that Congress would also endorse this position. Reagan also used the news conference to criticize Congress for not considering his budget proposals.<sup>76</sup>

The budget summit's talks began on 27 October. The negotiators aimed to reach an agreement for at least \$23 billion in deficit reduction that the federal government could implement by 20 November. Then, the summit's savings could replace the already-implemented Gramm-Rudman-Hollings automatic cuts. The negotiators included the chairmen and the ranking minority members of the House Appropriations Committee (Jamie Whitten of Mississippi and Silvio Conte of Massachusetts), Budget Committee (Bill Gray and Del Latta), and Ways and Means Committee (Dan Rostenkowski and John Duncan of Tennessee ). The Senate's negotiating team included the chairmen and ranking minority members of its Appropriations Committee (John Stennis of Mississippi and Mark Hatfield of Oregon), Budget Committee (Lawton Chiles of Florida and Pete Domenici of New Mexico), and Finance Committee (Lloyd Bentsen of Texas and Bob Packwood of Oregon). Wildcard negotiators included Tom Foley, Trent Lott, and Louisiana Democratic Senator J. Bennett Johnston. The administration's delegation for the summit featured Chief of Staff Howard Baker, Treasury Secretary James Baker, National Security Adviser Frank

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75. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 20 (20 October 1987): 28447-28448.

76. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1989), Ronald Reagan, 1987 Book II, 1218-1225.

Carlucci, OMB Director James Miller, and William Ball (assistant to the President for legislative affairs).<sup>77</sup>

Meanwhile, the House worked on reconciliation legislation as required by the budget resolution and the budget process. The reconciliation bill reached the floor on 29 October, and the events involved in passing this bill would prove controversial and unusual. At 10:00 a. m., the House convened. The *Congressional Record* listed the phrase “(FIRST LEGISLATIVE DAY)” above the first entry that told when the House met and recorded the opening invocation.<sup>78</sup> Butler Derrick of South Carolina offered the rule for HR 3545, the Omnibus Budget Reconciliation Act of 1987. The rule stated that the amendments printed in the Rules Committee report, which came with the rule, would be considered to have been adopted in the Committee of the Whole and the House when the rule itself was adopted. No other amendments were permitted except for the amendments offered by Bob Michel or his designee. The Michel amendments would be considered and voted on en bloc.<sup>79</sup>

The rule encountered problems, and Trent Lott identified these problems. First, the rule provided for self-executing amendments on which members would be denied the chance to vote. Second, three of the amendments provided for a new welfare reform plan, and Lott explained that the Rules Committee knew little or nothing about the plan when the rule was reported. He believed a reconciliation bill should not contain a welfare reform bill. Furthermore, another amendment would add a food stamp reform bill, HR 3337.<sup>80</sup>

In an interview shortly after 29 October, Wright recalled that the bill faced some specific objections. Some members, generally conservatives and some moderates,

77. Elizabeth Wehr and John R. Cranford, “Cordial Talks on Deficit Belie Hardball Politics,” *Congressional Quarterly Weekly Report*, 31 October 1987, 2651-2652.

78. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29904.

79. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29905-29906.

80. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29906-29907.

opposed the welfare reform provisions, and this opinion led them to oppose the whole bill. Also, there was a fear that the bill would be seen as “tax and spend,” and many members had promised their constituents not to support tax increases. In addition, the Appropriations Committee had gathered on 28 October and put additional money in the defense appropriations bill. The liberals were upset over this action and threatened to withhold their support. Most of them did not go to this extreme, but a few did withhold their support.<sup>81</sup> Opposition was too strong, and the House rejected the rule on a vote of 203 to 217.<sup>82</sup>

The battle had only begun when voting on the rule ended at roughly 12:05 p. m. Bob Michel spoke after the vote and expressed pleasure that the rule lost. He thought that work on HR 3545 while the summit was meeting could hurt the negotiations. Wright had a response, though. He announced that the Rules Committee would meet at 12:45 p. m. and that the Leadership would seek a new rule that did not include the welfare matter. He wanted to take action now and pass a deficit reduction bill to use as leverage on the summit negotiators rather than wait for Reagan to take the lead on deficit reduction. Then, Derrick announced that the Rules Committee would meet at 1:15 p. m. concerning HR 3545.<sup>83</sup> Wright had a reason for his boldness. He believed it was imperative to send a message

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81. Jim Wright, interview by Jim Wright, transcript, 30 October 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

82. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29918.

83. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29918-29919.

to the public that the House was serious about deficit reduction. To give up would have unnerved the stock market.<sup>84</sup>

The situation intensified. Later, Rules Committee member Martin Frost of Texas submitted a report on the rule for HR 3545.<sup>85</sup> Foley made a motion that when the House adjourned today, it would adjourn to meet again at 3:15 p. m. today. The motion passed on a vote of 243 to 166, and voting ended at approximately 2:50. Foley then explained the legislative program. The Rules Committee made its report, and a rule for HR 3545 was filed. House rules required a two-thirds majority vote for a rule for a bill to be brought up again on the same day. So, the Leadership had decided for the House to adjourn and then immediately reconvene at 3:15 p. m. on this the very same day to finish work on HR 3545. The two-thirds requirement could be overridden by asking for unanimous consent, but Foley explained that he was informed that unanimous consent would not be granted. So, the House would have two legislative days on one calendar day.<sup>86</sup> Foley moved that the House adjourn, and the motion passed on a vote of 236 to 171 with the voting ending at 3:05. The *Congressional Record* read as follows: “Accordingly (at 3 o’clock and 15 minutes p.m.), under its previous order, the House adjourned until today, Thursday, October 29, 1987, at 3:15 p.m.”<sup>87</sup> The *Congressional Record* stated: “SECOND LEGISLATIVE DAY.” Then, it told that the House met at 3:15 p. m., and a prayer followed.<sup>88</sup> Wright referred to this second-day maneuver as “unusual

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84. Jim Wright, interview by Jim Wright, transcript, 30 October 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

85. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29932.

86. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29933-29934.

87. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29935.

88. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29936.

but certainly not unprecedented.”<sup>89</sup> Since many members planned to leave for their districts on 30 October, not having a second day would have delayed a vote on the bill until 30 October and would have caused new problems.<sup>90</sup>

Business proceeded with Derrick offering a new rule for HR 3545 that was very similar to the original rule. The report accompanying the rule had amendments that actually struck out the welfare reform parts of HR 3545. The new rule still permitted the Michel en bloc amendments, but the welfare reform parts of his amendments were also eliminated. Still, the rule stipulated that when it was adopted, the self-executing amendments would automatically be considered to have been adopted in the Committee of the Whole and in the House. The new rule allowed no other amendments.<sup>91</sup>

Much work went into building support for this bill. At some point, Wright had a meeting with some members who previously had opposed the rule. He informed them of his altered plans and explained that the Leadership had listened to their viewpoint on the rule and the bill. After requesting their assistance, most of these members offered it to Wright one at a time. Some of these members then began lobbying other members to support the rule and the bill. Of course, the Republicans gave “a lot of bombast” about the new rule and the new day.<sup>92</sup> Furthermore, it was reported that Gingrich’s remarks after the first rule’s vote actually aided Wright. The speech caused some Democrats who had voted against the original rule to vote for the new rule as a matter of principle.<sup>93</sup> In these brief

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89. Jim Wright, interview by Jim Wright, transcript, 30 October 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

90. Anne Swardson and Tom Kenworthy, “Wright Ekes Out Tax Bill’s Passage,” *Washington Post*, 30 October 1987, A16.

91. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29937-29938.

92. Jim Wright, interview by Jim Wright, transcript, 30 October 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

93. Elizabeth Wehr, “Republicans Cry ‘Foul’ Over Floor Tactics: Wright Finds a Vote to Pass Reconciliation Bill,” *Congressional Quarterly Weekly Report*, 31 October 1987, 2653-2655.



remarks, Gingrich stated that the nation would not benefit from the House debating HR 3545 and having a partisan conflict.<sup>94</sup> Anyway, the rule received approval by a vote of 238 to 182, and voting ended at 4:45.<sup>95</sup>

The House resolved itself into the Committee of the Whole and began general debate on HR 3545. In his opening statement, Bill Gray touted the bill's proposed deficit reduction of \$24.3 billion in fiscal year 1988. He explained that the savings, through both spending cuts and revenue increases, would allow the federal government to avoid the Gramm-Rudman-Hollings automatic cuts.<sup>96</sup> In his opening remarks, Latta argued that the House should refrain from debating the bill in the midst of the summit negotiations. The bill provided insufficient spending cuts and yet proposed too much in tax increases.<sup>97</sup>

Consideration of the amendments offered by Michel came next. He explained that they would provide for an across-the-board freeze on all discretionary spending and therefore would save \$11.2 billion (\$4.8 billion from domestic spending and \$6.4 billion from the defense budget). In addition, the amendments would provide \$1.3 billion in more revenues, eliminate almost all of the tax increases, and impose \$2.5 billion in outright spending cuts. The grand total of \$15 billion would still fall short of the goal of \$23 billion in savings.<sup>98</sup>

At this point, the tensions of 29 October climaxed in controversy and excitement. The House rejected the Michel amendments on a vote of 182 to 229 with voting ending at 7:15. The Committee of the Whole rose, and the bill was reported back to the House.

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94. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29920.

95. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29945.

96. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29945-29946.

97. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 29946-29947.

98. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 30225-30227.

The House passed the bill on a vote of 206 to 205, and voting ended at 7:30. At 7:55, the bill was declared to have passed. Some parliamentary inquiries were issued concerning the rules for voting, and the Speaker asked if anyone else wanted to vote or to change their vote. The Speaker explained that he was told other members were on their way to vote. He said he would let them vote. The *Congressional Record's* account of this affair does not reveal the full details.<sup>99</sup>

Wright related the events on the House floor shortly afterwards. The actual voting period was planned to last fifteen minutes. When the fifteen minutes expired, the nays had a one-vote lead, 205 to 206, and all members present and interested had voted. Following typical procedure, he asked several times if anyone else wanted to vote. He received messages that another member was returning to the chamber to vote or to change his/her vote, but there was actually no one returning to vote. Wright's supporters were just trying to buy time until someone changed his/her vote. This stalling tactic was used more than once. He described this stalling tactic in these terms: 'Some of my friends over by the doors would shout, "One more, one more, Mr. Speaker," as a means of indicating that someone was coming through the hallway toward the chamber, but then it would not materialize.'<sup>100</sup>

Tensions on the floor ran high. Wright recalled that, 'The Republicans were screaming at me "regular order," they were shouting, "announce the vote!"' He announced that all time had expired and was prepared at that point to announce the vote. When he was just about to give up and announce the vote, a surprise occurred. Democrat Jim Chapman of Texas and two more people came into the chamber. Chapman switched his

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99. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 21 (29 October 1987): 30236-30239.

100. Jim Wright, interview by Jim Wright, transcript, 30 October 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

vote and gave the yeas the victory at 206 to 205. Wright again asked if any members wanted to change their votes, but no one else wanted to switch.<sup>101</sup>

After Chapman's switch, "The Republicans were screaming at me, angry, viciously angry, bitter." Robert Walker of Pennsylvania and Newt Gingrich issued parliamentary inquiries and questioned if the Speaker had ever announced that all time had expired before letting another vote be cast. Republicans also shouted the terms "bush league" and "steam roller."<sup>102</sup> Wright explained to the House that this event had occurred before and had been done by him before. If a member was in the chamber and desired to change his or her vote, that member had to be permitted to change his or her vote. In the interview, Wright said it was within the rules to hold open the voting period as he did. He had done it on other occasions, and such an action was customary. The Speaker was supposed to make the effort to ensure that every representative gets to vote or to change his/her vote. Later, the House parliamentarian researched the matter and found evidence to support Wright's position.<sup>102</sup>

The *Washington Post* also reported on the commotion in the House. Its article on the matter stated that the Republicans had "bellowed in protest" when Wright held the vote open to allow Chapman to switch his vote. When he announced that the bill passed, "The House floor erupted in boos and cries of "bush league."<sup>103</sup> On Wright having a second legislative day on 29 October, the *Washington Post* wrote that the trick "brought jeers, catcalls and jokes from House Republicans."<sup>103</sup>

As the weeks progressed, the grand budget summit finally reached a deal as announced on 20 November. The deal involved a two-year plan for \$76 billion in deficit reduction: \$30.2 billion in fiscal year 1988 and \$45.9 billion in fiscal year 1989. The

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101. Jim Wright, interview by Jim Wright, transcript, 30 October 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

102. Jim Wright, interview by Jim Wright, transcript, 30 October 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

103. Anne Swardson and Tom Kenworthy, "Wright Ekes Out Tax Bill's Passage," *Washington Post*, 30 October 1987, A16.

negotiators agreed to \$9 billion in new taxes for fiscal year 1988 and \$14 billion in new taxes for fiscal year 1989. Democrats had wanted larger tax increases. Defense spending for fiscal year 1988 would be \$292 billion in spending authority. After adjusting for inflation, this amount was \$5 billion lower than the fiscal year 1987 figure. The House had planned for \$4 billion less in defense, and Reagan had originally requested \$312 billion. Domestic appropriations would face cuts of \$2.6 billion for fiscal year 1988 and \$3.4 billion for fiscal year 1989. Entitlements would face reductions of \$4 billion in fiscal year 1988 and \$5.95 billion in fiscal year 1989, but the cuts would not apply to Social Security and retirement COLAs. The domestic appropriations and entitlements cuts were both based on cutting from the inflation-adjusted current spending levels. Despite the deal, Reagan on 20 November ordered the automatic cuts under Gramm-Rudman-Hollings to take effect. Amounting to \$23 billion, the cuts came from selected defense and domestic programs.<sup>104</sup>

The federal government spent almost the rest of the year implementing the budget summit deal. First, Congress passed the conference report on HJ Res 395 in the predawn hours of 22 December. This \$603.9 billion appropriations bill, or continuing resolution, for fiscal year 1988 contained the thirteen regular appropriations bills that provided for discretionary spending by the government. In theory, these bills were supposed to be separate. The House voted 209 in favor with 208 opposed. The Democrats split on the vote with 116 for and 128 against. Many Democrats opposed the bill's inclusion of Contra aid, and this issue contributed to many of the Democrats' nay votes.<sup>105</sup>

The second part of the budget summit deal came with the reconciliation bill, HR 3545. The conference report for it passed the House on 21 December by a vote of 237 to 181. The Senate passed it in the early morning hours of 22 December by a vote of 61 to 28. The bill contained a tax hike of \$9.1 billion, mostly on corporations, for fiscal year 1988. It also had \$2.1 billion in restraints on Medicare growth, \$1 billion in restraints on farm

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104. Elizabeth Wehr, "Summit Deal Fails to Forestall Automatic Cuts," *Congressional Quarterly Weekly Report*, 21 November 1987, 2860-2862.

105. Jacqueline Calmes, "Reagan Wins Concessions in Final Funding Bill," *Congressional Quarterly Weekly Report*, 26 December 1987, 3185-3186.

subsidy raises, and other changes in spending programs. Together, the deficit reduction provisions of HR 3545 and HJ Res 395 repealed the \$23 billion in Gramm-Rudman-Hollings automatic cuts from 20 November. Congress intended the two bills to provide for \$33.4 billion in deficit reduction in fiscal year 1988 and \$42.7 billion in deficit reduction in fiscal year 1989. The reconciliation bill also outlined budget targets for appropriations for fiscal year 1988 and fiscal year 1989. The fiscal year 1988 defense figures were planned as \$292 billion in budget authority and \$285.4 billion in outlays. Non-defense would receive \$162.9 billion in budget authority and \$176.8 billion in outlays. For fiscal year 1989, defense would receive \$299.5 billion in budget authority and \$294 billion in outlays. Non-defense would receive \$166.2 billion in budget authority and \$185.3 billion in outlays. Reagan's upcoming budget proposal, Congress's budget resolution for fiscal year 1989, and other legislation were supposed to follow these guidelines.<sup>106</sup> On 22 December, Reagan signed into law HJ Res 395, the Continuing Appropriations for Fiscal Year 1988, and HR 3545, the Omnibus Budget Reconciliation Act of 1987.<sup>107</sup>

With the first half of the One Hundredth Congress completed, what sort of Speaker had Jim Wright become? Wright succinctly identified the challenge of the Party Leadership:

There have been such a wide diversity of viewpoints represented in this one tent, that it's task of Leadership is to try to find the way of homogenizing some of that into a cohesive whole so that you can get one program that will move forward on several parts and satisfy the objections of most of the reasonable people in the House.

Wright believed that the legendary Speaker Sam Rayburn of Texas influenced his development as a representative. He admitted doing several things that he had witnessed

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106. Elizabeth Wehr, "Reagan Signs Reconciliation Measure: A Weary Congress Clears Bill To Raise Taxes, Cut Spending," *Congressional Quarterly Weekly Report*, 26 December 1987, 3187-3189.

107. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1989), Ronald Reagan, 1987 Book II, 1540-1541.

Rayburn doing years ago. Wright stated that, "I guess if people think of me as a strong Speaker it's because I was more direction-oriented, more goal-oriented."<sup>108</sup>

Others noticed Wright's strong Speakership. Tom Foley wrote that Wright believed in having a strong, involved Speaker that diligently, rather than casually, managed the House, and the rest of the House should accept and carry-out the Speaker's direction. His belief stemmed from the Sam Rayburn practice and image.<sup>109</sup> In the summer of 1987, *Congressional Quarterly Weekly Report* featured an article on Wright's management style. The article stated that Wright had good relations with some committee chairs such as Government Operations's Jack Brooks, Energy and Commerce's John Dingell of Michigan, and Public Works's James Howard of New Jersey. These men had willingly accepted Wright's idea of a House agenda with close management by the Speaker. Wright's relations with Rostenkowski were different. The Ways and Means Chairman preferred O'Neill's practice of not advocating tax increases unless Reagan also advocated a tax increase. On the other hand, Wright raised the possibility of a tax increase early in December. Wright was viewed as being a strong Speaker who immersed himself in the details of legislation, closely oversaw bills' progress through the House, and used his authority to push the Democratic agenda.<sup>110</sup>

Wright's Speakership did not please the House Republicans. As reported in a *Washington Post* article, they felt powerless due to the Democrats' comfortable majority, Wright's strong, active style as Speaker, and the loss of the Senate to the Democrats. The Republicans objected to Wright's practices and accused him of acting autocratic and unfair. Wright had also enjoyed success in his relations with Reagan, and House Republicans felt

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108. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

109. Foley, *Honor in the House*, 92.

110. Janet Hook, "Speaker Jim Wright Takes Charge in the House," *Congressional Quarterly Weekly Report*, 11 July 1987, 1483-1488.

that Reagan had abandoned them while pursuing his own policies and compromises with Wright.<sup>111</sup>

As seen on 29 October, the Rules Committee played a key role in House affairs. Wright explained much about the Rules Committee's partisan role in an interview in 1987. The Rules Committee served as an instrument of the Leadership; its Democratic members were essentially members of the Party Leadership: "They understand going in that they may be expected on occasion to sublimate their own particular predilections long enough to grant a rule that permits the leadership's program to be accomplished on the House floor."<sup>112</sup> At the start of the One Hundredth Congress, he talked with each Rules member from the Ninety-Ninth Congress one-on-one. He informed them that they were his appointees, and they were not entitled to retain their seats just because they possessed them in the previous Congress. He reappointed all the returning Rules members to serve again on the Committee for the One Hundredth Congress.<sup>113</sup>

The Rules Committee and its rules could be exploited or manipulated depending on one's perspective. If given the opportunity, many members would keep offering essentially the same amendments, but with different language, although they had already been rejected. Limiting the use of open rules made business on the floor more predictable and orderly, and floor predictability made it easier for the families of members. They could have a rough idea of when the members would finish for the day. Wright made the effort to confer with the Republicans before adoption of the rules.<sup>114</sup> Wright elaborated upon the significance of the Rules Committee and its rules in 2002. He worked with the Committee

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111. Eric Pianin, "House GOP's Frustrations Intensify," *Washington Post*, 21 December 1987, A1, A10, A11.

112. Jim Wright, interview by John Barry, transcript is part one of a series of three, 15 May 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

113. Jim Wright, interview by John Barry, transcript is part one of a series of three, 15 May 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

114. Jim Wright, interview by John Barry, transcript is part one of a series of three, 15 May 1987, Oral History, Jim Wright 1987, Property of Jim Wright.

to get rules to protect bills from delay tactics that had appeared frequently in the Ninety-Ninth Congress. Such tactics included requesting a recorded vote for every amendment and offering trivial amendments. Since amendments required a certain amount of time for debate and voting, the House could squander three and one-half hours with just six or seven amendments.<sup>115</sup>

Part of the House Republicans' frustrations stemmed from the Democratic Leadership's use of the Rules Committee to restrict floor debate and floor amendments. The Republicans' staff for the Rules Committee calculated statistics verified by outside experts. They found that the percentage of bills sent to the floor with open rules (no restrictions on offering amendments) had decreased from 88% in the Ninety-Fifth Congress of 1977-1978 to 57% as of mid-September 1987. The percentage of bills with restrictive rules (limits on the number of amendments that can be offered) had increased from 12% to 43% during the same time period. These numbers applied to initial consideration of legislation on the floor. As the article on the rules statistics explained, these trends began in the 1970s and resulted partly from institutional reasons. In 1987, Wright sought restrictive rules for top bills such as HR 1 (Clean Water Act renewal) and HR 2 (the highway bill). Rules for only a limited amount of amendments were granted for HR 2470 (catastrophic health insurance) and H Con Res 93.<sup>116</sup>

A 30 November letter to Wright illustrated the use of restrictive rules and the concern over it. Signed by eighty members of the House, the letter stated that the Rules Committee voted on 17 November to bring a welfare reform bill, HR 1720, to the House floor under essentially a closed rule. The House Republicans could offer one substitute, but the rule permitted no other amendments. The signers called this practice "unfair and unwise" because it restricted most members' opportunity to help mold welfare reform. Some members not on the Ways and Means Committee possessed expertise pertaining to the welfare system but would lack the opportunity to offer their ideas. The signers proposed

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115. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

116. Janet Hook, "GOP Chafes Under Restrictive House Rules," *Congressional Quarterly Weekly Report*, 10 October 1987, 2449-2452.



that the bill receive a modified open rule that would allow a reasonable number of amendments.<sup>117</sup>

The events of the year 1987 lead to some general conclusions. First, the stock market plunge and Wright's assertiveness forced Reagan to confront the fiscal crisis. The budget summit deal and the budget guidelines in the reconciliation bill represented a much-needed effort to hold in check the federal financial excesses. It was a rear-guard holding action. It was a bandage to a gaping wound gushing blood. Jim Wright had much to do with bringing Reagan to the negotiating table. He made deficit reduction a priority as early as December 1986. He forced the House to pass deficit reduction measures and thereby keep up the pressure for meaningful results from the budget summit. Tip O'Neill had refrained from taking the lead on the fiscal crisis and had joined Reagan in ignoring it. He chose to fight Reagan over domestic programs. Wright was justified to push ahead on 29 October rather than wait for Reagan to take the initiative. After almost seven years, Reagan had failed to lead on the fiscal crisis. Pressure was needed, and a Congress acting as the Constitution intended proved capable of delivering pressure. After final calculations, the deficit for fiscal year 1987 amounted to \$149.8 billion.<sup>118</sup>

The House Democrats saw increasing party unity. Although not all of the Democrats voted for the Democratic budget resolution in April, the number of all defectors was relatively small. They came from all regions of the nation and possessed no bipartisan alternative. Even with a few stragglers, the House Democrats had enough members to produce a majority on a vote easily. Former Party dissidents such as Leath and Stenholm had come a long way from their Reagan-ally status of 1981. They supported the Democratic budget resolution. Although Leath lost to Aspin, his coalition was impressive. Leath and his supporters such as Dellums showed that the idea of consensus among members of different ideological viewpoints was not merely a naive cliché. It was a real and viable force that produced results. Gillis Long may have died in January 1985, but his emphasis on consensus and unity, not purity, had found a receptive audience. The CDF

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117. Stenholm, et al. to Wright, 30 November 1987, Folder: Welfare Reform, Box JJ-2, Wright Papers.

118. U. S. President, *Economic Report of the President January 2001*, 369.

may not have grabbed headlines in 1987 as it had done in 1981, but its mission of educating members on the issues was a valuable tool of effective government.

The increasing Democratic unity was a factor in an increasingly partisan political atmosphere in general. The House Republicans had voted with a high degree of unity on the key budget resolution votes throughout the Reagan years. They continued that trend in 1987. Wright's assertiveness as Speaker acted as an extra force to tie Democrats together and to keep them focused on common objectives. The controversy over restrictive rules marked a higher degree of partisanship. Each side could argue that they were justified, but the core fact remained the same. The parties were finding it harder to cooperate. The partisan split was growing as non-partisan or trans-party actions seemed to be declining.

## CHAPTER 11 STALEMATE

Reagan began his last year in office. On 25 January 1988, he delivered the State of the Union address and stated his support for maintaining the budget agreement from fall 1987. He criticized the use of the continuing resolution and laid out a demand to Congress: get the appropriations bills completed separately and on time. Reagan explained that the continuing resolution from the previous autumn contained 1,057 pages and weighed fourteen pounds. Once again, Reagan advocated the line-item veto and a balanced budget amendment.<sup>1</sup>

Reagan's budget proposal, submitted to Congress on 18 February, basically followed the guidelines of the November summit deal. The administration used economic assumptions that projected greater economic growth and less inflation than the assumptions of the CBO. The Reagan proposal projected a \$130 billion deficit, and the Gramm-Rudman-Hollings target stood at \$136 billion. On the other hand, the CBO forecasted/predicted a \$176 billion deficit for fiscal year 1989. As for expenditures, Reagan's proposed defense budget authority figure of \$299.5 billion would not keep pace with inflation. The proposed figure represented the lowest defense spending increase of all of his previous budget proposals. On domestic matters, the Reagan proposal was mixed. It proposed increases for education, science and space, AIDS research, and the war on drugs. The proposal targeted for cuts mass transit aid, public works, sewage treatment plants, and economic development. In addition, the proposal called for terminating the Interstate Commerce Commission, the Economic Development Administration, the Amtrak subsidy, and Urban Development Action Grants. Congress received Reagan's proposal with little partisanship, heavy criticism, or rancor.<sup>2</sup>

Congress had work to do as well, and Jim Wright described the legislative branch's planning sessions for 1988. On 2 February, Wright had three important meetings. First,

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1. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1990), Ronald Reagan, 1988 Book I, 84-90.

2. Tom Kenworthy and George C. Wilson, "Reagan Sends Congress \$1.09 Trillion Budget," *Washington Post*, 19 February 1988, A1, A13.

the House leadership and the Senate leadership met to plan for the year concerning legislation. The leaders agreed that the trade bill should be completed in March, an education bill should be finalized, and a catastrophic illness bill perhaps could be ready in April. They resolved that Congress would try to send individual appropriations bills to the President, and the House would begin the appropriations bills on 15 May. A lunch meeting followed that included the top House Republican leaders (seven or eight), the main House Democratic leaders (seven or eight), and the chairs and ranking minority members of the Appropriations, Rules, and Ways and Means Committees. All together, twenty-four or twenty-five met in the Speaker's dining room. The Republicans complained about the restrictive rules employed in 1987, and the Democrats defended this practice as necessary to prevent the backbencher Republicans from disrupting the flow of House business through amendments. Another meeting occurred in the afternoon, lasting roughly one hour and beginning at approximately 3:30, involving Wright and the committee chairs. They agreed to some schedules for legislation such as the budget resolution, the authorization bills, the appropriations bills, and the trade bill.<sup>3</sup>

The House Budget Committee worked quickly. On 17 March, the Committee approved on a voice vote a budget resolution for fiscal year 1989 after two weeks of closed-door discussion. The resolution followed the guidelines of the November 1987 budget deal and used Reagan's optimistic economic assumptions rather than the CBO's projections. It did not call for tax increases and came within the spending totals for defense and domestic programs. The resolution's projected deficit met the Gramm-Rudman-Hollings target of a \$136 billion deficit, but the actual threshold required for the Gramm-

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3. Jim Wright, interview by Jim Wright, 3 February 1988, Oral History, Jim Wright 1988, Property of Jim Wright.

Rudman-Hollings automatic cuts to take effect was \$146 billion. It was generally regarded that the Committee operated bipartisanly while creating the resolution.<sup>4</sup>

The House experienced a relatively smooth-running debate on the budget resolution. Butler Derrick of South Carolina offered a modified closed rule to govern debate on the concurrent resolution on the budget, H Con Res 268. It permitted no amendments except for three amendments in the nature of a substitute not subject to amendment. Following a king-of-the-mountain procedure, only the last amendment that was adopted would be considered as having been finally adopted and reported back to the House. Then, the concurrent resolution would be reported back to the House for a final vote.<sup>5</sup> Latta endorsed the rule and felt that having the substitutes allowed members a choice among alternatives.<sup>6</sup> The House passed the rule on a voice vote, and general debate began.<sup>7</sup>

In his opening statement, Bill Gray boasted about the Budget Committee's resolution. It had strong bipartisan support from Budget Committee members and followed the guidelines of the November 1987 budget summit. The resolution's deficit of \$134 billion met the Gramm-Rudman-Hollings deficit target of \$136 billion for fiscal year 1989. According to Gray, the resolution protected anti-poverty programs while proposing no new taxes.<sup>8</sup>

Latta's opening statement featured praise and criticism. He emphasized the high degree of bipartisanship experienced by the Budget Committee during its work this year. He pointed out that the budget summit deal also contributed to the Committee's bipartisan

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4. David Rapp, "Complying With the Budget Summit: House Panel Turns Creative To Craft Fiscal 1989 Measure," *Congressional Quarterly Weekly Report*, 19 March 1988, 726-727.

5. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 4988-4989.

6. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 4989.

7. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 4990.

8. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 4990-4991.

manner and hailed the resolution as faithfully following the summit deal's provisions. Nonetheless, Latta reminded his audience that the resolution relied on the optimistic OMB economic assumptions. The resolution could not meet the Gramm-Rudman-Hollings target using both the CBO economic assumptions and the budget summit's guidelines. Since he wanted greater deficit reduction, Latta argued that the federal government should reduce or terminate more domestic programs. Latta never actually clearly said if he favored or opposed the Committee's resolution. His support was implied based on the mention of strong bipartisanship in the Budget Committee, and he was the ranking Republican on the Committee.<sup>9</sup>

The text of H Con Res 268 was entered into the *Congressional Record*. The resolution proposed revenues of \$964.25 billion, total new budget authority of \$1.232 trillion, total budget outlays of \$1.098 trillion, and a deficit of \$133.95 billion. National defense would receive new budget authority of \$299.5 billion and outlays of \$294 billion.<sup>10</sup>

Time now came for the amendments in the nature of a substitute. Republican William Dannemeyer of California presented a plan that called for \$1.238 trillion in new budget authority, \$1.11 trillion in outlays, \$908 billion in revenues, and \$130.7 billion for the deficit. He envisioned providing \$307.5 billion in new budget authority and \$295.3 billion in outlays for defense. His plan entailed an idea for gold bonds. The government would issue Treasury obligations known as Eagle Bonds with an annual investment yield not to exceed 1.75%, and principal and interest would be redeemed in gold. The Eagle Bonds would have an initial maturity of forty years. They could not be issued for less than twenty-five years. According to the Californian, this plan would result in reducing the federal budget deficit, eliminating the trade deficit, and reducing the interest rate on the public debt.

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9. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 4991-4992.

10. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5018-5020.

Dannemeyer's proposal also included a tax amnesty plan to collect money for deficit reduction.<sup>11</sup> The House rejected Dannemeyer's sub with a vote of 75 to 347.<sup>12</sup>

The next alternative came from Republicans John Porter of Illinois and Bill Frenzel of Minnesota. Offered by Porter, this substitute proposed revenues of \$953 billion, total new budget authority of \$1.232 trillion, total budget outlays of \$1.093 trillion, and a deficit of \$140.2 billion. Defense spending would receive \$291 billion in new budget authority and \$287 billion in outlays. Frenzel discussed the budget debate and explained that he was not satisfied with the Budget Committee's resolution or the summit deal from November 1987. He faulted the Committee resolution for using the overly-optimistic OMB economic assumptions. On the other hand, the Porter-Frenzel solution used CBO assumptions. To reach the Gramm-Rudman-Hollings target, they proposed a hard freeze on everything that could be frozen, even defense and Social Security. They proposed no new taxes.<sup>13</sup> The House rejected the Porter substitute on a vote of 64 to 354.<sup>14</sup>

The last substitute came from Democrat Timothy Penny of Minnesota. This plan, drafted by himself, Republican Thomas Tauke of Iowa, and a few others, proposed revenues of \$968.35 billion, total new budget authority of \$1.218 trillion, total outlays of \$1.093 trillion, and a deficit of \$128.36 billion. Defense would receive \$299.49 billion in new budget authority and \$291.42 billion in outlays. In defending this sub, Penny criticized the Committee resolution for actually increasing spending on defense, domestic programs, and entitlements. He feared the 1989 deficit would exceed the 1988 deficit. In his opinion, election year politics had led the federal government's leaders to compromise on a budget

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11. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5020-5023.

12. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5028-5029.

13. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5029-5031.

14. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5034-5035.

plan that protected spending and avoided confronting the fiscal crisis directly. In contrast, the Penny plan would reduce by 50% the increases for defense and domestic spending. He proposed to limit COLA benefits for Social Security recipients and other retirees while also delaying income tax indexing for one year.<sup>15</sup> The House rejected the Penny alternative through a vote of 27 to 394.<sup>16</sup>

Debate came to an end. The Committee of the Whole reported the resolution back to the House, and the House passed the concurrent resolution on a vote of 319 to 102. The breakdown for the parties showed majorities on both sides. The Democrats voted 227 in favor and twenty-four opposed. These twenty-four came from all regions of the country. *Congressional Quarterly* defined the South as constituting the former Confederate states plus Kentucky and Oklahoma; the rest of the nation was defined as northern. Using this characterization, the roll call revealed that seventeen northern Democrats and seven southern Democrats voted in opposition. As for the Republicans, they split with ninety-two in favor and seventy-eight opposed. Republican leaders such as Bob Michel, Del Latta, and Trent Lott all voted in favor.<sup>17</sup>

The next phase, as in previous years, centered on the conference committee and its report. On 26 May, House and Senate negotiators reached agreement on a conference report calling for new budget authority of \$1.231 trillion, outlays of \$1.099 trillion, revenues of \$964.4 billion, and a deficit of \$135.3 billion. It proposed no new taxes. This budget resolution was not as significant as resolutions in previous years. The November 1987 summit deal set guidelines for defense and domestic spending, and Reagan adhered to the guidelines in his budget proposal. The Appropriations Committee possessed in theory final authority over discretionary spending, but the reconciliation process had in

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15. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5035-5038.

16. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5041-5042.

17. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 4 (23 March 1988): 5042-5043.



practice increased the power of the Budget Committees and their resolutions at the expense of the Appropriations Committee's authority. The fiscal year 1989 budget resolution had no reconciliation instructions as a result of the November 1987 summit deal's guidelines for spending. Now, the Appropriations Committee had more influence over discretionary spending, and the budget resolution represented just a recommendation. The Appropriations Committee and its subcommittees held responsibility for dispensing the money allotted by the fall 1987 agreement for certain domestic programs: \$148.1 billion in new budget authority and \$169.2 billion in outlays. At this time, the budget resolution's proposals already differed from some of the provisions of the Appropriations bills already in the works. The House passed the agreement on 26 May by a vote of 201 to 181.<sup>18</sup> The Senate passed the conference report on the budget resolution on 6 June on a vote of 58 to 29.<sup>19</sup>

Although the budget summit of 1987 had reduced the partisanship on budgetary matters, the House experienced other partisan fights. On 24 May, a group of House Republicans made speeches for two hours on the House floor for C-SPAN. The speeches indicted the Democrats for autocratic behavior.<sup>20</sup> Dick Cheney of Wyoming began the special orders spectacle by explaining that they intended to showcase the mismanagement of the House.<sup>21</sup>

Bob Michel addressed what he believed represented the decline of the committee system. He cited evidence that the volume of committee hearings declined 41% from 1977 to 1986, but the number of bills debated and passed by the House without prior committee consideration had increased. In the Ninety-Ninth Congress, more than 300 bills

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18. David Rapp, "Real Spending Battles Are to Come: Conferees Agree on Budget, House Gives Its Approval," *Congressional Quarterly Weekly Report*, 28 May 1988, 1439-1441.

19. David Rapp, "Appropriators Inherit Disputes: Senate Approves Fiscal 1989 Budget Resolution," *Congressional Quarterly Weekly Report*, 11 June 1988, 1567.

20. Don Phillips, "House GOP Says Rights Are Denied," *Washington Post*, 25 May 1988, A3.

21. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 9 (24 May 1988): 12177.

received House approval but had not received prior committee consideration. Michel also stated that passage of commemorative legislation, as a percentage of the total legislation passed by the House, had increased over the last ten years.<sup>22</sup>

Trent Lott discussed the increase in the use of restrictive rules that limited members' ability to offer amendments. He presented evidence showing the increasing use of restrictive rules in recent years: 20% in the Ninety-Seventh, 28% in the Ninety-Eighth, 36% in the Ninety-Ninth, and 44% so far in the One Hundredth. Lott argued that this trend had been accompanied by increasing denial of instructions to recommit, the last option of the minority party to offer a final amendment prior to a bill's final vote. This option was never denied in the Ninety-Seventh and Ninety-Eighth Congresses. The Democrats denied it twelve times in the Ninety-Ninth Congress and thirteen times so far in the One Hundredth Congress.<sup>23</sup> Dick Arme of Texas elaborated upon Lott's rules discussion with a specific incident. He referred to the events of 29 October 1987 when Wright reconvened the House for a new legislative day on the same calendar day and also held the vote open on a bill. Arme called this day, "black Thursday-Thursday."<sup>24</sup>

Getting bills passed depended partly on the Whip Organization. Although it operated throughout the earlier Congresses, a solid description of the Whip Organization becomes possible using testimony of Wright and archival data from the One Hundredth Congress. The whips would hold meetings on Thursday mornings concerning the legislative schedule for the upcoming week and the progress of the whip counts. The Majority Whip would preside over these meetings, but Wright and Foley would also attend.<sup>25</sup> Wright believed in 1988 that the whip meetings also benefited the Leadership by serving as a "sounding board" and providing "feedback from members." He felt that the Whip Organization had grown too large. Too many of the whips were negligent and/or

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22. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 9 (24 May 1988): 12178.

23. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 9 (24 May 1988): 12179.

24. Congress, House, 100th Cong., 2nd sess., *Congressional Record* 134, pt. 9 (24 May 1988): 12180.

25. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

inconsistent in performing their whip duties. The slackers just liked the weekly whip meetings' previews for the upcoming week.<sup>26</sup>

The Whip Organization was differentiated. House Democrats divided themselves into regional, or geographic, zones. The members in each zone would elect someone to be their whip. If their zone qualified for more than one whip, they would elect two whips.<sup>27</sup> Members generally rotated the zone whip spots. A member might hold a zone whip spot for two to three terms but afterwards generally relinquish it. Many former zone whips became at-large whips. Since some zone whips were not fulfilling their duties at one time, the Party created the at-large whip positions. Wright appointed the at-large whips in consultation with the Majority Leader and the Whip. The Majority Leader and the Whip could pick members for at-large whip positions, but Wright would confirm their choices. Wright would explain to aspiring at-large whips that the Leadership expected them to support its program and not just work as pollsters since the Whip Organization was an "action organization." In addition, the House Democrats had deputy whips subject to slightly more rigorous criteria for their appointments.<sup>28</sup>

Jim Wright described the operation of the Whip Organization. The Democrats did not whip every bill. Instead, they whipped the bills that formed part of the Leadership's agenda. The Whip Organization would conduct a whip count for these bills. The zone whips would survey the members in their respective zones and record each member's opinion on the bill in question. Each member fell into one of five categories: for the bill, leaning for the bill, undecided, leaning against the bill, or against the bill. To supplement whip efforts, task forces of about six to seven members would be recruited to lobby members to support the Leadership position for a particular bill. Task force members generally sat on the committee that drafted the bill. These members knew the bill well and

26. Jim Wright, interview by Sinclair, transcript, 2 August 1988, Oral History, Jim Wright 1988, Property of Jim Wright.

27. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

28. Jim Wright, interview by Sinclair, transcript, 2 August 1988, Oral History, Jim Wright 1988, Property of Jim Wright.

could therefore make convincing arguments for the Leadership's position. Also, other members interested in a bill and strongly in favor of it would also be recruited to serve on the task forces. The Democrats tried to recruit different members for each task force in order to assemble a group geographically and ideologically representative of the House Democrats. The task force members would divide up the names of the members requiring persuasion. They aimed to get firm commitments from members. If one task force member could not convince someone, then another task force member would make his/her attempt on that person. When sufficient commitments had been collected, the bill would come to the floor.<sup>29</sup>

A large packet of information on the Whip Organization from the Foley Papers described the whip efforts of the One Hundredth Congress. The packet "tracked" twenty-two votes for which the Whip Organization had 4,060 assignments and 2,281 reports. Of these reports, only twenty were inaccurate (less than 1%). The Democrats had thirty-three task forces in 1987 and twenty in 1988, and these task forces all together held 144 task force meetings. Overall, there were approximately 10,750 assignments and 6,040 reports.<sup>30</sup> The Whip Organization had a grand total of ninety-three members. This number included five Ex Officio positions held by the Speaker, the Majority Leader, the Caucus Chair, the Caucus Vice-Chair, and the head of the DCCC. Then, the Organization possessed one Whip, one Chief Deputy Whip, ten Deputy Whips, four Task Force Chairs, fifty At-Large Whips, and twenty-two Zone Whips.<sup>31</sup>

The packet included a ranking of the whips computed from their volume of work and their success. The twenty-two whip votes/task force issues tracked served as the source for the rankings. The votes/issues comprised two votes from 1987 and twenty from 1988. They included items such as the continuing resolution from December 1987 and the trade

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29. Jim Wright, interview by Karl Gerard Brandt, 20 March 2002.

30. Whip packet, p. 2, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

31. Whip packet, p. 5, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

bill override from May 1988.<sup>32</sup> Despite having a lot of members, a minority of members carried the burden of the Whip Organization's work. Twelve members performed over 40% of the work, and twenty-five members performed over 65% of the work.<sup>33</sup> At-Large Whip Robert Wise of West Virginia ranked as the number one Whip overall, and Whip Task Force Chair Martin Frost of Texas came in second place overall. Ways and Means Chair Rostenkowski, an At-Large Whip, finished as the number twenty-sixth ranked whip, and Bill Gray, an At-Large Whip, finished in the eighty-ninth place. The highest-rated Zone Whip, Harold Volkmer of Missouri, finished at number twenty-one. On the other hand, some whips' efforts were pathetic. Deputy Whip Dan Mica of Florida, Whip Task Force Chair David Obey of Wisconsin, and Zone Whip Charles Hatcher of Georgia were all listed with the phrase "No Work" and had no numerical ranking.<sup>34</sup> Furthermore, seventy-three members took part in whip task forces but were not whips. Ten of the forty members with the highest whip ratings were not actually whips.<sup>35</sup>

The packet provided one example of the Whip Organization in action. On the welfare reform issue, the Whip Organization had 735 assignments on members. Of these, 439 were returned (59.7%) as reports with only four inaccurate reports (less than 1%). Fifty

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32. Whip packet, p. 26-27, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

33. Whip packet, p. 28, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

34. Whip packet, p. 29-30, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

35. Whip packet, p. 31, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

members lobbied 152 members on the initial vote on the bill, and ten members lobbied 101 members for the vote on the conference report.<sup>36</sup>

Meanwhile, the weeks passed, and Congress accomplished its goal of passing the appropriations bills on time. Very shortly before 1 October started at midnight, the Senate passed the last of the thirteen separate appropriations bills. This event marked the first time since 1976 that all appropriations bills had received approval from Congress before the start of the new fiscal year. Both the House and the Senate worked late on 30 September to finish the bills, and Reagan canceled a late-scheduled signing ceremony on 30 September to enact the appropriations bills. The last time that all appropriations bills were enacted before the start of the new fiscal year was 1948. The estimate of the deficit on 5 October stood at \$145.556 billion, and the Gramm-Rudman-Hollings deficit limit amounted to \$146 billion.<sup>37</sup> Defense spending was a salient issue throughout the Reagan era, and the federal government maintained its commitment to the November 1987 agreement on defense spending. On 30 September, Congress passed the defense appropriations bill, HR 4781. It provided \$282.4 billion for the Department of Defense in fiscal year 1989. Funds in other appropriations bills for defense purposes actually brought the total for defense spending to \$299.6 billion.<sup>38</sup> Next, on 1 October, Reagan signed into law the remaining fiscal year 1989 appropriations bills.<sup>39</sup>

As the session was coming to an end, the House experienced a barrage of delay tactics. On 4 October, the House spent three hours in delay tactics caused by Pennsylvania Republican Robert Walker. He forced the House to vote on minor measures

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36. Whip packet, p. 3, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

37. David Rapp, "Congress Clears Spending Bills at Last Minute," *Congressional Quarterly Weekly Report*, 8 October 1988, 2807.

38. Pat Towell, "Defense Impasse Over; Both Sides See Victory," *Congressional Quarterly Weekly Report*, 1 October 1988, 2697-2698.

39. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1991), Ronald Reagan, 1988-89 Book II, 1262.

and thereby to go through a record forty roll call votes. His reason was to protest the Democratic Leadership's management of House business. Walker began delay tactics as adjournment approached. On 30 September, he cited the lack of action on the Clean Air Act overhaul as his specific reason for the tactics. It was stalled primarily by the Senate. For the week of 3 October, the Democratic Leadership had scheduled forty-three bills for one day and forty bills for the next day. These bills would be considered under suspension of the rules (prohibits amendments, limits debate, but requires a two-thirds majority vote for passage). On 4 October, he demanded the roll call votes, and the bills in question had been debated on 3 October. Members voted roughly every two to five minutes, and both Democrats and Republicans were frustrated by Walker's actions.<sup>40</sup>

The One Hundredth Congress soon completed its work. Fiscal matters necessitated that Congress pass in its last hours before adjournment HR 4333, a \$4.1 billion miscellaneous tax bill. The bill included technical corrections for the 1986 Tax Reform Act and the fiscal year 1988 reconciliation bill, provided for a host of tax breaks for some persons, and raised some taxes on business.<sup>41</sup> On 10 November, Reagan signed into law HR 4333, the Technical and Miscellaneous Revenue Act of 1988.<sup>42</sup> The Congress ended on 22 October. The One Hundredth Congress was seen, especially by Democratic leaders, as being very productive and the most productive since the administration of Lyndon Johnson. Tom Foley pointed to successes such as the trade bill,

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40. Janet Hook, "End-of-Session Vote Spree Inflames Tempers," *Congressional Quarterly Weekly Report*, 8 October 1988, 2787-2788.

41. "Final Provisions of the 1988 Tax Bill," *Congressional Quarterly Weekly Report*, 29 October 1988, 3158-3162.

42. U. S. President, *Public Papers of the Presidents of the United States* (Washington, D. C.: United States Government Printing Office, 1991), Ronald Reagan, 1988-89 Book II, 1821.

the welfare bill, and the retooling of anti-sex bias law.<sup>43</sup> The final number for the fiscal year 1988 deficit was \$155.2 billion.<sup>44</sup>

The year of 1988 continued the trends of 1987. Recognizing pressure from Congress and the facts of the fiscal crisis, the Reagan administration acted as a constructive participant in the budget process. No large proposal for defense spending increases this year. Reagan followed the guidelines from 1987. The House Democrats continued to experience strong party unity on budget issues, and increased partisanship between Democrats and Republicans showed through despite bipartisanship on budget issues.

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43. Janet Hook, "100th Congress Wraps Up Surprisingly Busy Year," *Congressional Quarterly Weekly Report*, 29 October 1988, 3117-3139.

44. U. S. President, *Economic Report of the President January 2001*, 369.



## CHAPTER 12

# CONCLUSION: A MIXED LEGACY

During much of the twentieth century, conservative Democrats in Congress played a critical and perhaps disproportionately large role in the nation's affairs. Despite a tradition of opposing national Democratic leaders and platforms on occasion, many of them had held great power and were, despite some of their positions, leaders in the Party. Voting against the preferences of party leaders was normal for the diverse Democratic Party, and conservatives as well as other factions had done this for a long time. Things were different by 1980. The conservative Democrats in the House of Representatives lacked the institutional power of their predecessors and felt, to a certain degree, that they were outsiders in their own Party.

In response to their situation, the conservative Democrats formed the Conservative Democratic Forum. The creation of the CDF symbolized their frustration with their role in the Party, the direction of the Party, and their desire to become more influential. Among other concerns, they claimed to espouse the ideas of fiscal conservatism with its emphasis on balanced budgets and its warnings against the consequences of prolonged deficit spending. Yet, the CDF represented a stronger challenge than simply voting one's preference. The CDF distanced itself from the Party by its very existence. The CDF had the potential to act as a quasi-third party, to oppose either or both parties in a more regular manner, and to use its votes as a bargaining chip.

As part of his administration's plans, Ronald Reagan promised to bring fiscal responsibility to the government. Reagan's public statements revealed a simplistic view of domestic politics in which Manichean-like absolutes battled for the nation's future. He portrayed himself as fighting oppressive taxation and wasteful government spending while almost single-handedly protecting the U. S. from foreign threats. On the other hand, his opponent was a quasi-mythical straw man who recklessly raised taxes, wastefully spent money on domestic programs, and frivolously ignored the nation's security needs.

The course of the conservative Democrats and Reagan intersected. The conservative Democrats recognized the possibilities a bipartisan alliance with Reagan and the Republicans could bring them: more influence in government, reorientation of the

nation's fiscal policies, and a means to pressure the Democratic Party to consider alternative views. During the Ninety-Seventh Congress, the bipartisan alliance won through the support of the conservative Democrats. Reagan received almost all that he wanted in 1981, and in 1982, he and the Republicans shaped budget and tax policy. The Democratic Leadership had little influence over fiscal policy in these years. Yet, the deficits of Reaganomics grew to record levels beyond the magnitude of the deficits of the 1970s, and Reagan even backtracked on his anti-taxation principle with the tax bill of 1982. A golden opportunity to put the federal finances in order had been squandered.

Meanwhile, the House Democratic Leadership counterattacked. First, given Reagan's ability to get bipartisan support and his hard-ball politics, the House Democrats had to address their internal political weaknesses. The Leadership knew it could not just compel junior members to follow senior members as had once been the practice. A stronger effort was needed to keep members working within the Party. The Democrats' claim of having a diverse Party required that multiple forms of diversity be respected whether they be regional, ethnic, or ideological. Gillis Long's activist Caucus program strengthened the ties among Democrats through the Caucus meetings, the Caucus Committee on Party Effectiveness, and the task forces and the position papers. Jim Jones and "An Exercise in Hard Choices" in 1983 showed that the Leadership was trying to include all members of the Caucus in policy-making. In response to the actions of Phil Gramm and Kent Hance in 1981, the Democrats had to construct a system to encourage, or compel, greater party loyalty without creating an ideological litmus test. The solution involved a middle-ground approach as seen in Jim Wright's speech of September 1981 and the use of key vote scores for committee assignments. Except for 1983, the Democratic Leadership regularly allowed alternative budget resolutions to be proposed during debates by factions such as the Congressional Black Caucus or the conservative Democrats. It was not the fault of the Leadership if these alternative budgets attracted only thirty or forty votes; it was the decision of the entire House of Representatives.

Second, Reagan had captured the initiative in 1981 partly through great public relations, and the Democrats had to respond in this television-dominated, media-driven era. The Democrats found that Social Security was a weakness for Reagan that would resonate

well with the public. Jim Jones saw in Reagan's strategy of 1981 and in the Democrats' use of Social Security a highly significant beginning:

The combination of the very high partisanship, no-give policy of the Reagan White House in '81-82 coupled with the Democrats pounding the Republicans on Social Security in the '82 elections, and becoming very partisan on that issue, was really the start, in my judgment, of what has been the most partisan two decades in my lifetime.<sup>1</sup>

Furthermore, *Rebuilding the Road to Opportunity* and the *Blueprint* showed the Democrats' realization of the need to offer ideas that would capture the people's imagination. Al From believed that these works had great significance for the Democratic Party. They were catalysts for the redefinition of the Democratic Party, the New Democrat movement, and the Democratic Leadership Council which all led to the Clinton presidency.<sup>2</sup>

Some key factors shaped circumstances for the Democrats in the years after the Ninety-Seventh Congress. Conservative Democrats had seen the shallowness of Reagan's avowed fiscal conservatism and the efforts of the Leadership to be more inclusive. The CDF as an organization no longer seemed able or willing to act as a quasi-third party. Democrat electoral success in 1982 weakened the relative strength of the conservative Democrats operating as part of a bipartisan alliance. Now, conservative Democrats faced a choice. They could remain in the Party as backbenchers, become Republicans as some members did, or become working members of the Party as O'Neill had challenged them to do in 1984.

Members facing this choice operated in this context of American politics and not in a political philosophy vacuum. One of the central traits of American politics was pragmatism: finding solutions to existing problems and appealing to the currents of popular thought. American politics was also based on compromise. It is doubtful a budget produced by Congress could please all of its members on every issue. Someone could vote against every budget for failing to reach his or her absolute standards of perfection, but such a tactic would probably exclude that person, ultimately, from any influence that he or she might could have exerted on the creation of the budget. This is not to say that someone such as

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1. Jim Jones, interview by Karl Gerard Brandt, 12 July 2002.

2. Al From, interview by Karl Gerard Brandt, 16 May 2003.

Marvin Leath or Charles Stenholm would change their inherent ideological point of view, but the ideological leaning of any member of Congress was circumscribed by the practical limitations of policy choices. Members had to make the most of possible options.

Facing the choice of either more Reaganomics or the hope of Democratic fiscal responsibility, Leath chose to work for compromise within the Democratic Party. As a backbencher, he would isolate himself from influence on the budget. As a member of the Budget Committee willing to work with others and to stand by the panel's product, he could influence the budget. Although he believed in a strong national defense, he knew that domestic economic problems such as the growing national debt could also be a security threat. Leath had challenged Democratic Party leaders in 1981 by voting for Reagan's budget and tax bill. In the mid-1980s, he challenged the wisdom of Reagan's defense and fiscal policies. His coalition for chairmanship in 1987 was based on the theme of consensus, the fact that practical politics could overcome ideological differences, and a recognition of the failure of Reaganomics.

Stenholm chose to avoid political martyrdom. He had identified some key perception problems facing the Democrats nationally. By dropping the challenge to O'Neill in 1984, he chose to work within the Party. His overall voting record might still have been on the conservative side, but that, once again, was not really unusual for a Democrat. Stenholm found the Democratic budgets later in the 1980s as the best options available for fiscal responsibility. The CDF, of which he remained the coordinator per se, continued to serve a useful role as a forum for ideas.

By the start of the Ninety-Ninth Congress, it was logical to see the Democratic Party as the best hope for fiscal responsibility. Reagan was failing to confront the fiscal problems. During the 1980s alone, Democrats of all political persuasions had supported reductions in domestic spending, increases in defense spending, and tax-cutting efforts. As for the Congressional Republicans, they experienced their own divisions, were reluctant to oppose their popular President, and sometimes proposed irresponsible fiscal policies.

The overwhelming rejection of the Reagan budget proposals by the House in 1984, 1986, and 1987 showed that many Republicans knew Reagan's fiscal policies were in shambles.

The government managed to prevent further growth in the size of deficits beginning with the implementation of the Gramm-Rudman-Hollings law. The Supreme Court's ruling took away its enforcement mechanism, but the significance of the law was not based on technical mechanisms. Rather, its significance was that it symbolized a realization on the part of Congress that the nation faced a crisis. It was the willingness of individuals, not the letter of the law, that said Reagan's large proposed increases in defense were unacceptable. It was their willingness to slice a little here and a little there from the domestic spending part of the budget. The fact that Gramm-Rudman-Hollings did not eliminate deficit spending testified to the primacy of individuals' collective will over the letter of the law. The nation's elected officials lacked the collective will at that moment to make further tough decisions.

Reining in deficit spending involved tough decisions. There was resistance to more tax increases. Taxes were the people's money, but the national debt also belonged to the people as well. There was resistance to deeper cuts from the domestic discretionary part of the budget. Domestic discretionary spending, the category often labeled as just wasteful domestic spending, constituted only a small part of the federal budget and included many beneficial programs. There was opposition to actual cuts in defense spending or in Social Security. Defense spending was also spending, and the federal government paid for Reagan's prized defense buildup through the people's tax money and through borrowed money. A dollar spent by the federal government on defense had the same effect on the yearly deficits and the national debt as a dollar spent on a social program. As for Reagan's often-stated criticism of tax-and-spend, tax-and-spend is the means by which a society achieves its objectives.

Why did the nation's elected officials lack the collective will to make the tough decisions? It is generally recognized that the President has the power to set the agenda for the nation in a way no other person does. Unfortunately, Reagan did not use his power to generate the critical mass needed for deficit reduction or to foster an environment conducive to fiscal responsibility. He never proposed a balanced budget. Until Congress passed Gramm-Rudman-Hollings, Reagan's budget proposals called for increasingly large deficits.

Sometimes, his budget proposals called for deficits larger than most of the reasonable proposals offered in the House. There was not enough compromises with Congress. For much of the administration, he made defense untouchable as a spending category. Calls for limiting defense spending growth too often were met by the accusations that they would weaken U. S. security. Even after significant increases in defense spending in past years, Reagan's budget proposals sometimes called for large increases in defense spending that were almost instantly dismissed by Congressional leaders. Reagan did not do enough to compensate for the 1981 tax bill's drain of revenue. User fees and asset sales were insufficient to make up the shortfall. He regularly complained about tax-and-spend policies and the big spenders in Congress. This rhetoric, voiced in many televised speeches, helped build public opposition to tax increases. While delighting some citizens, this rhetoric also widened the distance between Reagan and Congress. He harped against tax increases yearly but backpedaled and signed tax bills in 1982, 1984, 1986, 1987, and 1988.

The federal finances suffered a monumental catastrophe during Reagan's eight years. Finally, fiscal year 1989, operating under the budget prepared in 1988, left a deficit of \$152.5 billion.<sup>3</sup> The national debt almost tripled in size during the Reagan Era. Fiscal year 1981 ended on 30 September 1981 and operated under the budget prepared by Jimmy Carter and the Ninety-Sixth Congress. Reagan cannot be fairly blamed for the final numbers for fiscal year 1981. At that time, the national debt was \$994.8 billion. Fiscal year 1989 ended on 30 September 1989 and operated under the budget prepared during the last year of Reagan's presidency. The national debt amounted to \$2.868 trillion at the end of fiscal year 1989.<sup>4</sup> In the 1980s and in other times, the national debt could not just be ignored. Unless there are extenuating circumstances, habitual deficit spending as a policy undermines the status quo. The federal government pays interest, or debt service, on the national debt. As deficits continue and the debt grows, the amount of debt service that has to be paid also grows. Then, the government has to decide how to pay for this

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3. U. S. President, *Economic Report of the President January 2001*, 369.

4. U. S. President, *Economic Report of the President January 2001*, 367.

additional amount in debt service: cut expenditures on something else, increase revenues through hikes in taxes or user fees, or simply borrow more money which magnifies the problem for a later time. In fiscal year 1981, the federal government spent \$68.8 billion in debt service; this amount was 10.14% of total budget outlays. In fiscal year 1989, the federal government spent \$169 billion in debt service; this amount was now 14.77% of total budget outlays.<sup>5</sup> The tremendous increase in the national debt created the conditions for future tax increases, defense cuts, and cuts in domestic spending. Leath summed up the legacy of unnecessary deficit spending during debate in 1987. He erred perhaps only in underestimating its burden:

I get very amused when people talk about how much we cut taxes. Nobody talks about the \$75 billion a year in interest payments that we have strapped around our grandchildren for the rest of their lives.<sup>6</sup>

Finally, Jim Wright forced Reagan to actually confront the fiscal crisis during the One Hundredth Congress. Wright pushed Congress to act as the co-equal branch of government that the founders intended it to be. He made deficit reduction an early priority for the One Hundredth Congress and pressured the administration for a deficit reduction plan in the autumn of 1987. The result of Wright's pressure and the stock market crash was an agreement for deficit reduction that Reagan and Congress both agreed to support. This agreement rested on compromise concerning spending totals. Afterwards, Reagan actually acted as a constructive participant in the budget process. He proposed a budget that did not call for a massive defense spending increase. Also, Reagan was correct in arguing that a massive continuing resolution was a poor means to handle the nation's business. Given that Reagan was already a lame duck and the nation was anticipating the change of a new administration in 1989, Wright's achievement was all the more impressive. Without Congressional concern in Gramm-Rudman-Hollings and Wright's pressure, the federal

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5. U. S. President, *Economic Report of the President January 2001*, 369.

6. Congress, House, 100th Cong., 1st sess., *Congressional Record* 133, pt. 7 (9 April 1987): 8612.

finances might have been even worse. The federal government might have degenerated into producing an even more obscene deficit of over \$400 billion.

As a result of all of this action, what happened to Democratic unity? As has been noted earlier in the text, Democratic unity on budget resolution votes increased throughout the Reagan years after the significant Reagan support of 1981. This increase occurred even among members of the CDF. In the One Hundredth Congress, the budget resolution votes showed just a few stragglers and a comfortable Democratic majority in favor of passage.

Another means to measure Democratic unity becomes available through an examination of the Democrats' key vote records discussed earlier. These records, obtained from archives, rated members on votes selected by the Leadership as very important. In general, budget matters constituted a significant amount of the votes, but other issues were represented.

The key vote records for the Ninety-Seventh Congress revealed great disparity within the Caucus, and conservative Democrats were the members with the lowest scores in general. The "Democratic Members In Descending Order" packet for the first session in 1981 showed that the average score for members on the key votes was 81.8%. Reasonably impressive in its own right, the average was accompanied by a serious lack of support on the part of some members. Eighteen members scored 0%, and five more scored only 10%. Of course, there were many loyalists. One hundred thirty-six members scored 100%, and thirty-nine members scored 90%.<sup>7</sup> The "Descending Order" packet for the second session in 1982 showed similar results. The average score was 83.08%. Six scored 0%; three scored 12.5%. On the other hand, 105 members rated at 100%, and sixty-eight more members scored 87.5%.<sup>8</sup> The fact that not as many members voted 100% in the second session was not really a problem. A single vote could drop a party loyalist from 100% to 87.5%, but that party loyalist would still be voting the party line on

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7. "Democratic Members In Descending Order", Folder: Leg. Files Voting Record, 97th Congress, 1st Session (1981) Part I, Box 7, Party Leadership/Administrative Files Speaker's Office, O'Neill Papers.

8. "Democratic Members In Descending Order", Folder: Leg. Files Voting Record, 97th Congress, 2nd Session (1982) Part I, Box 8, Party Leadership/Administrative Files Speaker's Office, O'Neill Papers.



other votes. For members in the middle-range, 60% versus 70% might not matter that much as long as they remained in the middle-range.

The “Descending Order” packets for the Ninety-Eighth Congress begin to show a substantive change in voting behavior with higher scores for conservative Democrats. For the first session, the packet stated that the total key support was 81%. Viewed in isolation, this figure would lead to the conclusion that no real change was occurring. The substantive change centered on the fact that the lowest range of scores were higher overall than the lowest scores from the Ninety-Seventh Congress. There was only one 0% score. The next eight higher-scoring members had scores ranging from 5% to 27.7%. All other members scored above 30%.<sup>9</sup> The second session packet revealed the continuation of the upward trend in the lowest scores. The total key support was 83.8%. There were no zeros. The lowest score was 11.7%. All total, only seven members scored below 30%.<sup>10</sup> Having a comfortable majority meant that the Democrats did not necessarily have to have the support of every member on every vote. Even if a few defected on a particular vote, there could be enough members adhering to the party line to guarantee the Leadership a victory on that vote.

The first session of the Ninety-Ninth Congress continued the trend from the Ninety-Eighth Congress with an overall increase in scores for conservative Democrats. The average score for members was 79.95%. Although slightly lower, there were other things to consider. This session included nineteen key votes. Therefore, there were more possible scores and more situations in which members might abandon the party line. The lowest set of scores were higher than in earlier sessions. The seven lowest scores ranged from 10.5% to 35.2%. Still, thirty-three members scored 100%, and forty-one members

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9. “Democratic Members In Descending Order”, Folder: Leg. Files Voting Record, 98th Congress, 1st Session (1983) Part I, Box 8, Party Leadership/Administrative Files Speaker’s Office, O’Neill Papers.

10. “Democratic Members In Descending Order”, Folder: Leg. Files Voting Record, 98th Congress, 2nd Session (1984) Part I, Box 8, Party Leadership/Administrative Files Speaker’s Office, O’Neill Papers.

scored above 90% but below 100%.<sup>11</sup> No key vote records could be located for the second session of the Ninety-Ninth Congress.

The key vote scores from the One Hundredth Congress showed a sizable leap in party unity. The average score for members for the first session was 87.95%. Fifty-seven members scored 100%, and ninety members all total scored above 90% but below 100%. The four lowest scores were 53.3% by Stenholm, 50% by Ben Nighthorse Campbell of Colorado, 50% by Glenn English of Oklahoma, and 36.3% by Buddy Roemer of Louisiana. Marvin Leath scored 73.3%.<sup>12</sup> The results from the second session were also impressive. The analysis was prepared on 8 August 1988, and only four votes were used. The average score for members was 94.58%, and 206 members scored 100%.<sup>13</sup>

The Whip packet from the One Hundredth Congress discussed earlier succinctly summed up the increasing Democratic unity. This internal document cited the decline in the Conservative Coalition voting phenomenon and touted the change as partly stemming from the House Leadership's efforts to include conservatives in policy formulation. The efforts included Marvin Leath and budget issues as well as other members and other legislation. The packet stated that, 'Conservatives are more willing than in the early days of the Reagan Era to "make their deal" inside the Democratic Party, creating new opportunities for the House Democratic Leadership when the Leadership gives them a real policy role.' The packet added that, "No conservative will work with the Leadership on every issue. But

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11. "Democratic Members In Descending Order", Folder: Leg. Files Voting Record, 99th Congress, 1st Session (1985) Part I, Box 9, Party Leadership/Administrative Files Speaker's Office, O'Neill Papers.

12. "Democratic Members In Descending Order", Folder: Foley Papers 100th Congress, 1st Sess.--Voting Record--Individual Voting Results--1987, Box 52, Foley Papers.

13. "Democratic Members In Descending Order", Folder: Foley Papers 100th Congress, 2nd Sess.--Voting Record--Individual Voting Results--1988, Box 52, Foley Papers.

the Leadership does not need them all each time. A Member can work with the Leadership and remain a tough conservative.”<sup>14</sup>

All this indicates increasing Democratic unity. This increase did not occur through coercion. The Democrats avoided instituting a litmus test. They reaffirmed the right of members of Congress to vote their own and their constituents’ preferences. This greater unity resulted from the Leadership’s efforts, the choices of the conservative Democrats, and the budget battles with Reagan. This change did not mean that they voted in lock step or spoke with a single voice on every issue. They did not all vote the party line all of the time. Rather, former dissidents became more dependable on big votes, and party stalwarts remained stalwarts. The Democrats’ claim of being a diverse party had been put to trial, and the claim was upheld. They showed that a diverse party could respect differences in viewpoints and yet find unifying positions.

Over the years, a more partisan political atmosphere emerged. Democratic unity increased during the Reagan years, and House Republicans showed high unity on budget votes during the same years. The 1988 bipartisan support on the budget resolution was due significantly to the deal of autumn 1987. The Democratic Leadership’s drive for greater Democratic unity did not include attracting consistent and tangible Republican support. Decline of bipartisan coalitions on budget issues meant that the parties were opposing one another more. C-SPAN antics and controversy over House rules generated greater animosity and fostered a less-civil political discourse during the Reagan Era.

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14. Whip packet, p. 9, Folder: Foley Papers Leadership Files/100th Cong.--Whip Organization [1987-1988], Box 168, Foley Papers.

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Archival sources were abundant. The archives contained great amounts of documents on many aspects of the House of Representatives.

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## APPENDIX ON BUDGET TERMS

The fiscal year of the federal government begins on 1 October and ends on 30 September of the following calendar year.

Budget authority is the amount of money a government program is permitted to obligate or lend. Budget authority is provided through Congress's appropriations bills. An outlay is the amount of money a program actually spent, or plans to spend, during the fiscal year. The deficit is calculated from the outlays of a given year.

Discretionary funds are appropriated by Congress annually. Mandatory spending refers to entitlement programs such as Social Security. Entitlement programs are required to provide benefits to anyone eligible and interested. Such programs are permanently authorized and do not come under annual appropriations bills. Authorizing, or authorization, bills are required to deal with entitlements.

Authorization bills are acts of Congress establishing, continuing, or making changes in a discretionary program or an entitlement. Appropriations bills are the acts that fund programs within the limits set by authorizations. Normally, appropriations bills are for one year. Appropriations bills set spending levels to be consistent with the budget resolution.

The budget resolution is a Congressional spending blueprint that does not involve the President's signature. It sets budget guidelines.

Reconciliation is a mechanism to achieve savings and revenue increases, proposed by the budget resolution, through changes in legislation for authorizations.

The federal government collects revenues, or receipts, from taxes, user fees, and sale of federal assets. The deficit is the difference between spending and revenues for a fiscal year.<sup>1</sup>

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1. *Congressional Quarterly Almanac, 100th Congress 2nd Session 1988* Volume XLIV (Washington, D. C.: Congressional Quarterly Inc., 1989), 185.

## VITA

Karl Gerard Brandt was born in 1974 and grew up in McGregor, Texas. After graduating from McGregor High School in 1993, he enrolled at the University of Texas at Austin. He was inducted into Phi Beta Kappa in May 1996. In 1997, he graduated *summa cum laude* with the Bachelor of Arts degree in history. He won a Board of Regents Fellowship from Louisiana State University and enrolled there in 1998. He completed his thesis and his Master of Arts degree in history at Louisiana State University in 2000.