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6 / From Decentralization to Centralization: Members' Changing Expectations for House Leaders

DANIEL J. PALAZZOLO

Before the reforms of the 1970s, at least since the revolt against Speaker Joseph G. Cannon in 1910, party leaders of the House of Representatives performed tasks designed to mediate party interests both within and outside of the House. Within the House, their most important functions included organizing the party, scheduling bills, building coalitions, distributing and collecting information, and maintaining party harmony (Ripley 1967). Meanwhile, committee chairs exercised the most discretion over specific policy issues. Outside of the House, the Speaker acted as a mediator between the majority party and the president, especially if the president was of the same party (Ripley 1969a). Again, however, presidents dealt directly with committee chairs on most policy matters.

In the immediate aftermath of the 1970s budgetary reforms, party leaders continued to concentrate on mediating functions within the House—coalition building and party maintenance (Sinclair 1983). But as the post-reform period extended into the 1980s, leaders began to perform *policy-oriented* tasks both internal and external to the House. Internally, leaders participated in formulating the details of budget resolutions. Externally, they were called on to settle conference disputes with Senate leaders and to negotiate budget priorities with the president.

How can the evolution toward policy-oriented leadership tasks in the postreform House be explained? This chapter argues that the answer lies in the expectations of House members (see Jones 1968; Rohde and Shepsle 1987; Sinclair 1983), which can emanate from two sources. First, expectations arise partly from individual members' electoral, political, and policy goals. Members expect leaders to help them attain such goals; leaders, in turn, work with their colleagues' objectives in mind. The other source of members' expectations is the context that shapes House politics (Cooper and Brady 1981; Jones 1981). Leaders not only respond to individual member goals but also adapt their activities to institutional changes, electoral trends, partisan developments, and the policy agenda. This chapter concentrates primarily on this source of member expectations.

In the current postreform era, leaders are expected to perform tasks aimed either at resolving institutional problems or advancing party prior-

ities. In the decentralized House of the immediate postreform period, party leaders engaged in traditional leadership activities in response to problems *within* the House. But in the more centralized context of the 1980s, party leaders also took advantage of policy-related opportunities within the House and were expected to respond to demands coming from *outside* the institution. Consequently, their functions expanded to include policy formulation and negotiation with outside actors, particularly Senate leaders and the president. To understand how party leaders adapted their activities to problems and opportunities as budget policy-making evolved from a decentralized to a centralized context, a broad overview of the variations in conditions of the postreform period is necessary.

THE POSTREFORM CONTEXT

The context surrounding party leaders' involvement in the budget process can be traced partly to the institutional reforms of the 1970s. These reforms were deliberate attempts to structure the formal organization and procedures of the two chambers, the informal norms of members, and the relationship between Congress and the president. In addition to institutional reforms, other conditions, both internal and external to the House, were the products of electoral results, partisan developments, and the policy agenda. These postreform institutional, political, and policy conditions expose the problems members expect House leaders to address and create the opportunities leaders may capitalize on.

Taken together, the 1970s reforms lacked a clear and coherent prescription for arranging decision-making power in the House. On the one hand, in order to topple powerful committee chairs and the entrenched seniority system, reformers further decentralized power by spreading it across subcommittees. On the other, reformers attempted to coordinate the committee system in order to centralize power in the party leadership. "Whereas earlier reform periods appeared to swing in one direction or the other—toward centralization or decentralization, responsibility or responsiveness—the elaborate changes enacted in the 1970s seemed to go in both directions at once," observed Charles O. Jones (1981, 121). One of the objectives of the 1974 Budget Act, for example, was to create a budget process that could potentially integrate the separate appropriations, authorization, and tax legislation into a coherent budget plan. Yet the new process maintained the traditional legislative powers of the tax-writing, appropriating, and authorizing committees. Reforms that broadened the Speaker's powers included a Steering and Policy Committee chaired by the Speaker (and including many members nominated by the Speaker), the power of multiple referral, and the prerogative to nominate members of the Rules Committee.

To complicate further the decentralization–centralization paradox of the

reforms, Steven Smith (1989) suggests that the reforms actually pulled in three directions. He argues that some rule changes aimed at enhancing members' legislative prerogatives buttressed a third center of power—the House floor. A substantial increase in floor amendments following the reforms indicated a “collegial” pattern of decision making that differed from a purely decentralized subcommittee arrangement. While a subcommittee system features many actors deliberating on policy issues in many decision-making units, collegial decision making brings many participants together in only a few decision-making units. Thus, the House floor became a central forum for all members to participate in shaping legislation.

Given the mixed intentions of the reforms, decision making in the post-reform House could take several paths: centralized, decentralized, collegial, or some combination of the three. The bulk of the reforms clearly favored a subcommittee structure and encouraged members to participate actively on the floor. Consequently, the immediate effects of the reforms were exhibited in either *subcommittee government* (Davidson 1981; Deering and Smith 1981) or *collegial decision making* (Smith 1989). Subcommittee government increased the number of places where policies originated, thereby limiting the interaction between party leaders and subcommittee chairs to scheduling decisions (Deering and Smith 1981). Increases in floor amendments made the final fate of committee-sponsored bills more uncertain than before (Sinclair 1983; Bach and Smith 1988). Also, ideological divisions within the majority party made final passage of legislation less predictable. Leaders addressed these uncertainties by devising ways to maintain party harmony and build coalitions on the floor.

But during the 1980s these tendencies gradually declined, and the latent power of centralized party leadership was aroused by unanticipated changes in the political landscape and the policy agenda (Davidson 1988b; Dodd and Oppenheimer 1989). The 1980s were marked by split party control of government; Republicans held firm control of the White House and, for six years, the Senate, while Democrats continued to control the House. Ronald Reagan's presidential election ignited a conservative fiscal policy movement that was simmering since the late 1970s. Reagan's agenda of tax breaks, domestic-spending cuts, and large defense-spending increases was expected to fix the sluggish economy, balance the budget, and strengthen the military. As it turned out, though, these policies exacerbated the deficit problem already underway during the Carter years. Annual deficits exploded during the 1980s, jumping from about \$80 billion in fiscal year (FY) 1981 to \$127 billion a year later to \$207 billion by FY 1983. By FY 1986 the deficit climaxed at \$220 billion. Large deficits placed constraints on new federal spending (see Schick 1983). The deficit, combined with increasing homogeneity of policy preferences among House Democrats (Rohde 1988), also polarized the parties. As Table 6-1 indicates, high levels of party unity on roll-call votes for first budget resolutions became the norm by 1983 (see Ellwood 1985).

Table 6-1 / Party Unity among House Democrats, 1975–1988

<i>Calendar Year</i>	<i>Fiscal Year</i>	<i>Party Unity^a</i>	<i>Annual Change</i>	<i>Party Unity on First Budget Resolutions</i>	<i>Annual Change</i>
<i>Period I</i>					
1975	1976	75	—	74	—
1976	1977	75	0	82	+8
1977	1978	74	-1	78	-4
1978	1979	71	-3	76	-2
1979	1980	75	+4	81	+5
<i>Period II</i>					
1980	1981	78	+3	77	-4
1981	1982	75	-3	65	-12
1982	1983	77	+2	73	+8
<i>Period III</i>					
1983	1984	82	+5	86	+13
1984	1985	81	-1	89	+3
1985	1986	86	+5	94	+5
1986	1987	86	0	92	-2
1987	1988	88	+2	92	0
1988	1989	88	0	90	-2

^a Party unity is the percentage of members voting with a majority of their party when a majority of one party is arrayed against a majority of the other party (party unity votes). See Chapter 2.

Source: Party unity scores from Ornstein, Mann, and Malbin 1990, 199. Party unity scores for first budget resolutions compiled by author from data published in *Congressional Quarterly Almanac* 1975–88, vols. 31–44.

PERIODS OF THE POSTREFORM HOUSE

An examination of budget policy-making in the context of institutional reforms, electoral trends, partisan changes, and agenda factors reveals that the postreform era evolved through roughly three periods. Period I, the *decentralized-collegial* period (1975–79), consisted of high levels of member participation, weak majority party (Democratic) unity, and dwindling support for traditional liberal policies. Period II, the *decentralized-centralized* period (1980–82), as its label suggests, contained elements of both decentralization and centralization. The majority party was still divided, and members continued to offer amendments when they could; at the same time, though party leaders began to restrict floor amendments to budget resolutions, the deficit became a salient issue, and reconciliation procedures

Table 6-2 / Leader Activity in the Budget Process during the Three Periods of the Postreform Era

Activity	Period		
	I. DECENTRALIZED—	II. DECENTRALIZED—	III. CENTRALIZED
	COLLEGIAL (1975–79)	CENTRALIZED (1980–82)	(1983–88)
Policy formulation	Secondary activity	Slightly more active	Active to very active
Coalition building	Very active	Very active	Secondary activity
Settling differences with the Senate	Inactive	More active	Active
Negotiating with the president	Inactive	Active	Active

were used to reduce the deficit. Period III, the *centralized* period (1983–88), was marked by split party control, high levels of party unity, large budget deficits, and continued use of restricted rules and reconciliation. Each period presented institutional problems that members expected party leaders to address or created opportunities for leaders to exploit.

The tasks of party leaders changed as budget politics evolved from the decentralized to a centralized mode. Leaders are potentially involved in four stages of the budget process: policy formulation, coalition building, settling conference disputes, and negotiating budget agreements with the president. Table 6-2 outlines how leaders' tasks evolved during the three periods of the postreform era.

The Decentralized–Collegial Period: 1975–1979

Under the Budget Act (1974), the House Budget Committee is formally responsible for drafting a first budget resolution, which establishes the basic guidelines for the authorizations, appropriations, and revenue bills to be considered for the upcoming fiscal year. The first resolution includes both aggregate estimates (for budget outlays, revenues, annual deficit, and total debt) and nineteen separate budget functions (broad categories defined in terms of budget priorities, such as defense, education, and the like). In the process of formulating budget resolutions, Budget Committee members typically consider the preferences of the majority party caucus, the president (if of the same party as the House majority), or party leaders. Once the committee's work is complete, the first budget resolution is reported to the floor,

where it is normally endorsed by majority party leaders. On the floor, the committee's budget resolution is usually subject to amendment or challenge by alternative budget resolutions, depending on the floor rules framed by the Rules Committee and approved by the House.

During the decentralized-collegial period, the role played by party leaders in formulating first budget resolutions was limited by several factors. First, the reforms aimed mostly toward expanding opportunities for members to participate in the legislative process. Rather than state the party's priorities outright, party leaders were expected to let members express their views on the budget. Second, House Democrats were divided ideologically. As Speaker Thomas P. O'Neill (D-Mass.) indicated, the party actually was comprised of "five parties in one. We've got about 25 really strong liberals, 110 progressive liberals, maybe 60 moderates, about 45 people just to the right of the moderates, and 30 conservatives" (qtd. in Arieff 1980, 2696). Hence, the Speaker was poorly positioned to advocate one set of priorities over another. Third, for most of this period, Jimmy Carter was president. Even though the Budget Act gave Congress a legitimate claim to challenge the executive's budget, many still considered the president to be the leading agenda setter for his party in Congress. His presence inhibited party leaders from trying to define the party's priorities.

Because budget resolutions essentially define the priorities of the House majority party, leaders—despite these restrictions—had more input into budget policy at the Budget Committee level than with other policy issues treated by House standing committees (see Sinclair 1981a). Unlike other committees, the Budget Committee includes one leader from each of the two parties. The majority leader naturally participates in the budget-formulation process. On one occasion, Speaker O'Neill took a direct role in the committee's business; in 1979, the first year members gave serious consideration to trimming the budget, O'Neill met with Budget Committee Democrats and "made an impassioned plea for saving social programs" (Sinclair 1983, 176).

Nevertheless, party leaders did not regularly intervene in the committee's business in the decentralized-collegial period. Their main job was to help the committee pass its resolutions on the floor, a task complicated by members' expectations to participate actively in floor debate over budget priorities. Numerous floor amendments on first budget resolutions (LeLoup 1980) and partisan divisions over budget priorities (Schick 1980) increased the uncertainty of gaining approval for the Budget Committee's resolution on the House floor. During this period the committee's first budget resolution passed by an average margin of only twenty-eight votes per year (see Table 6-3, p. 118), even though Democrats outnumbered Republicans by an average of 138 seats. Two particular cases reveal clearly the problem of passing budget resolutions on the floor: (1) the Budget Committee's first attempt at passing the FY 1978 first budget resolution was rejected by the

Table 6-3 / House Roll-call Votes and Margins of Victory for House Budget Committee's First Budget Resolutions, 1975-1988

<i>Calendar Year</i>	<i>Party Ratio (D-R)</i>	<i>House Vote (Yea-Nay)</i>	<i>Vote Margin</i>	<i>Average Vote Margin for Period</i>
<i>Period I</i>				
1975	291-144	200-196	4	28.8
1976	—	221-155	66	
1977	292-193	84-320	Rejected	
1977	—	213-179	34	
1978	—	201-197	4	
1979	277-158	220-184	36	
<i>Period II</i>				
1980	—	225-193	32	32
1981	242-167	270-154	Republican	
1982	—	219-206	Substitutes	
<i>Period III</i>				
1983	268-167	229-196	33	61.4
1984	—	250-168	82	
1985	254-179	258-170	88	
1986	—	245-179	66	
1987	259-174	230-192	38	
1988	—	319-102	Summit budget	

Source: Compiled by the author from data published in the *Congressional Quarterly Almanac*, 1975-88, vols. 31-44.

House by a vote of 84 to 320, and (2) in 1979 the House rejected the initial conference version of the first budget resolution.

Yet passing budget resolutions is essential to the survival of the congressional budget process. Hence party leaders directed their attention to the floor stage of the budget process, where they performed traditional coalition-building and party-maintenance functions. During this period, majority party leaders engaged in numerous vote-gathering activities: they provided more services to members, expanded the whip system, and set up task forces designed to build party support for first budget resolutions (Sinclair 1981b, 1983).

It was appropriate for majority party leaders to concentrate on tasks aimed toward resolving problems within the House. Leaders had traditionally engaged in coalition building; now they were needed to ensure that Congress fulfilled its responsibility to pass a budget. To be sure, there were

problems outside of the House as well. House Democrats frequently disagreed with President Carter's fiscal policy, and House and Senate Democrats differed over the proper balance of defense versus domestic spending. But because there were no protracted disputes between the two chambers, the House and Senate budget committee chairs could be counted on to settle differences between the chambers. Once these differences were settled, party leaders concentrated on maintaining the coalition that approved the House's version of the budget resolution.

The Decentralized–Centralized Period: 1980–1982

The deficit problem in 1980 led to the first steps toward centralizing power in the hands of party leaders. Alarmed by rising inflation, unemployment, and interest rates, Carter administration officials met with congressional budget policymakers to discuss ways of curbing the growing federal deficit. Although Budget Committee Chair Robert N. Giaimo (D-Conn.) was the leading representative of the House Democratic party, Majority Leader Jim Wright (D-Tex.) participated in the first presidential-congressional summit meeting, held in late February and early March of 1980. During the Ninety-seventh Congress (1981–82), split party control of government complicated the deficit problem and propelled party leaders into more active negotiations with the president. But because ideological differences among House Democrats persisted, party leaders continued to contend with the internal problems of party maintenance and coalition building. Member expectations for party leaders were shaped by both decentralizing and centralizing forces.

Budget Policy Formulation Conflicts among House Democrats continued to limit leaders' input into first budget resolutions. Speaker O'Neill sat on the sidelines during the summit meetings in 1980. He withheld support for the summit agreement reached by Carter officials and congressional leaders, which contained reconciliation instructions to reduce spending by \$6.4 billion. O'Neill objected that the cuts would "dismantle the programs I've been working for as an old liberal" (qtd. in Gregg 1980, 641).

In the following year, conditions continued to thwart O'Neill's role in formulating the House budget resolution. Reagan's 1980 electoral victory made O'Neill the opposition party leader, but it also carried a conservative fiscal policy message that moved the House Democratic party further away from the traditional liberal agenda O'Neill championed. Republicans had picked up thirty-four House seats and won a majority in the Senate for the first time since 1952. Conservative southern Democrats formed the Conservative Democratic Forum (CDF) and pushed Speaker O'Neill to appoint more conservatives to the House Budget Committee. Under these conditions, O'Neill deferred to committee Democrats, led by conservative chair James R. Jones (D-Okla.), to draft a moderate alternative to Reagan's budget.

Speaker O'Neill's heaviest participation in formulating a budget reso-

lution came in 1982, in response to a minor crisis in the budget process. The House initially rejected all eight budget resolutions voted on the floor, including the original package offered by the Budget Committee. The committee went back to the drawing board to formulate another budget resolution. The prospect of failing to approve a budget gave O'Neill a chance to put his mark on the first budget resolution. He commissioned the Steering and Policy Committee to draft a "true Democratic budget," including spending increases for housing, jobs, unemployment compensation, Medicare, and education. This budget marked the Speaker's first attempt at an active role in formulating a first budget resolution.

Passing Budget Resolutions The primary task of party leaders during this period, however, was to build support for resolutions drafted by the Budget Committee. The heavy amending activity of the collegial-decentralized period was curtailed somewhat by the deficit problem. Party leaders issued complex rules for floor debate, including restrictions on the number of amendments members could offer (Bach and Smith 1988). But party leaders continued to struggle to satisfy the conflicting priorities of conservative and liberal Democrats. In the Ninety-seventh Congress (1981-82), a coalition of conservative Democrats and minority party Republicans took control of the House floor.

In 1980 the House approved the Budget Committee's first budget resolution (which incorporated the elements of the presidential-congressional summit agreement) by a vote of 225 to 193. But the House-passed resolution fell apart in conference as Senate Budget Committee Chair Ernest F. Hollings (D-S.C.) pressed to increase defense spending. Several House Democratic conferees refused to endorse the conference report, and both O'Neill and Carter disapproved the measure. The House defeated the conference version of the resolution by a vote of 141 to 245.

However, after Giaimo, Hollings, and Carter resolved the major issues dividing the party, Speaker O'Neill fully supported the revised conference report. He mobilized the support of the Steering and Policy Committee Democrats and the party whips, and he appointed a task force to build support for the conference budget resolution (Sinclair 1983, 186-88). O'Neill dispatched a letter to House Democrats that reflected his duties to address institutional problems and advance party interests. "Failure to adopt the first resolution," he warned, "would demonstrate clearly that the Democratic Congress cannot deal with the budget. It would discredit the party and the Congress" (qtd. in Sinclair 1983, 187). The House approved the conference report on a 237 to 161 vote, with only twelve Democrats voting nay.

During the first two years of the Reagan administration, Democratic party leaders tried numerous coalition-building strategies to offset the conservative movement (Sinclair 1983; Smith 1982). They offered amendments to attract conservative Democrats, mobilized interest group support, and

made personal appeals to party unity. Their efforts failed, however, in both 1981 and 1982. In 1981 President Reagan rode the wave of his electoral victory to gain congressional approval for a first budget resolution—a reconciliation bill including unprecedented spending cuts and a three-year plan to reduce taxes. Combining his personal popularity, persuasive bargaining skills, and an effective White House staff, Reagan executed a vote-gathering drive that overwhelmed Democratic leaders.

In 1982 the Rules Committee crafted a rule that allowed sixty-eight floor amendments and seven substitutes to the Budget Committee's first budget resolution. The rule included a king-of-the-mountain feature—it established the voting order for amendments and substitutes and decreed that the last budget resolution to receive a majority vote would be declared the House-passed resolution. Naturally, the Rules Committee placed the Budget Committee's resolution last in order. After the seven substitutes were rejected, O'Neill spoke in favor of the committee's resolution, urging the House to perform its duty and pass the budget. But the House rejected the committee's resolution by a vote of 159 to 265. The unsuccessful first round gave way to O'Neill's "true Democratic budget," which the House also rejected by a vote of 202 to 225. Finally, the House passed a Republican budget alternative for the second consecutive year. Despite their efforts, party leaders were unable to perform effectively even their most fundamental tasks.

Presidential-Congressional Relations In the context of split party control and growing deficits, the Speaker participated actively in policy-related tasks outside of the House. Budget Chair Jones defined the expectations of the speaker's role as opposition party leader:

The Speaker is the lightning rod, the chief spokesman. He is the one who predominantly has to draw the lines of difference between the [Reagan] administration's policies and the House. Because the budget is the guts of government, the heart and soul of government. And, how it is configured shapes the differences in the [Democratic] party's view toward the country. (Interview, 13 February 1989)

As chief spokesperson for the majority party, Speaker O'Neill represented the policy interests of the House majority party in budget negotiations with the president. In 1981, of course, President Reagan bypassed Democratic leaders altogether and took advantage of favorable conditions to push his budget package through Congress. But when the deficit became the core issue of budget politics, the two parties became locked in continual stalemate over budget priorities. Bipartisan summit meetings involving the president and party leaders became the primary means of trying to break the stalemate and negotiate ways to reduce the deficit.

The need for a principal majority party spokesperson became clear as early as 1982. Reagan's budget for the upcoming fiscal year was tagged

“dead on arrival” on Capitol Hill. But neither Senate Republican nor House Democratic budget makers, acting alone, could devise an adequate substitute to reduce the menacing deficit. The two parties came together at the so-called “Gang of Seventeen” meetings, comprising seventeen high-level White House officials and congressional leaders. Behind closed doors, the group made progress toward an agreement. But no bargains could be struck without the consent of the president and the Speaker. Senate Budget Committee Chair Pete V. Domenici (R-N.Mex.), a leading participant in the meetings, noted that a budget agreement could be reached “if we can get both Speaker Tip O’Neill and the president on board” (qtd. in Tate 1982, 787). But Reagan was unwilling to raise taxes in the midst of a recession, and O’Neill refused to reduce Social Security benefits. With the two leaders reluctant to budge, the meetings ended in stalemate.

Soon after the Gang of Seventeen meetings broke up, Reagan invited O’Neill to the White House for a one-on-one meeting. The two haggled over ideological differences—Reagan argued in favor of conservative fiscal philosophy, while O’Neill cited the virtues of the New Deal and Great Society programs. Even though this meeting also ended in deadlock, it symbolized a new task for the Speaker—as opposition party leader, representing House Democrats in negotiations with the president.

Later in 1982 the Speaker and the president reached a rare compromise on a \$98 billion tax-increase bill crafted by O’Neill, Senate Majority Leader Howard H. Baker, Jr. (R-Tenn.), and Senate Finance Chair Bob Dole (R-Kans.). The Speaker was thus established as a key player in negotiations over major policy decisions with the Senate and the White House.

The Period of Centralization: 1983–1988

The pattern of centralized leadership that emerged during the 1980s was encouraged by the continuation of divided government combined with growing deficits and increasing party cohesion. Reconciliation procedures used to reduce the deficit required leaders to play a more active role in coordinating the committees.

The Rules Committee continued to restrict amendments to first budget resolutions (Bach and Smith 1988). The deficits squeezed new spending initiatives and increased partisan conflict, creating stalemate over budget priorities. Yet the two parties were forced to the bargaining table, first by the concern for deficits, then by the threat of automatic spending cuts in the Gramm-Rudman-Hollings (GRH) deficit-reduction law. Budget summit meetings thus became vehicles for trying to resolve fundamental policy differences, with House Democrats relying on party leaders to negotiate with Republican Senate leaders and White House officials. The same centralizing conditions that encouraged party leaders to perform more policy-related tasks also reduced the need for leaders to concentrate their efforts on traditional coalition-building and party-maintenance functions.

Policy Formulation High levels of party unity are typically reflected in more homogenous preferences among party members, allowing leaders to exercise stronger party leadership (Rohde and Shepsle 1987). By 1982 Speaker O'Neill was taking a more active role in formulating the priorities of the House Democratic party. But his actions sprang in large part from the House's failure to pass a budget resolution. Weak party cohesion limited O'Neill's capacity to initiate priorities on behalf of the Democratic party. After the Democrats regained twenty-six House seats in the 1982 midterm elections, however, O'Neill was better positioned to lead the party. Backed by a unified party (see Table 6-1, p. 115), the Speaker participated more actively than ever before in formulating Democratic budget priorities.

The most impressive example of active policy-oriented leadership came in 1987 from Speaker Jim Wright (D-Tex.) (Sinclair 1989b). A former member of the Budget Committee, Wright established his priorities almost immediately after being elected Speaker in December 1986. At his first press conference, Wright announced that the Democratic party should propose a tax-revenue increase for higher-income earners. When the 100th Congress convened in January 1987, the new Speaker submitted a detailed list of initiatives that he believed the Budget Committee should include in its first budget resolution for the upcoming fiscal year. Wright's priorities included spending increases for welfare programs, health care, assistance for the homeless, relief for AIDS victims, drug prevention, and federal job training. He proceeded to lobby Democratic caucus and Budget Committee members to support the tax increase and the new spending initiatives. Ultimately, the House Budget Committee endorsed, and the House approved, a first budget resolution encompassing Wright's agenda.

Wright's ability to define the majority party's priorities indicated how far the Speaker's policy-making tasks had evolved since the creation of the budget process in 1974. For years a divided House Democratic party prohibited the Speaker from participating actively in formulating the House Budget; the Speaker's job was to mediate interests, not to define policies. With the party more unified, especially in terms of budget matters, Speaker O'Neill was able to take a more active role in stating his preferences. But Wright was even more willing and able than O'Neill to take advantage of the conditions that upheld policy-oriented leadership.

Passing Budget Resolutions The same conditions that permitted the Speaker to play a more active role in formulating budget resolutions also removed obstacles to floor passage. As the House Democrats' budgetary preferences became more homogenous, party leaders spent far less time and effort on coalition building and party maintenance. Leaders used the Rules Committee more aggressively to prohibit amendments on the floor and to manage the uncertainty of passing legislation (Bach and Smith 1988). The closed rules marked a shift from the wide-open collegial process of the 1970s toward the centralized leadership of the 1980s.

One way to measure the predictability of passing budget resolutions on the floor is to examine the margins of victory or defeat on the Budget Committee's first budget resolutions. As Table 6-3 shows, from 1983 to 1988 the Budget Committee's first budget resolutions were approved by impressive margins in comparison with previous years. Armed with strong party unity and restrictive rules for floor debate, leaders had little trouble passing the committee's first budget resolutions. The Speaker made less use of task forces and the whip system to build partisan support for budget resolutions. Instead, the Speaker's emphasis shifted to policy-oriented activities.

Settling Conference Disputes Ever since the creation of a congressional budget process, the Senate and the House have supported different budget priorities, even when Democrats controlled both chambers. House budgets normally contained lower defense spending and higher figures for domestic programs than the Senate preferred. These differences were usually resolved in conference by members of the two budget committees, with little intervention by party leaders. However, between 1981 and 1986, when Republicans controlled the Senate, the gap between the parties was at times too wide to be bridged through normal conference committee proceedings. Bicameral deadlocks were so prolonged in 1984 and 1985 that the Speaker was called on to negotiate agreements with Republican Senate leaders and the president.

In 1984 conferees fought over a wide gap between each chamber's proposals for total defense and domestic spending. On the one hand, the Senate backed a Reagan-endorsed plan to place caps, or ceilings, on spending levels that would pare defense spending by \$41 billion and domestic spending by \$43 billion over a three-year period. The House budget, on the other hand, reduced defense spending by \$95 billion and domestic expenditures by only \$15 billion over three years. As the conference talks began, Speaker O'Neill announced, "We absolutely will not go along" with the Senate's plan (qtd. in Tate 1984, 1295).

The opposing sides were deadlocked until Congress was forced to pass a debt-limit increase bill on 28 June 1984. Conferees agreed to a partial deficit-reduction reconciliation bill that increased revenues by \$50 billion and reduced domestic spending by \$13 billion. But because the defense issue remained unsettled, conferees failed to complete the first budget resolution. The impasse lasted until O'Neill met privately with Senate Majority Leader Baker during the final two weeks of September. The two leaders agreed on Baker's proposal to delay a vote on appropriations for the MX missile until the spring of 1985, in exchange for O'Neill's commitment to support the Senate's overall defense figure for FY 1985. With this issue decided, the conferees quickly finished their business and the two chambers approved the conference report on 1 October 1984.

In 1985 conferees haggled over a Senate proposal, also endorsed by

President Reagan, to freeze cost-of-living adjustments (COLAs) for Social Security benefits. "I am bitterly opposed [to capping the COLAs]," Speaker O'Neill sharply announced, "and I will so notify and instruct my conferees" (qtd. in Calmes 1985, 971). After seven weeks of stalemate, President Reagan intervened. He invited Speaker O'Neill to the White House, along with Majority Leader Wright, House Minority Leader Robert H. Michel (R-Ill.), Senate Majority Leader Bob Dole, and Senate Minority Leader Robert C. Byrd (D-W.Va.). At that meeting, Reagan dropped the Senate initiative to freeze COLAs for Social Security, and he and O'Neill agreed to a budget package that would increase the House defense figure, freeze tax increases, and reduce other domestic programs.

The compromises reached by the Speaker and the president were at first resisted by many Senate Republicans and House Democrats. Senate Republicans criticized the president for abandoning the freeze on Social Security COLAs; House Democrats balked at some of the proposed domestic spending cuts. The differences were finally ironed out in private meetings that included the two Budget Committee chairs, Representative William H. Gray (D-Pa.) and Senator Domenici (R-N.Mex.), and the committee's ranking minority party members, Representative Delbert L. Latta (R-Ohio) and Senator Lawton Chiles (D-Fla.). The group endorsed a budget resolution that incorporated the major points of the deficit-reduction package endorsed by Reagan and O'Neill. The conference budget resolution was finally approved by both chambers.

Presidential-Congressional Relations As the preceding example indicates, meetings between the president and House leaders were essential to resolving budgetary disagreements during the period of centralized decision making. Speaker O'Neill met with President Reagan on several occasions either to discuss the broad outlines of the budget or to consider ways of reducing the deficit. For the most part, the two leaders bargained over national priorities under the constraints of large deficits. Reagan advocated large defense expenditures, while O'Neill sought to protect traditional liberal programs. More often than not, their meetings failed to produce an agreement. Although Reagan and O'Neill were recognized as the leaders of their parties, neither was able to build a consistent, loyal following. Their positions indicated the peculiar nature of leadership during a period of stalemate. As Aaron Wildavsky put it:

President Reagan and Speaker O'Neill, the elder statesmen, serve as lodestars; their agreement gives permission to people on their right and left respectively to follow suit. But by refusing permission the president and the Speaker are better at stopping what they don't like than in getting what they want because, like other would-be leaders, they lack majorities. (1988, 207)

Thus the Speaker's main task was to accept or reject budget proposals on behalf of the Democratic party.

One of the most memorable budget summits occurred after the stock-market crash of October 1987. The president and Congress were compelled by the situation to consider ways to reduce the deficit. The summit meetings involved key White House officials, party leaders, and chairs of the budget, appropriations, and tax committees. Majority Leader Thomas S. Foley (D-Wash.) was the leading representative for the House Democratic party. Although Speaker Wright and President Reagan did not participate directly in the summit, the fate of the meetings rested on the consent of the two leaders. Their disagreement partly explains why it took over a month to reach a summit agreement. As one House Democrat said, "You've got two exceedingly inflexible men, Wright and Reagan" (qtd. in Wehr 1987, 2707). The stalemate finally broke under the threat of a sequester—automatic spending cuts necessary to meet the requirements of the Gramm-Rudman-Hollings law. The participants approved a two-year deficit-reduction plan with \$30 billion in savings for FY 1988 and \$46 billion for FY 1989.

CONCLUSION

As a result of the conditions that shaped the postreform period in Congress, party leaders now perform a wider variety of functions. Coalition-building and party-maintenance tasks continue to be critical to the internal workings of the House. It was natural for leaders to continue to execute these tasks in response to the problems arising in the decentralized, participatory mood of the immediate postreform period.

However, party leaders need not be restricted to such traditional functions. This is attested by the wider range of leaders' activities in the centralized context of the 1980s—especially their participation in formulating budget priorities, settling conference disputes, and negotiating budget meetings with the president. Members expect leaders to adapt, as the institution itself must, to changes in the policy agenda and the political environment. Divided government, a contracted agenda, and intense partisanship posed a new and different set of conditions. These conditions, in turn, encouraged party leaders to assume policy-oriented functions both within and outside of the House. In general, then, the functions of party leaders tend to reflect the problems and opportunities encountered by Congress itself.