Picking the Wrong Fights: Why We Must Fix Our Broken Budget Process

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Key Points

- Deficits in the 21st century have been much worse than experts predicted they would be in the short period of federal surpluses around 2000, even though health care cost growth has been somewhat more modest than expected. Both parties in Congress have supported cutting taxes and increasing spending, resulting in unprecedented peacetime debt accumulating—and there is no reason to believe this trend will reverse.
- America's debt-service burden is quickly becoming crushing, with interest payments likely to rise to almost 4 percent of gross domestic product within a decade. In other words, American taxpayers will soon pay as much to service the debt incurred by past spending as they do on current national defense or nondefense discretionary spending. This may well lead to economic problems, but even if it does not, it will crowd out other important priorities and stoke political resentments.
- The United States' processes for budgeting and spending have proved utterly unequal to the seriousness of its debt problem. Intense congressional fights over the debt ceiling and annual spending bills have failed to produce—or even seriously consider—ambitious legislation that would do more than address annual discretionary spending. The modest correctives that current debates yield, such as the Fiscal Responsibility Act of 2023, are simply not enough, given the problem's size.
- Members of both parties who are serious about confronting the debt problem must insist on process reform, rather than seeking dramatic but ineffectual confrontations in the existing system.

At the end of the 20th century, Americans were treated to a welcome surprise: The federal government recorded a budget surplus for the first time since 1969. That happy fiscal year (FY) 2000 accounting entry reflected boom-time revenues and a peace dividend after the Soviet Union collapsed and the Cold War ended.

But the surplus was also the result of lawmakers' long struggle to master the federal budget. From the time of the Congressional Budget and Impoundment Control Act of 1974 until FY1999, Congress passed a budget resolution every year. Legislators did not always show fiscal restraint, but they at least showed a sense of responsibility for budgetary outcomes. Faced with high interest rates, they made major course corrections with a Social Security deal in 1983, the Gramm-Rudman-Hollings Act of 1985, the Budget Enforcement Act of 1990, the Omnibus Budget Reconciliation Act of 1993, and the Balanced Budget Act of 1997.

Democrats and Republicans' fights over taxes and spending were often acrimonious and sometimes downright ugly, but at the start of the new millennium, there was no gainsaying their fundamental success in taming the country's fiscal challenges: The budget was balanced, and inflation and interest rates were low. In April 2001, Federal Reserve Chairman Alan Greenspan, feted as the maestro of economic good times, worried that the near-term retirement of America's national debt would lead future surpluses to crowd out private investment. In other words, America's leading economic light said Americans were in danger of *saving too much*.

He needn't have worried. During its second quarter century under the 1974 act, the United States has accumulated debt faster than at any time in American history other than during World War II. Debt held by the public has risen from around $3.4 trillion at the turn of the 21st century to around $26 trillion today—or, in more meaningful terms, from around 30 percent of the country's annual economic output in 2000 to nearly 100 percent today.[1]

Far from sneaking up on policymakers unawares, this debt buildup has been a central issue of contention in 21st-century American politics. President Barack Obama created a high-caliber task force charged with framing a plan for balancing the budget in 2010, though it failed to produce consensus recommendations. Opposition to spending has been a central priority for conservative Republicans, especially after the 2010 midterm elections, which gave Republicans a significant majority in the House of Representatives. Especially during the Obama and Biden administrations, Republicans have railed against debt accumulation, instigating major debt-ceiling fights in 2011, 2013, and 2023, the first and last of which yielded deficit-cutting legislation.

Because conservative Republicans' resistance to spending has sometimes led them to welcome the possibility of government shutdowns or even, at times, a default on America's debts, they are sometimes condemned for trying to conduct fiscal policy through "hostage taking" or "weaponizing" the debt ceiling. In other words, Republicans' opponents seek to discredit them for aberrantly acting outside the bounds of acceptable political disagreement.

This is misguided. Moments of divided government in the 1950s, 1980s, and 1990s featured debt-ceiling confrontations. Even under a unified government, debt-ceiling raises have sometimes been contentious—as in 1979, when a political standoff and back-office Treasury Department issues led to a short-lived (and little-remembered) default.[2] So-called weaponization of the debt limit is, in fact, within the range of ordinary political disagreement.

But if legislators are entirely within their rights to insist on their power of the purse, the more powerful critique of fiscal policy in the 21st century is that it has utterly failed to restrain debt accumulation. Year after year, the US budgetary regime proves incapable of focusing legislators' attention on the biggest drivers of federal deficits. And so Americans have seen a sustained failure to alter the alarming upward trajectory of the country's debt. Without a course correction, interest on the debt is projected to balloon from just 1.4 percent of gross domestic product (GDP) in 2003 to 3.6 percent in 2033 and a staggering 6.7 percent in 2053 (Figure 1).[3]

The problem is not, as some conservatives contend, that lawmakers have failed to heed the advice of would-be cutters. Rather, the current system channels criticism of debt accumulation into fights over discretionary spending, which now represents less than a third of total federal spending. Even when fiscal conservatives score "wins" in these contests, as they did with the Fiscal Responsibility Act (FRA) of 2023, the nation remains saddled with annual deficits well over $1 trillion (5 percent of GDP or greater) that are expected only to grow in the years to come. Meanwhile, Congress has repeatedly and predictably taken off-budget actions that have added to the debt, counterbalancing whatever savings the annual spending fights secured.

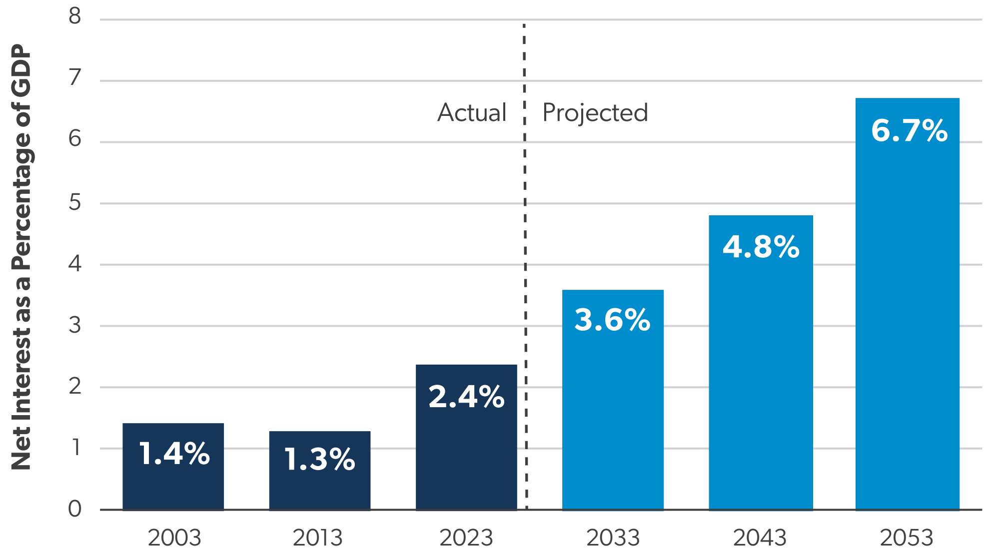
Americans must recognize that the budget process adopted half a century ago is no longer adequate. If fiscal conservatives go through the 2020s satisfied with periodic clashes over discretionary spending, they may well check its growth, as they did during Obama's second term. But they will not come anywhere near putting the country on a sound fiscal footing. Today's children will be forced to give an unprecedentedly large share of their incomes to paying the debts of their parents and grandparents, which will create enormous strains—both financial and political—on the nation.[4]

If we want a different outcome, we will need a new structure for our fiscal politics.

How Did We Get Here?

At the simplest level: Americans have a lot of debt because, for a long time, they have not taxed as much as they have spent. This was not an accident; they have chosen deficit spending. (Revenue projections are imperfect, so there are some surprises in government finance, but this is beside the point.)

Figure 1. Yearly Outlays on Interest Are Rising Fast



Source: Projections are from Congressional Budget Office, *The 2023 Long-Term Budget Outlook*, June 28, 2023, 7, Table 1-1, https://www.cbo.gov/system/files/2023-06/59014-LTBO.pdf. Realized figures are from Congressional Budget Office, "Historical Budget Data: Feb 2024," February 7, 2024, Sheet 3a, https://www.cbo.gov/data/budget-economic-data#2.

They did not always do so. For most of American history, a powerful belief that the federal government should retire its debt during peacetime held sway. Indeed, running up the public debt was associated with corruption.

But after World War II, deficit spending became accepted as a new normal.[5] Today, notwithstanding the continued popularity of a constitutional amendment to require a balanced budget, few experts believe that deficit spending is inherently problematic. Serious problems arise only when a country persistently runs a primary deficit, which leads to ever-rising debt-service costs. That is the situation Americans now face.[6]

To understand why the debt has ballooned, we must look at two categories of changes.

1. Entitlement growth was well understood as a serious challenge at the turn of the century, and spending on Social Security, Medicare, and Medicaid has indeed come to consume an increasing portion of national output. The US has, surprisingly, done a bit better than expected on this front, as health care spending has grown somewhat less quickly than predicted.
2. The nation is nevertheless in a much worse fiscal position than fiscal planners expected because of specific deficit-expanding enactments (affecting taxes and spending).

Growth in Entitlement Spending. Even as the country experienced its historic surpluses at the turn of the century, most observers understood entitlement growth would bring substantial future deficits. In its 2000 long-term budget outlook, the Congressional Budget Office projected that spending on Medicare, Medicaid, and Social Security would double as a share of GDP, from around 8 percent at that time to 17 percent in 2040.

Twenty years later, spending on these categories has indeed grown with America's elderly population, but growth has actually been less rapid than expected. In 2023, the US spent a bit less than 11 percent of GDP on these entitlement programs. The Congressional Budget Office now projects this figure to grow to about 14 percent in 2040.[7] In other words, while the US will certainly spend considerably more on its entitlement programs in the future than it does now, this increase is somewhat less dramatic than previously believed. This is attributable to lower-than-anticipated health care spending per covered individual, including on prescription drugs and long-term care.[8]

Importantly, this slightly improved outlook on entitlement spending has not averted the solvency troubles awaiting entitlement programs in the early 2030s because of their trust fund–based structures. Increased enrollment caused by an aging population will cause Social Security and Medicare to exhaust their accumulated resources within a decade, at which point their funding, absent any policy response, would be automatically slashed. Such indiscriminate cuts would be among the least popular policy choices imaginable, so politicians will have an enormous incentive to tackle these programs' financing—at least when the fateful deadlines loom into the current political cycle. For now, politicians of both parties seem well satisfied to view these issues as someone else's problem.

Deficit-Expanding Enactments. Whereas entitlement growth has been somewhat more moderate than expected, spending on everything else has been far higher than planners in 2000 imagined. Especially when responding to the economic downturns of 2001, 2008–10, and 2020, Congress enacted trillions of dollars of otherwise-unplanned deficit spending.

The spending decisions in Table 1, which cumulatively added nearly $15 trillion to the debt, were hardly the only policy decisions with a significant fiscal impact; rather, they represent those most easily associated with particular statutory enactments. Notably absent is spending on the wars in Afghanistan and Iraq, which came in various spending bills over many years. Direct expenditures on those conflicts were estimated as $1.6 trillion through 2021.[9]

Supplemental spending agreed on outside the annual appropriations process has also grown in importance in recent years. From 2020 to 2023, in response to the COVID-19 pandemic and the war in Ukraine, among other events, Congress passed supplemental appropriations totaling nearly $1 trillion.[10]

The point of cataloging these expenditures is not to condemn any of them as a poor use of government resources. Rather, it is that as policymakers plan the nation's fiscal future, it is naive for them to think expenditures scheduled in current law will be the only ones incurred. Even as current-law commitments take the nation into uncharted levels of debt, lawmakers will, almost certainly, choose to take on trillions of dollars of additional commitments along the way in response to various exigencies. Moreover, their choices will not constitute any fraud against the American public. There is every reason to believe that the electorate broadly supports more spending and lower taxes—even though we also know the public is strongly suspicious of debt accumulation.

It would be nice to think of these statutory incursions of additional debt as cyclical, but there is not much evidence they are. If deficits are big in normal years and bigger in years troubled by economic headwinds, the resultant cycle doesn't include any period when the debt contracts, even as a share of GDP. In fact, in the 21st century, the only period when debt has shrunk as a portion of GDP was during the rapid inflation in recent years—hardly a desirable way of coping with the debt burden and one that economists believe is unlikely to effectively tame debt in the long run.[11] In any case, the Federal Reserve has made clear during its recent rate hikes that it is committed to returning to a low-inflation trend. The debt burden will not conveniently evaporate, and the culture of fiscal restraint that prevailed in the Congresses of yesteryear is not obviously triumphant today, even after post-COVID inflation.

Fiscal conservatives' signal accomplishment in recent years is the FRA of 2023. It represented a real and praiseworthy correction, showing that Congress was not indifferent to fiscal policy's contributions to a worryingly inflationary environment. But we should realize the limited scope of its accomplishments, given all other expenses.

At the time of the FRA's enactment, the Congressional Budget Office officially estimated it would reduce deficits over the next decade from $20.3 trillion to $18.8 trillion; at the end of that period, national debt held by the public was expected to be 115 percent, compared to 119 percent pre-enactment.[12] The House Freedom Caucus sought much deeper cuts to discretionary spending, especially for nondefense spending. Its proposal would have reduced the 10-year deficit to around $17 trillion; debt held by the public would then have been around 111 percent, still much higher than the present level of 97 percent (Figure 2).[13]

Saving $2 trillion or $3 trillion over a decade is nothing to sneeze at—yet how much unplanned-for

Table 1. Notable 21st-Century Enactments Increasing US Debt

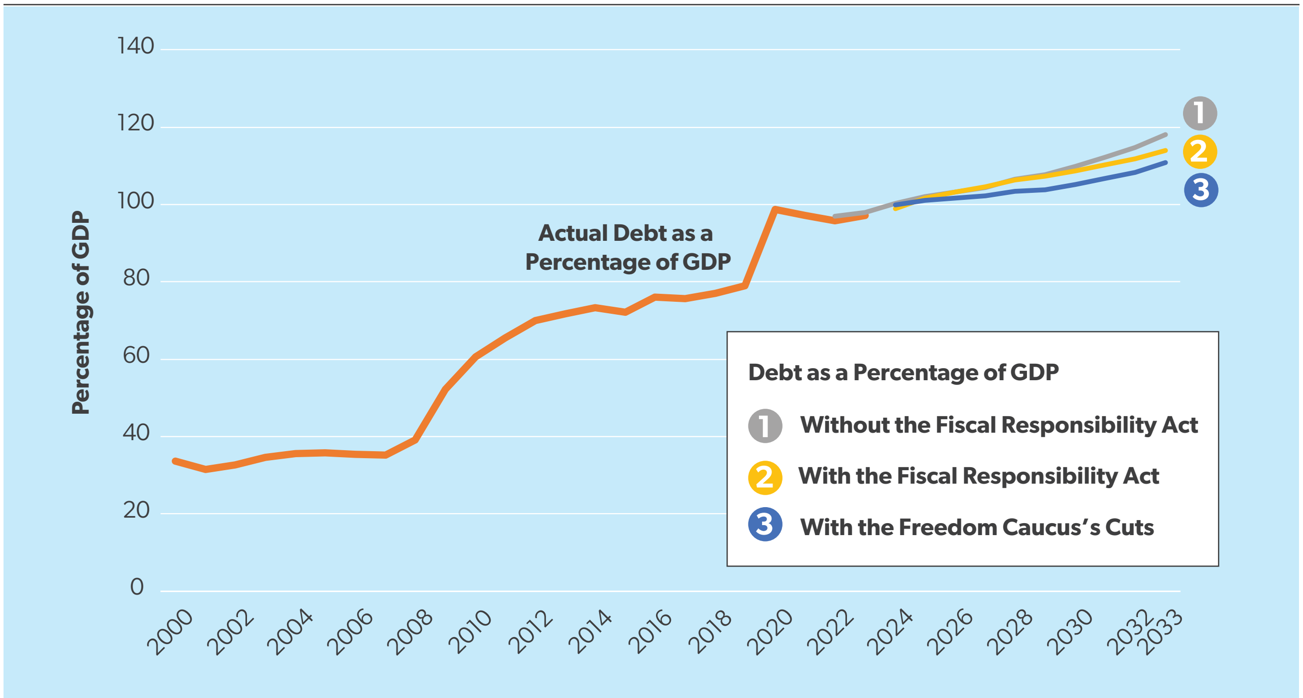
Year	Policy Enactment	Amount Added to Debt, Billions
2001, 2003	George W. Bush's Tax Cuts (Economic Growth and Tax Relief Reconciliation Act and Jobs and Growth Tax Relief Reconciliation Act)	$1,629
2004	Medicare Part D	$1,133
2008	Economic Stimulus Act (Bush's Stimulus in February 2008)	$148
2008	Troubled Asset Relief Program (After Loan Repayments by Banks)	$31
2009	American Recovery and Reinvestment Act (Obama's Stimulus Package)	$836
2013	"Fiscal Cliff" Deal, Extending Most of Bush's Tax Cuts	$3,967*
2017	Tax Cuts and Jobs Act	$1,455*
2020	Coronavirus Aid, Relief, and Economic Security Act	$1,700*
2020	Paycheck Protection Program and Health Care Enhancement Act	$483*
2020	Additional COVID Relief in the December Omnibus Bill	$868*
2021	American Rescue Plan (Biden's Stimulus)	$1,844*
2021	Infrastructure Investment and Jobs Act	$400*

Note: The Committee for a Responsible Federal Budget's analysis of the Infrastructure Investment and Jobs Act is higher than CBO's estimate because it includes changes to baseline transportation spending that the CBO estimate does not include. * These amounts are based on Congressional Budget Office (CBO) scoring or other prospective modeling.

Source: Author's calculations using Congressional Budget Office, "Changes in CBO's Baseline Projections Since January 2001," June 7, 2012, www.cbo.gov/sites/default/files/112th-congress-2011-2012/reports/06-07-changessince2001baseline.pdf; Centers for Medicare & Medicaid Services, *2023 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds*, March 31, 2023, 110, Table III.D3, https://www.cms.gov/oact/tr/2023; Avi Lerner and Zunara Naeem, "Report on the Troubled Asset Relief Program—April 2023," Congressional Budget Office, April 20, 2023, https://www.cbo.gov/publication/59062; Congressional Budget Office, "Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output in 2014," February 20, 2015, www.cbo.gov/publication/49958; Congressional Budget Office, "Estimate of the Budgetary Effects of H.R. 8, the American Taxpayer Relief Act of 2012, as Passed by the Senate on January 1, 2013," January 1, 2013, https://www.cbo.gov/publication/53415; Keith Hall, "Re: Cost Estimate for the Conference Agreement on H.R. 1, a Bill to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018," December 15, 2017, https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/53415-hr1conferenceagreement.pdf; Philip L. Swagel, "Re: Preliminary Estimate of the Effects of H.R. 748, the CARES Act, Public Law 116-136, Revised, with Corrections to the Revenue Effect of the Employee Retention Credit and to the Modification of a Limitation on Losses for Taxpayers Other Than Corporations," April 17, https://www.cbo.gov/system/files/2020-04/hr748.pdf; Theresa Gullo, "Estimating the Federal Budgetary Effects of Pandemic-Related Legislation" (presentation, 2020 Virtual Symposium, Association for Budgeting and Financial Management, September 25, 2020), https://www.cbo.gov/system/files/2020-09/56633-ABFM-Presentation.pdf; Congressional Budget Office, "Estimate for Division N—Additional Coronavirus Response and Relief: H.R. 133, Consolidated Appropriations Act, 2021; Public Law 116-260; Enacted on December 27, 2020," January 14, 2021, https://www.cbo.gov/system/files/2021-01/PL_116-260_div_N.pdf; Congressional Budget Office, "Estimated Budgetary Effects of H.R. 1319, American Rescue Plan Act of 2021," March 10, 2021, https://www.cbo.gov/publication/57056; and Committee for a Responsible Federal Budget, "Infrastructure Plan Will Add $400 Billion to the Deficit, CBO Finds," August 5, 2021, https://www.crfb.org/blogs/infrastructure-plan-will-add-400-billion-deficit-cbo-finds.

spending should we realistically expect over the same period? If the past two decades' enactments are any guide, responses to exigencies will likely swamp these savings. And even if they do not, the country's fiscal trajectory remains fundamentally unsound.

Figure 2. The Debt Trajectory in Three Scenarios



Source: Congressional Budget Office, "Historical Budget Data: Feb 2024," February 7, 2024, Sheet 3a, https://www.cbo.gov/data/budget-economic-data#2; Congressional Budget Office, *How the Fiscal Responsibility Act of 2023 Affects CBO's Projections of Federal Debt*, June 9, 2023, https://www.cbo.gov/publication/59235; Committee for a Responsible Federal Budget, "House Freedom Caucus Proposes up to $3.7 Trillion in Savings for Debt Ceiling Vote," March 10, 2023, https://www.crfb.org/blogs/house-freedom-caucus-proposes-37-trillion-savings-debt-ceiling-vote; House Freedom Caucus, "Shrink Washington, Grow America," https://twitter.com/freedomcaucus/status/1634205313623572480; and author's calculations.

Why Has the Budget Process Failed to Arrest This Growth?

Having considered the "what" of the US debt burden, this report now turns to the "how," examining the various ways legislators confront federal spending and debt accumulation. Today, these processes are failing to produce political accountability for the debt.

Budgets. Presidents had come to dominate the budgetary process in the late 1960s. Legislators resented being treated as junior partners and worried that Lyndon Johnson and Richard Nixon were abusing the executive's superior knowledge. The Congressional Budget and Impoundment Control Act of 1974 was meant to create a more balanced process, in which the president and Congress would each play an active role.

In the idealized version of the process, the president (working through the Office of Management and Budget) retains the first-mover advantage by presenting a full budget proposal each February. This should convey some of the administration's proposed policy changes, but it is meant to be a realistic blueprint for spending rather than a wish list. Legislators are then charged with formulating a counterproposal, which they do through each chamber's budget committee (created by the 1974 act). Differences between the two chambers must be resolved, at which point both chambers will pass a concurrent resolution—not a law but a binding agreement among legislators that will structure subsequent spending negotiations. Any member can enforce the concurrent resolution by raising a point of order to challenge proposed legislation not in compliance with the budget.[14]

In practice, this process is a shambles. The president's budget often bears no resemblance to anything that could win majority support in Congress—and sometimes even fails to reflect the White House's real priorities, instead reflecting the vision of one internal faction that is unlikely to have the president's support.[15]

Congress, meanwhile, has passed no budget resolution in 12 of the past 25 years and will almost certainly remain silent again this year.[16]

Without budget resolutions, both parties' leaders work out ad hoc agreements that allow the appropriations process to proceed. But whereas a congressional budget is meant to encompass all federal spending, the single-chamber resolutions deemed substitutes for official budgets generally do little to confront spending that falls outside the appropriations process—that is, the large and growing majority of federal spending. When Congress has passed budget resolutions recently, it has almost always done so because the majority desires to access the budget-reconciliation process, which allows tax and spending laws to bypass the Senate's filibuster.[17]

In short, while the 1974 act's architects sought to give legislators the wherewithal to plan for the long term, legislators today eschew that responsibility. Inertia is the dominant force in American fiscal politics even though most people understand the current trajectory is unacceptable.

Annual Appropriations. Notwithstanding the absence or unhelpfulness of congressional budget resolutions, Congress does manage to pass annual appropriations—arguably its core function. Legislators rarely pull this off in time for the start of the fiscal year on October 1. Generally, they pass continuing resolutions that maintain expenditures at previous levels, allowing them to negotiate into December.

Most years, the desire of legislators and their staff to take a proper Christmas vacation creates a spirit of compromise. This allows party leaders and top appropriators to hash out an agreement on total spending levels, which then facilitates an agreement on subcommittee allocations.[18] In 2023, of course, Congress could not work out any spending bills even by December, and a series of continuing resolutions pushed back deadlines for spending bills all the way to March 2024, when they were finally passed.

As they work without the benefit of a functional budgeting process, legislators have relied on other mechanisms. Through the 2010s, their work was structured by spending caps that the Budget Control Act of 2011 put in place. (In the current cycle, caps set by the FRA of 2023 are supposed to play the same role, although some members believe they are unacceptably high.) The two parties frequently negotiated spending above the caps, with Republicans conceding additions to nondefense spending in exchange for Democrats' acquiescence to higher defense spending. Nevertheless, as Brian Riedl has argued, by providing anchoring points, caps played a useful role in checking runaway discretionary spending growth in the 1990s and early 2010s.[19]

Having agreed to topline numbers and divvied up the pot among subcommittees, legislators agree to amounts for specific programs, and finally they draft legislation. Although the textbook process features 12 spending bills, corresponding to the appropriations committees' 12 functional subcommittees, the rush toward December deals often leads these to be consolidated into one giant omnibus bill (or a few "minibus" ones). Legislators receive little or no opportunity to propose amendments and instead are asked to vote on the binary choice of funding the government at the level specified in the deal or causing a government shutdown. Not surprisingly, given this choice, large bipartisan majorities in both chambers generally back these bills.

There is an old joke in Congress that there are really three parties: Democrats, Republicans, and appropriators. Even in today's polarized environment, this joke retains some truth; deals can be contrived partially because appropriators and their staff are quite skilled at working with their counterparts across the aisle to find mutually acceptable spending levels. Americans should be glad this process continues to function, even if a more open process that allowed more members of Congress to meaningfully participate would be better.

But appropriated spending represents a shrinking portion of the budget, now down to just over a quarter.[20] As noted above, off-cycle supplemental spending has become more regular and grown significantly, accounting for nearly $1 trillion in 2020–23. All this means that even if the appropriations process works smoothly, it is not a serious way to deal with the nation's debt problem.

Debt-Ceiling Fights. Legislators are well aware of the inadequacy of the budget and appropriations processes for dealing with America's staggering debt burden. For that reason, from 2011 through the present, conservative Republicans have insisted that America's debt limit is a crucial check on out-of-control spending. Their position is that the statutory debt limit, which specifies a dollar amount that US Treasury debt cannot lawfully exceed, should be lifted only in exchange for significant curbs on federal spending.

Unfortunately, this supposed fail-safe is a failure.

The United States is an outlier for having a debt limit at all, for good reason. Given that Congress has legally mandated spending and has set taxes (and other revenue-generating policies) at levels that do not cover the government's expenses, how can legislators object to issuing debt that is necessary for the government to make good on its obligations?

A quite reasonable-sounding answer is that, with the budget process malfunctioning so badly, legislators must look elsewhere for leverage, and the debt limit is where they can find it.

The problem with this answer is that, practically, failing to raise the debt limit would mean the Treasury could not fulfill all its legal obligations, possibly entailing a default on payments to US bondholders. Although a few anti-government enthusiasts (including some members of Congress) have occasionally convinced themselves that this would be a good way to shake Americans from their fiscal complacency, almost everyone (unvaryingly including all congressional leaders from both parties) sees the possibility of default as disastrous. That means it is not a credible best alternative to a negotiated agreement, so the threat to not raise the debt ceiling does not in fact provide much leverage.[21]

Defenders of driving a hard bargain on the debt ceiling point to the Budget Control Act of 2011 and the FRA of 2023 as evidence that their strategy is working—but, given the enormous growth of debt precisely when these statutes were (and are) operative, it is hard to see what "working" is supposed to mean here. The claim that Americans would have even more debt today if not for hard-liners' willingness to pick debt-ceiling fights is hard to evaluate; such counterfactual scenarios are not amenable to empirical confirmation. I very much doubt this claim; it seems to me that Republican gains in the 2010 and 2022 midterms (during two Democratic presidencies) were bound to lead to some discretionary spending restraint, and pursuing such changes via debt-ceiling fights was not actually a good strategy for would-be cutters.

But if we suppose, for the sake of argument, that the claim is true, *the debt-ceiling fights have still failed to put the nation on a sustainable trajectory*. The two laws in question focused almost entirely on discretionary spending levels. Relative to the overall debt burden, the savings they claim to deliver are modest.

To consider the big picture: Legislators who are alarmed by the United States' failure to deal with the national debt are absolutely right to look for leverage. But they are wrong to conclude from their modest debt-limit-wrought gains, such as the FRA of 2023, that they can fashion solutions commensurate with the problem by simply repeating their maneuver every few years. The current system—including debt-limit fights—is not up to dealing with America's fiscal burdens. At best, it leaves the country capable of staggering, haltingly, in the right direction under certain political configurations.

What Now?

One group of legislators loudly espouses the view that the budget process is a failure: the House Freedom Caucus. Many of their criticisms are incisive. But, from the perspective of securing lower spending, their methods of pursuing change in 2023 were worse than futile; their unwillingness to vote for any spending package that could pass a Democrat-controlled Senate and get President Joe Biden's signature diminished House Republicans' bargaining strength and thereby pushed the final compromise toward Democratic preferences. Worse, their near-exclusive reliance on threats of debt default and government shutdown has made many sensible people (who wish to avoid these undesirable outcomes) dig in to defend the status quo.

A few libertarians and contrarians would be delighted to throw a wrench into the workings of government; for them, the louder the screech of the halt that follows, the better. But, especially in light of the apparent impossibility of bringing these legislators into any constructive compromise, most Americans regard this approach as dangerous and even nihilistic.

The Congressional Budget and Impoundment Control Act of 1974 passed in an era when majorities in Congress—not just fringe agitators but senior leaders of both parties—were willing to meet perceived institutional deficiencies with bold institutional changes. The act's statutory framework was far from perfect, but it was the work of lawmakers who believed in their own branch's agency and responsibility.

Lawmakers must recover that spirit today. Precisely because the pattern of debt-ceiling showdowns and government shutdowns is producing unacceptable results, Congress needs to overhaul how it approaches questions of taxation, spending, and debt.

Supposing there is the will, what is the way forward? There is no shortage of serious ideas, as the Committee for a Responsible Federal Budget's excellent catalog of options for budget-process reform has documented.[22]

One category of reforms would attempt to hardwire fiscal discipline by changing the default consequences of congressional inaction. Balanced-budget amendments to the Constitution are perennial favorites and would take the choice to run deficits (at least on average) out of legislators' hands. The majority whip, Rep. Tom Emmer (R-MN), has championed the Responsible Budget Targets Act, which is based on Switzerland's debt brake. This law would put in place a series of increasingly stringent budget targets over 15 years that would automatically adjust based on realized results, finally achieving structural primary balance.[23] Such reforms are rightly regarded as heavy political lifts, partially because they seem to make it difficult to respond effectively to emergencies, but if carefully crafted, they might avoid that issue.

A second category of reforms would focus on congressional processes, forcing Congress to at least engage in a serious debate about the fiscal imbalance that transcends the limited question of annual discretionary spending. The bipartisan Fiscal State of the Nation Act would bring the nation's comptroller general before a joint meeting of Congress each year to deliver an official accounting and thus provide a focal point for action.

Both chambers' budget committees could be supercharged by adding new powers or perhaps including leadership directly in their proceedings. An obvious avenue for this type of reform is simply to renovate the 1974 act. Its half-century birthday affords a good occasion for reform, although 2024 does not appear auspicious for bipartisan governance projects.

A third type of reform would simply try to correct defects in the process that impede its smooth functioning. Clarifying budget baseline rules, making budget resolutions easier to enforce, changing the treatment of changes to entitlement spending, and discouraging gimmicks would give champions of fiscal balance a better chance to succeed. A fourth category would launch an effort outside the confines of the broken process, most likely through a new bipartisan commission.

What Americans should not do is stand pat, believing the debt problem is merely "political" and therefore will produce an appropriate reaction whenever the country finds itself up against the wall. Some commentators seem to believe that "a few easy fixes," such as raising taxes on the rich and uncapping payroll taxes, would solve all the country's problems and that these options are there for the taking anytime. The math behind these claims is generally dubious; getting enough revenue to fill the massive hole is just harder than many people realize.[24]

But the fundamental problem with such claims is that political problems are *real* problems. They demand political solutions, which are precisely what the political system is failing to deliver. Indeed, by stigmatizing entitlement reform as the province of the heartless, American politics is every day making the political problems more difficult to solve.

All the world's developed countries face a truly new problem in social history: how to cope with rapidly growing ranks of retirees. This problem is the happy result of widespread prosperity and better sanitation, nutrition, and medicine, but it is nevertheless daunting, and there is no obvious right way to balance the needs of the aged with the priorities of the young. With limited resources and genuine goods in conflict, politics remains the best way for free societies to make sense of their obligations—to work out the details of the partnership between our past and our future.

It may sound odd to turn to such foundational ideals to inform our thinking about something as seemingly esoteric as the budget process, and perhaps budget-process aficionados are guilty of portraying their field as the province of green eyeshades. In fact, budget-process reform is indispensable to the vitality of the US political system in the 21st century. If lawmakers cannot pick the right budget fights, the US will be doomed to economic infirmity and political disintegration. Our position is much worse today than it was a generation ago, but there is still time.

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Notes

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