

# Policy Analysis

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## ***The Return of the Living Dead Federal Programs That Survived the Republican Revolution***

by **Stephen Moore and Stephen Slivinski**

### **Executive Summary**

The 106th Congress is well on its way to becoming the largest-spending Congress on domestic social programs since the late 1970s when Jimmy Carter sat in the Oval Office and Thomas “Tip” O’Neill was Speaker of the House. Total federal nondefense spending is estimated to grow in real terms by \$33 billion, or 11 percent, from 1999 to 2001 under the budget resolution approved by Congress in April 2000. And this is undoubtedly a “best-case” scenario: as the election gets closer, Congress and the White House are almost certain to add billions more to a budget crammed with special-interest spending for just about every constituency in Washington—from farmers, to environmentalists, to road builders, to the teachers’ unions and universities.

A major reason for all the new spending is the inability or unwillingness of Republicans to eliminate virtually any government program. Many of the more than 200 programs that the Republicans pledged to eliminate in 1995 in their “Contract with America” fiscal blueprint now have fatter budgets than they had before the changing of the guard.

Overall federal expenditures for 95 of the largest “living-dead” programs have risen a total of 13 percent since 1994. Many of President Clinton’s favorite programs have received substantial budget increases, often in excess of what the president has proposed.

Congress has violated its own “spending caps” virtually every year as well. Comparison of actual spending from 1996 to 2000 with the original expenditure targets set in 1995 reveals that excess spending over the baseline totals \$187 billion. Even after the budget caps were renegotiated upward in 1997, Congress still managed to exceed the revised budget cap for the following years by a total of more than \$40 billion.

The growth in living-dead programs is part of an overall budget expansion. From fiscal year 1998 to FY 2000, nondefense domestic spending has grown by more than 14 percent, after adjusting for inflation.

In Washington, D.C., today there is a consensus in the White House and Congress that the era of big government is here to stay.

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**From 1996 through 2000 the domestic budget has risen by 14 percent over inflation.**

## Introduction

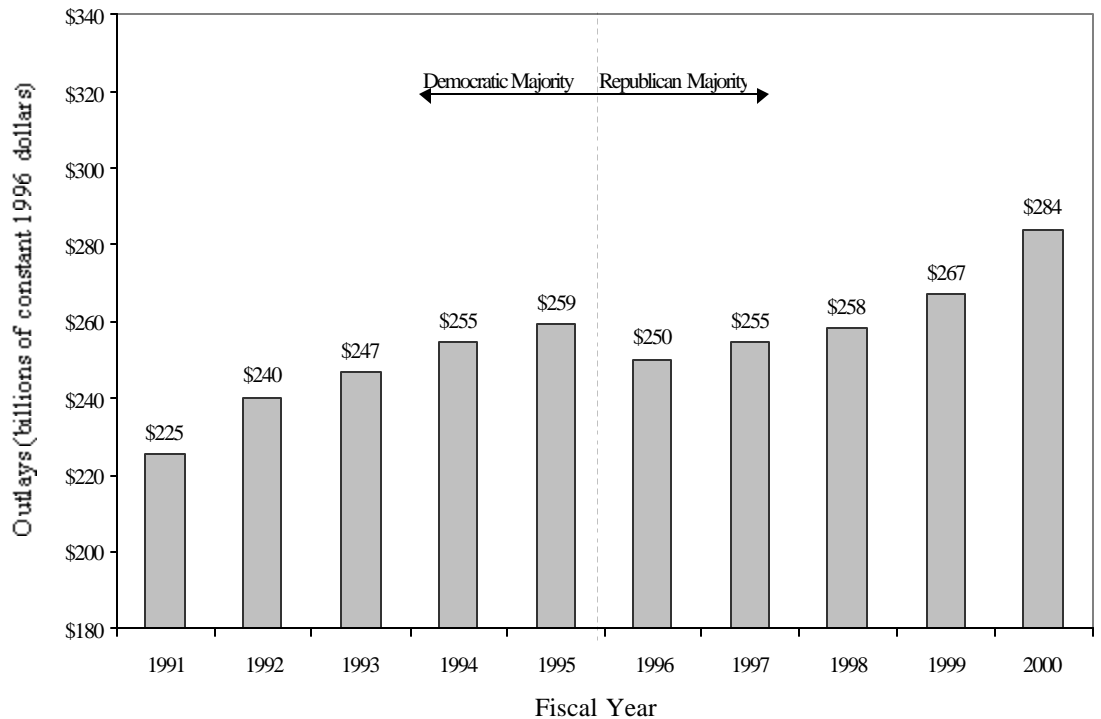
When Republicans took control of Congress after the elections of 1994, they promised to make government in Washington smaller and smarter. Their first budget, adopted in the spring of 1995, reflected that commitment. The Republicans in the House of Representatives approved a budget, crafted largely by House Budget Committee chairman John Kasich of Ohio, that substantially cut government spending in domestic areas. That budget called for the elimination of more than 200 government programs, including three entire cabinet agencies: the Departments of Education, Energy, and Commerce.<sup>1</sup>

Most of the programs on the GOP “hit list” were small and fiscally inconsequential, but there were also scores of programs with budgets of more than \$10 million targeted

for termination. Virtually every program on that list had long ago been proven wasteful, ineffective, obsolete, counterproductive, unconstitutional, or all of the above. Many of those programs had been targeted for reduction in the first Reagan budgets in the early 1980s. Some of them had been singled out for elimination by Leon Panetta (D-Calif.) when he was chairman of the House Budget Committee in 1992. The list included programs ranging from the Low Income Home Energy Assistance Program—a relic of the 1970s energy crisis—to transit subsidies, to the National Endowment for the Arts, to the Corporation for Public Broadcasting, to bilingual education. This study assesses the extent to which those commitments to reduce spending were actually met.

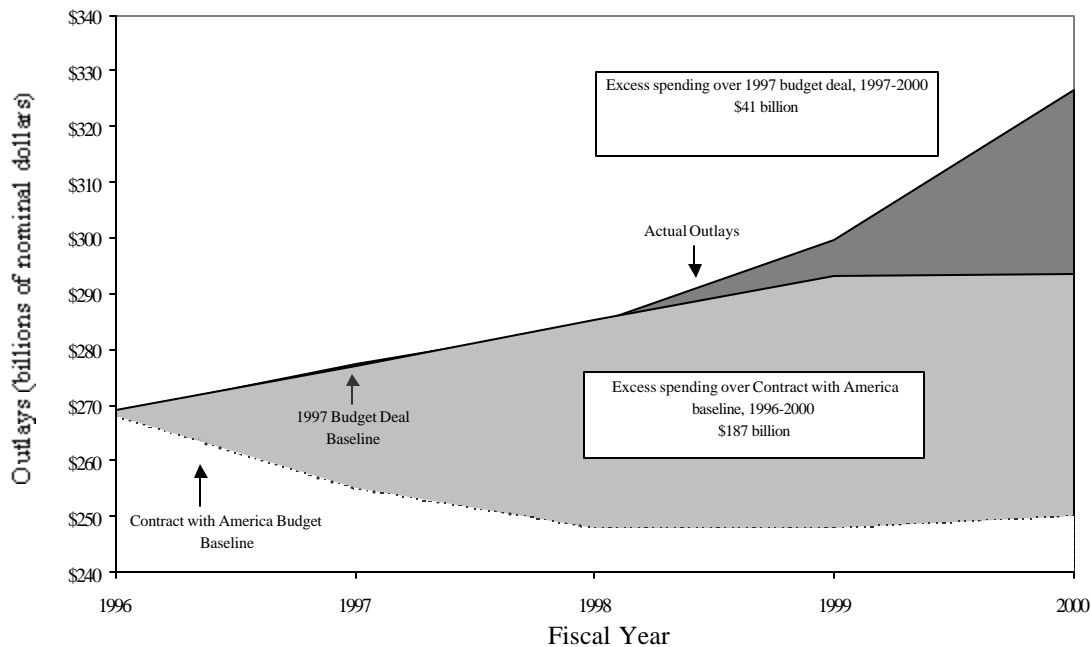
We find that in their first year in control of Congress the Republicans made impressive progress in downsizing the federal government

**Figure 1**  
**The Trend of Total Nondefense Domestic Spending**



Source: Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2001* (Washington: Government Printing Office, 2000), Table 8.1, p. 117.

**Figure 2**  
**Nondefense Discretionary Spending Compared with the Contract with America**  
**and the 1997 Budget Deal**



Source: Authors' calculations based on House Report 104-120 (May 15, 1995); House Report 105-116 (June 4, 1997), p. 20; and Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2001*, Table 8.1, p. 117.

by reducing or eliminating domestic agencies. Almost 200 programs were eliminated between fiscal year 1995 and FY97.<sup>2</sup> Domestic discretionary spending actually declined in real terms from \$259 billion to \$250 billion after the first year of the Republican Congress. But, since then, the domestic budget has risen at an increasingly rapid pace. From 1996 through 2000 the domestic budget has risen by 14 percent over inflation (Figure 1).

The trend has clearly been toward more expansive budgets each year the Republicans have controlled Congress. In FY99 federal domestic programs grew by 3.5 percent after adjusting for inflation. Real total domestic discretionary spending will rise by 6.4 percent under the Republican-approved FY 2000 budget passed in November 1999. In fact, that is the largest real single-year increase in domestic discretionary spending in more than 20 years.<sup>3</sup>

Comparison of actual spending from 1996 to 2000 with the original expenditure

targets set in 1994 reveals that excess spending over the baseline totals \$187 billion. Even after the budget caps were renegotiated upward in 1997, Congress still managed to exceed the revised budget cap for the following years by a total of more than \$40 billion.<sup>4</sup> (See Figure 2.)

We examined the budget trends from 1995 to 2000 for 95 of the largest domestic programs that the Republicans originally slated for elimination. Although some of those programs have actually been zeroed out of the budget and some programs' budgets have been reduced, a majority of those programs are not starved for funding. Total expenditures for those programs grew by 13 percent over the past five years (Table 1).

Farm programs are once again prospering under the Republican Congress, notwithstanding the well-intentioned Freedom to Farm Act of 1995. The goal of that act was to wean farmers from federal price supports, disaster relief, and loan programs. But when

**Although some programs have actually been zeroed out of the budget and some programs' budgets have been reduced, a majority of programs are not starved for funding.**

**Table 1**  
**The Return of the Living Dead (outlays in millions of nominal dollars)**

	1995	2000	Percentage Change
<b>Departments</b>			
Department of Commerce <sup>1</sup>	3,401	4,939	45%
Department of Education	31,205	36,444	17%
Department of Energy	17,617	15,269	-13%
<b>Total</b>	<b>52,223</b>	<b>56,652</b>	<b>8%</b>
<b>Agencies, Boards, Commissions, and Authorities</b>			
Aid to East Europe and Baltic States (Agency for International Development)	332	535	61%
AmeriCorps	81	282	248%
Appalachian Regional Commission	189	66	-65%
Corporation for National and Community Service	214	219	2%
Corporation for Public Broadcasting	286	318	11%
Federal Maritime Commission	19	14	-26%
Federal Transit Administration	4,197	5,678	35%
Institute of American Indian and Alaska Native Culture and Arts Development	13	2	-84%
Interstate Commerce Commission	15	0	-100%
Legal Services Corporation	429	305	-29%
National Endowment for the Arts	176	111	-37%
National Endowment for the Humanities	180	103	-43%
State Justice Institute	13	14	8%
Tennessee Valley Authority (development activities)	210	0	-100%
<b>Legislative Branch, Office of Technological Assessment</b>	<b>18</b>	<b>0</b>	<b>-100%</b>
<b>Department of Agriculture, Cattle Tick Eradication Program</b>	<b>13</b>	<b>0</b>	<b>-100%</b>
<b>Department of Commerce</b>			
Advanced Technology Program	372	211	-43%
Economic Development Administration	354	433	22%
Information Infrastructure Grants	11	13	18%
International Trade Administration	275	300	9%
Manufacturing Extension Partnership	40	105	162%
Minority Business Development Agency	44	26	-41%
U.S. Travel and Tourism Administration	14	0	-100%
<b>Department of Education</b>			
21st Century Community Learning Centers	1	453	45237%
Arts in Education	11	12	5%
Bilingual & Immigrant Education	225	406	80%
Byrd Scholarships	29	40	37%
Comprehensive Regional Assistance Centers	30	28	-7%
Douglas Teachers Scholarship	15	0	-100%
Dropout Prevention Demonstrations	28	0	-100%
Education for Native Hawaiians	9	23	156%

	1995	2000	Percentage Change
Education for the Disadvantaged Grants	6,780	8,378	24%
Education Infrastructure	35	0	-100%
Eisenhower Professional Development Program	21	23	11%
Eisenhower Regional Consortium	15	15	0%
Family and Community Endeavor Schools	11	0	-100%
Federal Perkins Loans	187	130	-30%
Federal TRIO Programs	463	645	39%
Goals 2000	231	490	112%
Harris Scholarships	20	0	-100%
Howard University Academic Program	210	219	4%
Impact Aid Payments for Federal Property	16	32	100%
Inexpensive Book Distribution	10	20	100%
Law School Clinical Experience	15	0	-100%
National Writing Project	3	10	233%
Ready to Learn Television	7	16	129%
Safe & Drug Free Schools—National Programs	25	111	343%
School-to-Work Opportunities Grants & Local Partnerships	63	125	98%
Special Education—Parent Training/Information Centers	13	19	46%
Special Education—Personnel Development/Preparation	91	83	-9%
Star Schools	25	51	104%
State Post-Secondary Review Program	13	0	-100%
State School Improvement	28	0	-100%
State Student Incentive Grants/LEAP	64	40	-38%
Training and Advisory Services	21	7	-65%
Urban Community Service	13	0	-100%
Vocational and Adult Education	1,481	1,547	4%
<b>Department of Energy</b>			
In-House Energy Management Program	33	0	-100%
Gas Turbine Modular Helium Reactor	21	0	-100%
<b>Department of Health and Human Services</b>			
Agency for Health Care Policy & Research	133	111	-16%
Community Based Resource Centers	31	33	6%
High Risk Youth Demonstration Program	65	0	-100%
Low Income Home Energy Assistance	1,419	1,100	-22%
Preventative Health	17	16	-5%
Social Services Research	15	10	-33%
Treatment Grants to Crisis Areas	35	0	-100%
<b>Department of Housing and Urban Development</b>			
Community Development Block Grants	4,333	4,856	12%
Community Development Financial Institutions	125	0	-100%
Congregate Housing/Service Coordinators	55	55	0%
Enterprise Zone Homes	50	0	-100%
HOME Investment Partnerships	1,179	1,657	41%
Homeless Assistance Grants <sup>2</sup>	258	961	272%
HOPE Grants	25	0	-100%

*continued*

**Table 1—continued**

	1995	2000	Percentage Change
Housing Opportunities for People with AIDS	186	212	14%
Loan Management	150	0	-100%
National Homeownership Trust Demonstration	50	0	-100%
<b>Department of the Interior</b>			
Bureau of Mines	30	0	-100%
Forestry Incentive Program	10	6	-40%
Land Acquisitions and State Assistance	112	142	27%
<b>Department of Labor</b>			
Job Training Partnership Act/ Workforce Investment Act	4,690	5,466	17%
Trade Adjustment Assistance	268	328	22%
Youth Fair Chance	24	0	-100%
<b>Department of State</b>			
Contributions to UN Industrial Development Organization	28	0	-100%
East-West Center	25	13	-50%
<b>Department of Transportation</b>			
Amtrak subsidies	806	597	-26%
FAA Traffic Management System	15	0	-100%
Highway Demonstration Projects	1,087	393	-64%
Intelligent Transportation System	143	222	55%
Light Rail Freight Assistance	16	0	-100%
Maritime Administration	447	359	-20%
Next Generation High Speed Rail	3	24	700%
Penn Station Redevelopment	15	0	-100%
Transit Planning and Research	74	107	45%
<b>Department of the Treasury</b>			
Community Development Financial Institutions	50	90	80%
Internal Revenue Service	7,500	8,200	9%
<b>Total</b>	<b>41,227</b>	<b>46,616</b>	<b>13%</b>

Sources: Authors' calculations based on list of proposed program terminations from the House Budget Committee as printed in the *Wall Street Journal*, June 15, 1995, p. A14; Office of Management and Budget, *Budget of the United States Government, Fiscal Year 1997* (Washington: Government Printing Office, 1996); and Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2001* (Washington: Government Printing Office, 2000).

<sup>1</sup> Excludes expenses for 2000 census.

<sup>2</sup> Includes Emergency Shelter Grants, Supportive Housing, Supplemental Assistance to Facilities to Assist the Homeless, Shelter Plus Care, Section 8 Moderate Rehabilitation Single Room Occupancy, and Innovative Homeless Initiatives Demonstration.

emergency spending for droughts and floods over the past three years is included, spending on farm subsidies has increased by 162 per cent.<sup>5</sup> Several programs that have long been particularly odious to conservatives have also fared surprisingly well in budgets since 1995:

AmeriCorps has had a 248 percent increase, bilingual education an 80 percent increase, Goals 2000 a 112 percent increase, and the Internal Revenue Service a 9 percent increase.

Although President Clinton's intimidating veto pen has kept Republicans from killing some programs, many have received even larger budgets than Clinton requested. In the past three years, the Republican discretionary budgets have exceeded the White House requests by a total of more than \$30 billion.<sup>6</sup>

The GOP has spent more on the Department of Education than Bill Clinton proposed in two of the last three years. Sen. Susan Collins (R-Maine) even boasted of outspending the White House on education programs in the Republican response to President Clinton's 2000 State of the Union message.<sup>7</sup> As a 1999 *Education Week* article noted: "Nearly four years after the Republican majority took office, federal education spending has not only survived, but grown—by nearly 38 percent since the fiscal 1996 budget. The Education Department has more funding than ever under a political party traditionally associated with belt-tightening."<sup>8</sup>

As was the case in the Reagan years, the culture of spending in Washington has prevailed over Republican promises to cut the budget. This year, as Congress and the president prepare to ignore the 1997 budget deal spending caps, it appears that almost no congressional Republican commitment to smaller or smarter government remains.

## The Grand Old Spending Party

[Y]ou would hate to say that you spent six years of your life at a job and at the end of it government was spending more and taxing more than when you came. But that's where we are.

—Rep. Mark Sanford, third-term South Carolina Republican<sup>9</sup>

A few weeks before the midterm elections of 1998, the Republican Congress approved a budget that funded almost all of Bill Clinton's spending initiatives and provided record amounts for pork-barrel projects for home districts.

The 1998 budget was in every way a rout of the very ideals that won Republicans the majority in Congress in the first place. It contained \$18 billion in additional bailout money for the International Monetary Fund, just weeks after the IMF conceded that the \$5 billion it had already given to Russia had been stolen by corrupt political leaders.<sup>10</sup> Farmers received \$6 billion in "disaster aid." There was \$1.1 billion for home heating subsidies, which two years before had been scheduled to be zeroed out. Republican appropriators also approved \$10 million for moving the Cape Hatteras (North Carolina) Lighthouse 2,000 feet inland; \$5 million in military construction money for a car wash, a movie theater, and a day care center in Fairbanks, Alaska; \$1 million for peanut research in Dawson, Georgia, and Raleigh, North Carolina; and \$250,000 in the defense appropriations bill for a study on whether caffeinated chewing gum could improve military readiness.<sup>11</sup>

That was not all. Rep. Newt Gingrich successfully earmarked \$450 million for seven C-130J transport planes even though the Pentagon said it wanted only one. The planes are made by Lockheed-Martin in Gingrich's former district of Marietta, Georgia. There was \$1.1 billion for Clinton's 100,000 new teachers program and \$2 million for "culinary and cultural arts" projects in Missouri. In all, the \$500 billion omnibus spending bill weighed 40 pounds, had almost 4,000 pages, and was read by virtually no member of Congress who voted on it. It still passed 333-95 in the Republican House and 65-29 in the GOP Senate.<sup>12</sup>

Rep. Jim Moran, a Virginia Democrat and no fiscal conservative, moaned: "I knew the closer you got to election day, the more stuff was going to get dumped into [the omnibus bill]. There was enough money for farmers to

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**Republicans poured funds back into programs they once vowed to cut.**

buy both of the Dakotas. Everybody got just about everything they wanted.”<sup>13</sup>

That election-year spending spree backfired. The Republicans’ congressional losses in the November 1998 elections were in part a public outcry against the massive budget giveaways. Real domestic discretionary spending grew from \$267 billion to \$284 billion—a 6.4 percent one-year rise, the largest increase in real terms in almost a quarter century.<sup>14</sup>

Republicans poured funds back into programs they once vowed to cut. Last year, for example, House Republicans approved a 50 percent, four-year increase in the Great Society-era Peace Corps program. Once upon a time Republicans argued that such voluntarism should be paid for privately. After the funding increase was approved by a vote of 326-90, Rep. David McIntosh of Indiana chastised his fellow Republicans: “I’m surprised that anyone who says they are for smaller government would have supported this bill.”<sup>15</sup> Meanwhile, the Senate Republicans rallied behind the \$10 billion White House proposal to fund 100,000 new teachers and increase the education budget by at least \$40 billion over the next five years.<sup>16</sup> An October 21, 1999, *Washington Post* headline summarized the state of affairs on Capitol Hill: “GOP Raises the Ante on Social Programs: Lawmakers Add to Clinton Budget Request.”<sup>17</sup>

Congressional appropriators—“the Cardinals,” as they are called—managed to evade budget caps by resorting to an assortment of fiscal gimmicks. The Republican-controlled House Appropriations Committee declared that a record \$35 billion was “emergency” appropriations in order to circumvent the caps. The alleged “emergencies” included Kosovo expenses, more than \$8 billion in welfare grants for drought-stricken farmers (for the second straight year), routine Pentagon maintenance expenditures, even the cost of counting heads in the 2000 census.<sup>18</sup> In October 1999 Senate Republicans resurrected an old ploy and “forward funded” from \$10 billion to \$16 billion of excess spending into the first weeks of FY01, so it wouldn’t count against

the 2000 spending caps. The press justifiably ridiculed that scheme as creating America’s first “13-month fiscal year.”<sup>19</sup> Congress even managed to bury in an appropriations bill a \$4,600 congressional pay raise.<sup>20</sup>

Some of the younger, more conscientious budget hawks in the GOP congressional delegation—most notably Oklahoma’s Rep. Tom Coburn—tried to stem the avalanche of extra domestic spending. They had little luck. When Coburn was told by party leaders that there was nothing left in the budget to cut, he fumed: “That is the biggest bunch of cow (manure) I’ve ever heard. There are 186,000 contract employees at the Department of Agriculture. Give me a chance to run the Department.”<sup>21</sup>

GOP Sen. Chuck Hagel of Nebraska summed up last year’s budget process with painfully frank language when he asserted that Republicans keep “sticking [their] snouts in the trough just like the Democrats.”<sup>22</sup> And 1999 was not an election year.

## **Assessing the GOP’s Budget Record**

This is the best indication that the Republican revolution is over. It’s really obscene that we would get so close to putting our country’s finances in order, and then blow it.

—Christopher Shays (R-Conn.)<sup>23</sup>

When the Republicans took control of Congress, the budget deficit was still \$204 billion and expected to remain at or near \$200 billion for years to come. Mainly because of exceptionally strong economic growth over the past five years, which has generated massive increases in tax receipts, plus continued reductions in military spending and cuts in the budget in the first year of the GOP Congress, those deficits have been converted into tax surpluses of \$211 billion this year and between \$228 billion and \$270 billion a year for at least the next five years.



For the first time in more than 20 years, interest payments on the debt are falling.<sup>24</sup>

But, except for 1996, domestic spending has not fallen. Defense reductions and the tax receipt windfall from economic growth have camouflaged a continued buildup in the budgets of domestic agencies. Figure 3 shows that since 1996 domestic discretionary spending has exceeded defense spending. This hasn't been the case since Jimmy Carter was in the White House. Today, discretionary spending on domestic programs exceeds defense spending by more than \$30 billion.

What is more troubling is that, with each passing year, the Republicans have shown less fiscal restraint and approved more expansionary budgets. That trend of higher budgets is shown in Figure 4.

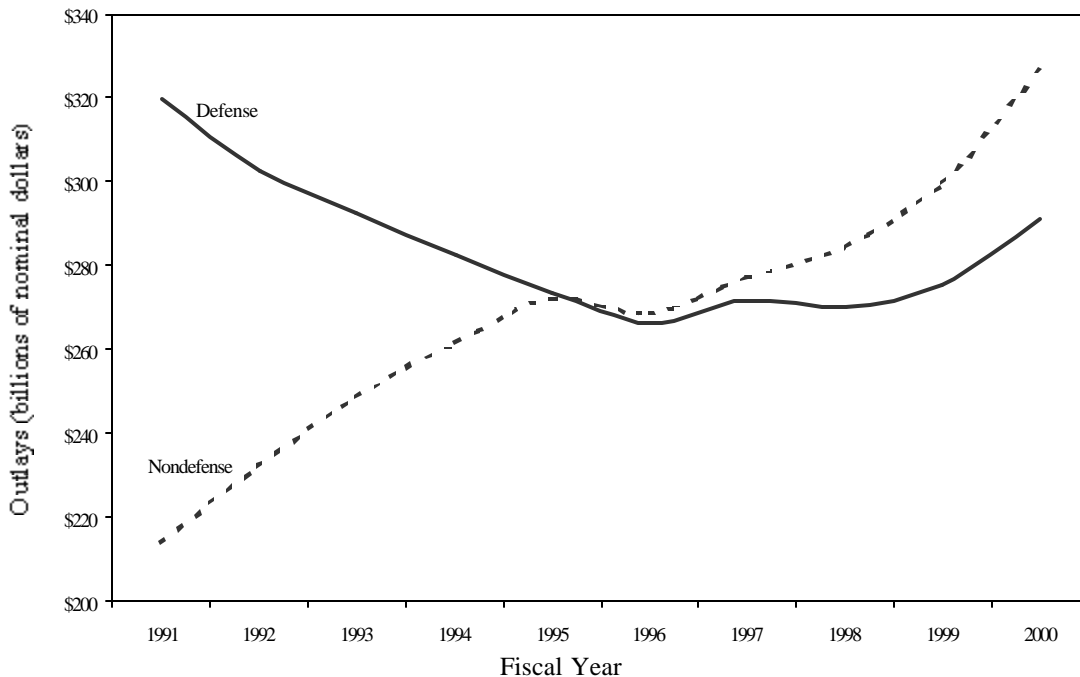
Republicans have tended to blame Bill Clinton for the run-up of the budget in recent years. Certainly, the White House has been no friend of the taxpayer. In each of the past three fiscal years, President Clinton's budgets have

requested, on average, more than \$60 billion in increased spending per year.<sup>25</sup> The FY01 budget released in January 2000 proposes roughly \$58 billion in additional spending.<sup>26</sup>

Much of the proposed increased spending is for the myriad new government programs and increased budgets for existing programs that President Clinton proposes in his State of the Union Address every year. This year Clinton mentioned 104 policy initiatives, pled for Congress to initiate various types of regulation and increase the budgets of various programs, and even introduced a few new ones.<sup>27</sup> In fact, many of Bill Clinton's spending initiatives have survived or been assisted by the Republican Congress (Table 2). His current budget, for instance, requests 35 percent more for the elementary school class size reduction program he created in 1999, despite mounting evidence that smaller class size has no direct effect on student achievement.<sup>28</sup> Clinton has also asked for an additional \$30 billion to fund the Partnership for a New Generation of

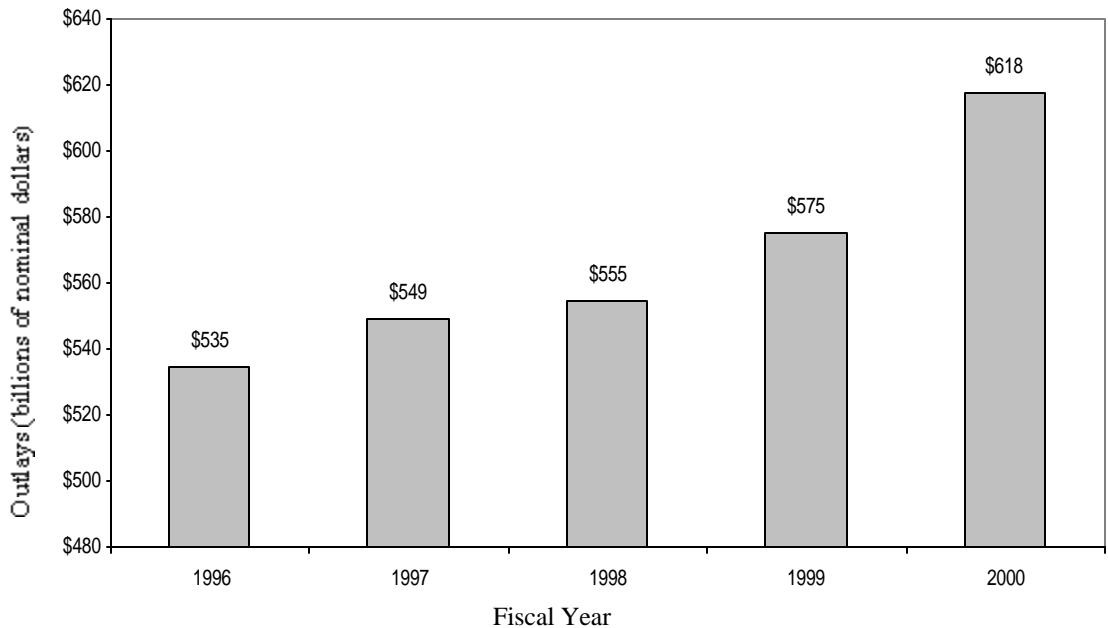
**With each passing year, the Republicans have shown less fiscal restraint and approved more expansionary budgets.**

**Figure 3**  
**Trends in Spending**



Source: Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2000*, Table 8.1, p. 117.

**Figure 4**  
**Total Discretionary Spending**



Source: Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal Year 2001*, Table 8.1, p. 117.

**The spending spree cannot be blamed entirely, or even primarily, on the White House.**

Vehicles (which has a current total budget of \$226 million) that underwrites research and development by major American auto makers who could clearly afford to pay for the research themselves. And the president's new budget requests more than double the current budget for the Work Force in the 21st Century Project, which promotes "broadening participation in the science, mathematics, engineering, and technology enterprise."<sup>29</sup>

Congress has been willing to go along with most of this. From FY98 to FY 2000, the total spending increases requested in President Clinton's budgets equaled roughly \$190 billion. Actual government spending over that period increased by \$188 billion.<sup>30</sup>

The spending spree cannot be blamed entirely, or even primarily, on the White House. For instance, the Congressional Budget Office estimated that the president's FY 2000 budget request called for \$605 billion in total discretionary spending.<sup>31</sup> After seven continuing resolutions and a month-long series of negotiations between congress-

sional and White House representatives, the FY 2000 budget ended up allocating \$618 billion in total discretionary outlays, \$13 billion more than Clinton originally requested.<sup>32</sup> Over the past three years the total amount of discretionary spending approved by Congress exceeded Bill Clinton's budget requests by more than \$30 billion.<sup>33</sup>

The Republican performance in controlling civilian expenditures has been particularly disappointing when the standard of performance is the original budget spending path promised by GOP leaders in the spring of 1995. The first five-year budget resolution, the Contract with America budget, contained strict limitations on domestic spending. As it turns out, actual domestic expenditures over the five-year period (FY96-2000) have exceeded planned expenditures by \$187 billion, as shown in Figure 2. In 1997, of course, the outlay targets were raised pursuant to the five-year budget agreement between congressional Republicans and the White House. But even those more generous spending ceilings have

**Table 2**  
**Budget Expansion of Favorite Clinton Programs (outlays in millions of nominal dollars)**

	1993	2000	Percentage Change
21st Century Community Learning Centers	0	453	N/A
Adult Education	305	470	54%
Agricultural Research Service	661	830	26%
Bilingual and Immigrant Education	237	406	71%
Charter Schools	0	145	N/A
Class Size Reduction	0	1,300	N/A
Clean Water Action Plan	0	1,998	N/A
Climate Change Technology Initiative	0	1,099	N/A
Dairy Price-Support Program	120	250	108%
Department of Education Research Programs	162	319	97%
Dislocated Worker Assistance	517	1,589	207%
Education Technology	23	769	3243%
Energy Conservation and Efficiency	592	745	26%
Federal TRIO Programs	388	645	66%
Federal Work-Study	617	934	51%
GEAR-UP	0	200	N/A
Government-wide Funding for Native Americans	5,361	8,201	53%
Head Start	2,776	5,267	90%
High School Reform/Small Schools	0	45	N/A
Job Corps	966	1,358	41%
Lands Legacy Initiative	380	727	91%
Mass Transit	3,774	5,785	53%
Partnership for a New Generation of Vehicles	0	226	N/A
Salmon Habitat Restoration	0	95	N/A
Solar and Renewable Energy	249	315	27%
Special Education	2,966	6,036	104%
U.S. Global Change Research	1,323	1,701	29%
Water/Wastewater Grants and Loans	508	631	24%
Work Force in the 21st Century	0	72	N/A
Youth Opportunity Grants	0	250	N/A

Source: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2001* (Washington: Government Printing Office, 2000).

N/A = Not applicable

been violated by a total of \$40 billion over the past two years. Congress is so far from abiding by the spending caps in 2001 that the White House and Congress both now advocate abandoning them.<sup>34</sup>

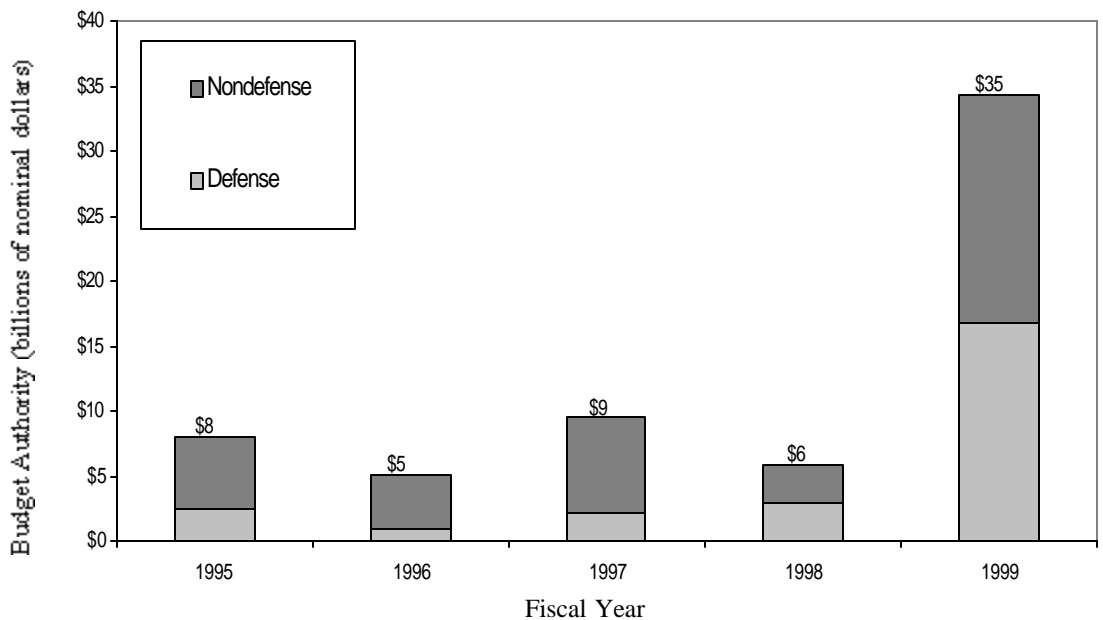
One technique that Congress has used to evade supposedly inviolable spending caps has been to invoke the “emergency spending” loophole. As mentioned above, Congress has adopted the practice of labeling routine

spending an “emergency.” Reliance on emergency spending has become more pronounced since 1995, as Figure 5 shows. In 1999 emergency spending reached \$35 billion, about half of which was for domestic agencies. That was the highest level of non-defense emergency spending in at least 20 years.<sup>35</sup>

Other groups that measure the fiscal policies of Congress have come to the same con-

**Congress has adopted the practice of labeling routine spending an “emergency.”**

**Figure 5**  
**Emergency Spending**



Source: Congressional Budget Office, "Emergency Spending under the Budget Enforcement Act: An Update," June 8, 1999, Table 1.

**In the 105th Congress, Republican and Democratic senators proposed seven bills to increase spending for every bill introduced to reduce budget outlays.**

clusion that we do: Republicans have grown more prone to higher budgets each year they have controlled Congress. For example, the latest scorecard on Congress by the National Taxpayers Union finds that, whereas 121 lawmakers earned the grade of A ("Taxpayers' Friend") in 1995, last year only half that number, or 62, did.<sup>36</sup> The NTU also found that the number of members of Congress who cast votes to cut net spending has fallen from about 500 in the 104th Congress to 2—Reps. James Sensenbrenner (R-Wisc.) and Ron Paul (R-Tex.)—in the 106th Congress (Figure 6).

The fiscal retreat in the Senate has been even more pronounced. NTU found that, in the 105th Congress (1997–98), Republican and Democratic senators proposed seven bills to increase spending for every bill introduced to reduce budget outlays. According to the NTU analysis, that is the "heaviest pro-spending bias recorded since . . . [NTU] began tracking the upper chamber in 1991."<sup>37</sup>

## The Return of the Living Dead

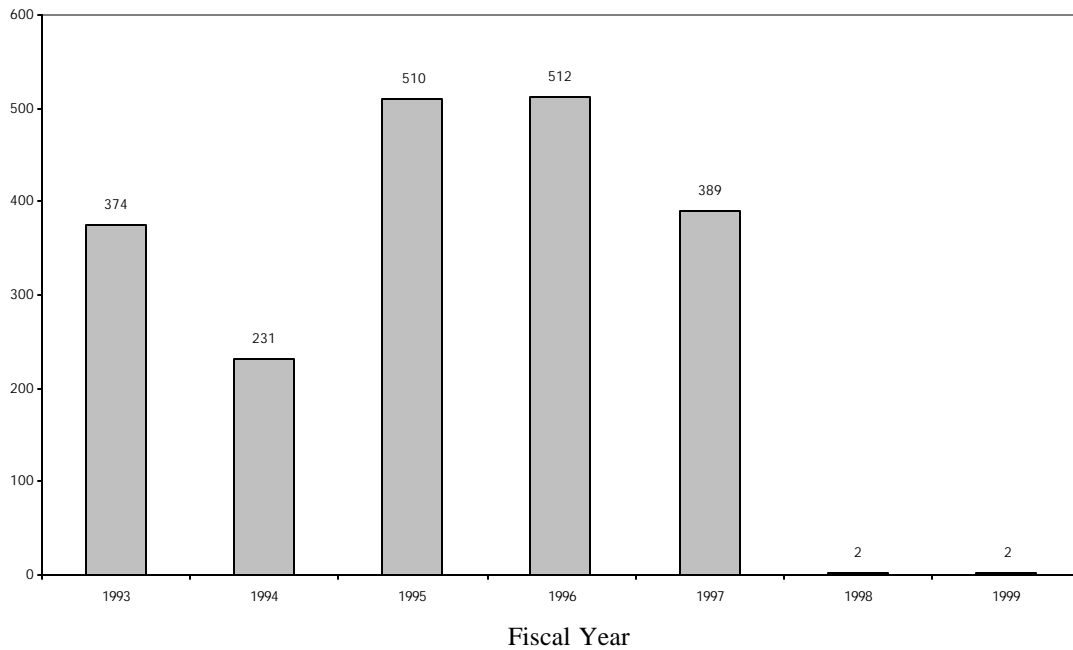
The Democrats got 95% of what they wanted.

—Sen. Arlen Specter (R-Pa.) on the FY 2000 budget<sup>38</sup>

One of the enduring budgetary lessons of the Reagan years was that, if ineffective and unnecessary federal programs are not entirely eliminated from the budget but merely have their funding trimmed, they will soon grow back to their full size and influence when the political climate is more receptive to spending. Programs such as the Small Business Administration, energy research, and the Mass Transit Administration were cut in the 1980s but saw their budgets fully restored in the post-Reagan years under Bush and Clinton.

Moreover, many political and economic scholars have noted that one of the dysfunctional aspects of government is its inability to

**Figure 6**  
**Number of Lawmakers Who Cast Votes to Cut Net Federal Spending**



Source: National Taxpayers Union Foundation data as cited in “Surplus Spending Spree Today Will Prove Costly in the Long Run,” *USA Today*, February 7, 2000, p. 16A.

shut down programs that don’t work or long ago performed the mission for which they were created. This defective characteristic of government—that few programs, agencies, or bureaus are ever extinguished—makes the public sector bulky, inefficient, and incapable of adapting to changing times. That is the compelling theme of journalist Jonathan Rauch’s recent book, *Government’s End: Why Washington Stopped Working*.<sup>39</sup>

One of the factors that helped U.S. industry compete so effectively with international rivals in the past decade was the constant restructuring of enterprises to “sweat out” inefficiencies and close down or sell off activities that didn’t add value to the bottom line. Private industry has found a way to do more with less. Successful companies are routinely chopping expenses by 5 to 10 percent. Between 1990 and 1995 the steel industry increased output by 29 percent even as overall expenditures fell. Per worker output in the computer and semiconductor industries

more than doubled in less than 10 years.<sup>40</sup> Boeing recently announced it cut overhead costs by \$600 million in 1999 and will cut \$2.1 billion, or about 4 percent per year, over the next five years.<sup>41</sup> DaimlerChrysler slashed \$1.4 billion in costs in 1999.<sup>42</sup> The productivity revolution continues to sweep across seemingly every sector of the American economy, except for the one in Washington, D.C.

As detailed in Table 1, there are no fewer than 95 programs with 1995 or 2000 budgets over \$10 million and three cabinet agencies that were scheduled for termination in the Contract with America budget. In each case, the Republicans made a clear and compelling argument for defunding those agencies and projects. Some, such as the Manufacturing Extension Partnership and the Economic Development Administration, are forms of corporate welfare. Others, including the Energy Department, are relics of a bygone era and provide almost no value to U.S. taxpayers. Many other programs, such as the

**The productivity revolution continues to sweep across every sector of the American economy, except for the one in Washington, D.C.**

**The combined savings from all program terminations since 1995 have been less than \$10 billion a year, or barely 1 percent of the federal discretionary budget.**

National Writing Project, are simply not constitutionally authorized expenditures of the federal government.

Our analysis indicates that the Republican Congress has made very little progress in closing down major unwarranted federal subsidy programs. The combined budget allocations for the 95 major programs that were to have been eliminated expanded by 13 percent over the past five years (Table 1). Although some programs received budget decreases or were eliminated, the majority of these programs was not severely affected by the Republicans' budget assault. Republicans deserve credit for closing down the Bureau of Mines and the Travel and Tourism Administration, for example, but the combined savings from all program terminations since 1995 have been less than \$10 billion a year, or barely 1 percent of the federal discretionary budget.<sup>43</sup> What is worse is that some of the programs eliminated in 1995 or earlier, such as the mohair and honey bee subsidy programs, were actually resurrected for a time in 1998. Mohair subsidies were originally authorized to help hold down the cost of military uniforms, but the Army and Navy have not used mohair in their uniforms since the Korean War.<sup>44</sup>

Table 1 shows that the budgets for the three cabinet agencies that were slated for elimination—Commerce, Education, and Energy—have increased 8 percent since the last time Democrats controlled Congress.

Below we highlight some of the more egregious increases in funding for the living-dead programs:

- President Clinton's pet project, AmeriCorps, which was found to cost taxpayers about \$12 for every hour "volunteered," is more than three times larger today than it was in 1995 (from \$81 million to \$282 million, a 248 percent increase).<sup>45</sup>
- The Corporation for Public Broadcasting caused a high-profile budget fight in 1995. The Clinton administration charged that Republicans were trying to financially muzzle *Sesame Street's* Big Bird.

Although there was convincing evidence that public broadcasting could continue its operations without federal tax dollar support, the program survived the GOP budget knife. Today its budget is 11 percent larger than when the Republican "revolution" began.

- The Commerce Department's Manufacturing Extension Partnership—which uses taxpayer money to provide grants to dozens of extension centers to assist small- and medium-sized manufacturing firms make use of modern manufacturing and production technologies and is often recognized as a "corporate welfare" program—has almost tripled in size.
- Many education programs that have been favorites of President Clinton received substantially more money: Goals 2000 grew by 112 percent; Ready to Learn television grew by 129 percent; and 21st Century Community Learning Centers, which had a budget of only \$1 million in 1995 and were actually "dead" for a year in 1996, have now come back to life with a vengeance and a budget of \$453 million, 400 times bigger than before.
- The Department of Housing and Urban Development's Community Development Block Grants, a long-time vehicle for earmarked congressional pork projects, received \$4.8 billion, an increase of 11 percent since 1995. In FY 2000 spending through these block grants includes half a million dollars to revitalize a shopping mall in California; \$1.5 million to build "health and wellness centers" in "localities" and on college campuses; \$400,000 for the development of an ecosystem tourist program in Florida; \$500,000 for expansion of the Kentucky Highlands Investment Corporation's venture capital fund; \$450,000 to the city of Syracuse, New York, to convert part of the former NYNEX building into a parking garage; and \$400,000 to the Springfield Library and Museum Association in Massachu-

sets for construction needs related to a national memorial and park honoring Theodor Geisel (a.k.a. Dr. Seuss)<sup>46</sup>

- Larger amounts of the continental United States will be owned by the federal government thanks to federal spending on land acquisitions and state assistance. The budget for this program, part of Clinton's Land Legacy initiative, is \$142 million this year,<sup>47</sup> an increase of 27 percent since 1995.
- Republicans pledged to civilize and

rein in the IRS, but its budget has increased about 10 percent in the last four years.

One final issue we investigated is how the living-dead programs fared in comparison with President Clinton's budget requests. We discovered that the Republican Congress approved only \$92 million less than the \$47 billion Clinton had requested for the remaining living-dead programs, a difference of two-tenths of 1 percent (Table 3).

**The budgets for the three cabinet agencies that were slated for elimination have increased 8 percent since the last time Democrats controlled Congress.**

**Table 3**  
**Living-Dead Programs: President Clinton's FY 2000 Budget Request vs. Actual Outcome (millions of nominal dollars)**

	President's Request	Republican-Approved Level	Difference
<b>Agencies, Boards, Commissions, and Authorities</b>			
Aid to East Europe and Baltic States (Agency for International Development)	393	535	142
AmeriCorps	302	282	-20
Appalachian Regional Commission	66	66	0
Corporation for National and Community Service	244	219	-25
Corporation for Public Broadcasting	320	318	-2
Federal Maritime Commission	15	14	-1
Federal Transit Administration	5,977	5,678	-299
Institute of American Indian and Alaska Native Culture and Arts Development	4	2	-2
Interstate Commerce Commission	0	0	0
Legal Services Corporation	340	305	-35
National Endowment for the Arts	150	111	-39
National Endowment for the Humanities	150	103	-47
State Justice Institute	5	14	9
Tennessee Valley Authority (development activities)	0	0	0
<b>Legislative Branch, Office of Technological Assessment</b>	0	0	0
<b>Department of Agriculture, Cattle Tick Eradication Program</b>	0	0	0
<b>Department of Commerce</b>			
Advanced Technology Program	252	211	-41
Economic Development Administration	364	433	69
Information Infrastructure Grants	20	13	-7
International Trade Administration	305	300	-5

*continued*

**Table 3—continued**

	President's Request	Republican- Approved Level	Difference
Manufacturing Extension Partnership	99	105	6
Minority Business Development Agency	28	26	-2
U.S. Travel and Tourism Administration	0	0	0
<b>Department of Education</b>			
21st Century Community Learning Centers	600	453	-147
Arts in Education	11	12	1
Bilingual & Immigrant Education	415	406	-9
Byrd Scholarships	40	40	0
Comprehensive Regional Assistance Centers	32	28	-4
Douglas Teachers Scholarship	0	0	0
Dropout Prevention Demonstrations	0	0	0
Education for Native Hawaiians	20	23	3
Education for the Disadvantaged Grants	8,744	8,378	-366
Education Infrastructure	0	0	0
Eisenhower Professional Development Program	30	23	-7
Eisenhower Regional Consortium	18	15	-3
Family and Community Endeavor Schools	0	0	0
Federal Perkins Loans	130	130	0
Federal TRIO Programs	630	645	15
Foreign Language Assistance	0	0	0
Goals 2000	490	490	0
Harris Scholarships	0	0	0
Howard University Academic Program	219	219	0
Impact Aid Payments for Federal Property	0	32	32
Inexpensive Book Distribution	18	20	2
Law School Clinical Experience	0	0	0
National Writing Project	0	0	0
Ready to Learn Television	7	16	9
Safe & Drug Free Schools—National Programs	90	111	21
School-to-Work Opportunities Grants & Local Partnerships	55	125	70
Special Education—Parent Training/Information Centers	23	19	-4
Special Education—Personnel Development/Preparation	82	83	1
Star Schools	45	51	6
State Post-Secondary Review Program	0	0	0
State School Improvement	0	0	0
State Student Incentive Grants/LEAP	25	40	15
Training and Advisory Services	7	7	0
Urban Community Service	0	0	0
Vocational and Adult Education	1,486	1,547	61
<b>Department of Energy</b>			
In-House Energy Management Program	0	0	0
Gas Turbine Modular Helium Reactor	0	0	0



	President's Request	Republican- Approved Level	Difference
<b>Department of Health and Human Services</b>			
Agency for Health Care Policy & Research	27	111	84
Community Based Resource Centers	33	33	0
High Risk Youth Demonstration Program	0	0	0
Low Income Home Energy Assistance	1,100	1,100	0
Preventative Health	16	16	0
Social Services Research	6	10	4
Treatment Grants to Crisis Areas	0	0	0
<b>Department of Housing and Urban Development</b>			
Community Development Block Grants	4,725	4,856	131
Community Development Financial Institutions	0	0	0
Congregate Housing/Service Coordinators	55	55	0
Enterprise Zone Home	0	0	0
HOME Investment Partnerships	1,585	1,657	72
Homeless Assistance Grants <sup>1</sup>	1,020	961	-59
HOPE Grants	0	0	0
Housing Opportunities for People with AIDS	240	212	-28
Loan Management	0	0	0
National Homeownership Trust Demonstration	0	0	0
<b>Department of the Interior</b>			
Bureau of Mines	0	0	0
Forestry Incentive Program	8	6	-2
Land Acquisitions and State Assistance	172	142	-30
<b>Department of Labor</b>			
Job Training Partnership Act/Workforce Investment Act	5,475	5,466	-9
Trade Adjustment Assistance	306	328	22
Youth Fair Chance	0	0	0
<b>Department of State</b>			
Contributions to UN Industrial Development Organization	0	0	0
East-West Center	13	13	0
North-South Center	3	2	-1
<b>Department of Transportation</b>			
Amtrak subsidies	571	597	26
FAA Traffic Management System	0	0	0
Highway Demonstration Projects	315	393	78
Intelligent Transportation System	271	222	-49
Light Rail Freight Assistance	0	0	0
Maritime Administration	206	359	153
Next Generation High Speed Rail	12	24	12
Penn Station Redevelopment	0	0	0
Transit Planing and Research	111	107	-4

*continued*

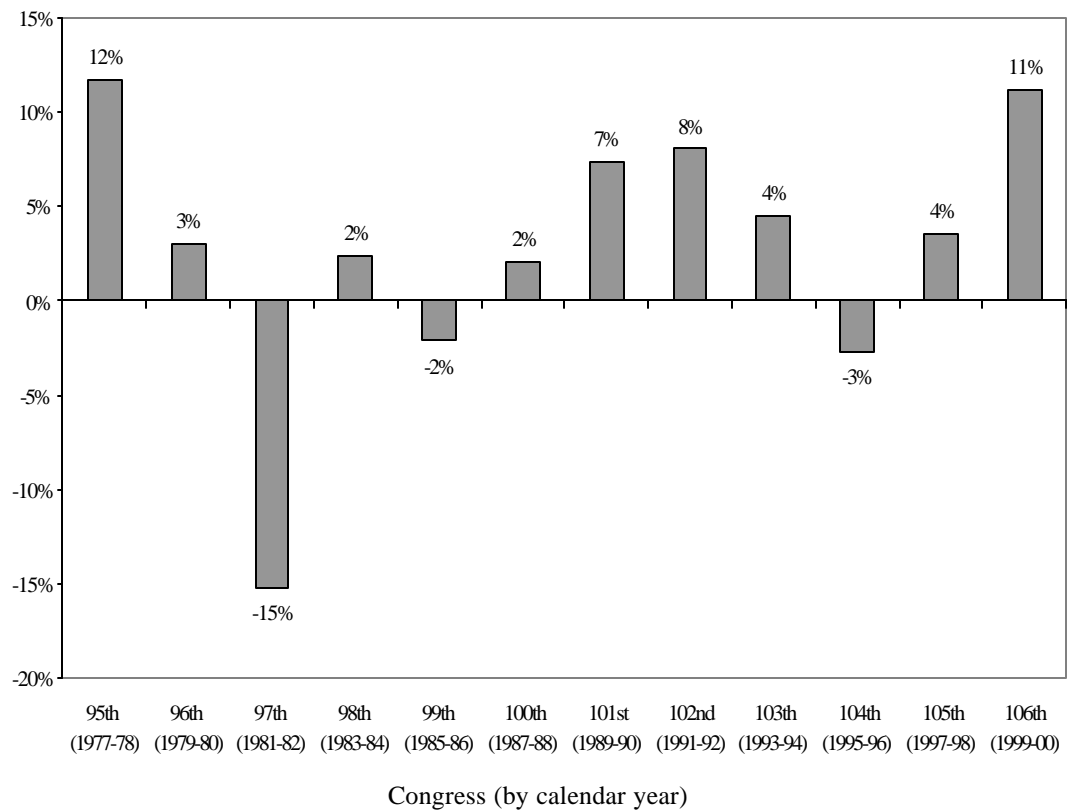
**Table 3—continued**

	President's Request	Republican-Approved Level	Difference
<b>Department of the Treasury</b>			
Community Development Financial Institutions	75	90	15
Internal Revenue Service	8,104	8,200	96
<b>Total</b>	46,710	46,618	-92

Sources: Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2000* (Washington: Government Printing Office, 1999); and Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2001* (Washington: Government Printing Office, 2000).

<sup>1</sup>Includes Emergency Shelter Grants, Supportive Housing, Supplemental Assistance to Facilities to Assist the Homeless, Shelter Plus Care, Section 8 Moderate Rehabilitation Single Room Occupancy, and Innovative Homeless Initiatives Demonstration.

**Figure 7**  
**Real Percentage Change in Nondefense Spending by Congress**



Source: Authors' calculations based on Office of Management and Budget, *Historical Tables, Budget of the United States Government, Fiscal year 20001* (Washington: Government Printing Office, 2000), Table 8.2, p. 188; and "Summary of Conference Resolution: Levels of Spending," *Budget Bulletin*, Senate Budget Committee, April 17, 2000.

Congress has the power of the purse, and the president cannot force Congress to spend money on programs it opposes. Ultimately the legislative branch is responsible for discretionary spending levels and allocations.

## The Bloated 2001 Budget

Congress has already begun the early stages of the FY01 budget process. With a critical election looming this autumn, President Clinton and the White House have proposed enormous increases in domestic spending for next year. The good news is that many of the new Clinton spending initiatives probably won't be enacted this year. The bad news is that the Republicans have been in an especially giving mood. The Senate Budget Resolution crafted by Sen. Pete Domenici (R-N.M.) calls for a 7 percent one-year increase in nondefense spending. If enacted, that would bring the two-year total increase in domestic spending by the 106th Congress to 11 percent after adjusting for inflation. No Congress has spent at such a rapid pace in real terms since the 95th Congress back in 1977-78 (Figure 7).

Two program areas would get enormous increases. The Department of Education budget will have increased by more than 25 percent since 1999 if the current budget is approved. The other area of budgetary expansion is money for federal land purchases. In a normal year, the federal government spends about \$400 million to \$500 million on land purchases and conservation. Under a bipartisan bill that passed the House recently by a vote of 315-102, that figure would catapult to \$2.8 billion.<sup>48</sup> That will almost certainly mean continued federal purchases of land in the United States, even though the federal government already owns more than 50 percent of the land in many western states. This new fondness for federal land purchases is quite different from the suggestion made by House leaders in 1995 that the government sell federal lands, not purchase more.<sup>49</sup>

## Conclusion

Congressional Republicans have been on a very strange odyssey over the past five years. In 1995 they courageously tried to unplug, all at once, a multitude of federal government programs that don't work or are counterproductive. Having lost that battle to Clinton during the government shut-down, the gun-shy GOP has concluded that it mustn't shoot at *anything* at all.

What is worrisome is that the end of the era of big deficits has ushered in a new era of refinancing and reinventing the Great Society. Last year the inflation-adjusted increase in total domestic spending was the largest in over 20 years. Uncle Sam will spend \$1.8 trillion this year—that works out to more than \$50,000 per second. In the five-year budget now being pasted together in Congress, the federal government will spend just a shade under \$10 trillion—or more money adjusted for inflation than the nation spent to fight the Civil War, World War I, World War II, and the Korean War. Nonetheless, when the budget was wrapped up last year, and record levels of domestic spending were approved, House Republican Whip Tom Delay of Texas, one of the more fiscally conservative Republicans in Congress, actually boasted of this accomplishment. "The Republican Party is charging into the election year after a season of overwhelming success," he gloated. "From education and taxes to Social Security and the military, Republicans in Congress have reformed the way government works. This year's budget will prove to be a milestone on the road to good government far into the future."<sup>50</sup> If this is the way the GOP defines success, one shudders to think what failure would cost us.

In October 1999 Alison Mitchell of the *New York Times* gave a realistic assessment of the budget debate in Washington: "As President Clinton and the Republican-controlled Congress begin final budget negotiations this week, the combative debate and expected vetoes obscure a fundamental reality: the two sides have only modest disagree-

**No Congress has spent at such a rapid pace since the 95th Congress back in 1977-78.**

**The gun-shy GOP  
has concluded  
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shoot at anything  
at all.**

ments about how much to spend.”<sup>5</sup> It seems clear that there is now a bipartisan consensus in the Clinton White House and the Republican Congress that the era of big government is here to stay.

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