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people will live in a controlled atmosphere. But the behavioral and ecological implications of this "solution" have obviously not been considered. And far from representing advanced thinking, such technocratic proposals fall far to the rear of our present knowledge of human needs and capabilities.

We now know that the environmental problems of modern society have resulted largely from ignorance regarding the consequences of human behavior. In this respect they differ chiefly in subject matter from social problems generally, as they are indeed a special genre of social problems. Science and technology have made available powers that people cannot safely use without a comprehensive understanding of the full range of their

significant effects. Because our society has not taken account of probable consequences in the development of its behavior patterns and institutions, remedial measures are now being sought through law. A clean air act would be unnecessary if people generally abstained from air-polluting activities, and considered freedom from pollution a test of an acceptable technology. In the long run, pollution-free technology and ecologically-conscious land use are better answers to air quality than regulation. But in a pollution-prone society in which efforts to develop appropriate technologies are only now beginning, the methods of air quality control that have been elected are probably the best available.

BUDGETING AND THE "PEOPLE'S REFORM"

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The Politics of the Budgetary Process, Aaron Wildavsky, Third Edition, Boston: Little, Brown, 1979. 311 pages.

Government Budgeting, Albert C. Hyde and Jay M. Shafritz, editors, Oak Park, Ill.: Moore Publishing Co., 1978. 548 pages.

Contemporary Approaches to Public Budgeting, Fred A. Kramer, editor, Cambridge: Winthrop Publishers, 1979. 239 pages.

Budgetary Politics, Lance T. LeLoup. Brunswick, Ohio: King's Court, 1977. 261 pages.

The Budget and National Politics, Dennis S. Ippolito. San Francisco: W.H. Freeman, 1978. 217 pages.

Introduction to Budgeting, John Wanat. North Scituate, Mass.: Duxbury, 1978. 196 pages.

Congress and the Budget, Joel Havemann. Bloomington: Indiana University Press, 1978. 247 pages.

Public Budgeting in America, Thomas D. Lynch. Englewood Cliffs: Prentice-Hall, 1979. 329 pages.

The major concern of budgeting in the 1980 is going to be the problem of maintaining a political consensus on spending priorities in the face of reduced fiscal resources. Total spending will not necessarily be reduced, but the rate of growth in real dollars will not be what it has been. The combined pressure from inflation and the "tax revolt" will result in a relatively smaller pie to be divided among competing claims on the fisc. In order to create a budgetary consensus that is viable each year three major arenas must be mastered: the executive, the legislative, and the public political arenas. However, these three arenas receive unequal attention in most books about budgeting.

The books under consideration deal most extensively with the executive budget process, including the techniques of Planning-Programming-Budgeting Systems and Zero-Base Budgeting. A number of lessons were learned

from the failure of PPBS to impose rational order on a very political budgetary process. ZBB is still in its first years of operation, and early experience shows mixed results. It is significant that ZBB is not as ambitious an attempt to change traditional budgetary behavior as was PPBS.

One of the lessons learned from the experience with PPBS was that rational executive branch analyses will not be effective unless they are taken seriously as decision making premises by the Congress. Thus the second arena which must be considered is the Congressional budgetary process. The crucible within which the 1974 Budget Act was formed was the constitutional crisis over impoundment during the early 1970s. The tools which were created by the reform make it possible for Congress to gain control of public spending. But the will to use these tools decisively has not yet been evident. The process has yet to survive the pressures of the tax revolt.

In addition to these executive budget reforms and the Congressional Budget Reform Act of 1974 the crucial budgetary issue of the 1980s is the "people's budget reform": taxing and spending limitations. Unfortunately, this is the one issue that is uniformly unforeseen in these texts. In the past, budgetary and fiscal matters have not had a high salience among the electorate, but the pinch of increasing taxes and inflation has prompted people to organize the tax revolt. The impact of these efforts has been felt by national, state, and local governments. With the many proposals to limit spending and taxes, and to balance the federal budget, the message is clear: there is significant electoral clout behind the various proposals.

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The classic account of the politics of the budgetary process is Aaron Wildavsky's book by that name, first published in 1964. It deals with the strategies and tactics used by bureaucratic agencies in their attempts to pry money out of Congress. His approach of analyzing the roles of the various actors is useful because, though the focus is the federal government, the rich insights can be applied to any level of government. The book deals with the constants of political behavior in budgeting.

In his third edition Wildavsky has added to his original analysis two chapters: one on PPB and ZBB, and one on Congressional budget reform. His treatment of the two executive reforms is, as one would expect from his other writing, caustic. He is critical of any attempt to introduce systematic rationality into the budgetary process to the neglect of political factors. While admitting that the congressional reform gives Congress the information to see more clearly the implications of its decisions, he concludes that the political actors can learn to play any system and that budgetary outcomes will not be drastically changed.

The Hyde and Shafritz and the Kramer books are collections of readings. Kramer's *Contemporary Approaches* contains a dozen articles and focuses on the three main executive budget reforms: PPB, MBO, and ZBB. One of the aims of the book is to contrast the analytical techniques of these executive reforms with the political determinants of budgetary outcomes. Each section of the book has articles treating the same topic from different perspectives. Some articles are written by proponents of the techniques and proclaim their potential; others look at experience with the techniques and are critical of them.

Government and Budgeting is much more wide ranging, containing 45 articles on a wide variety of budget related topics including budgeting in other countries and budgeting as a management tool. With such a range one must expect some variation in quality, but the several articles apiece by Wildavsky and Alan Schick ensure that some of the most insightful analysis of contemporary budgeting is present. The eight articles on PPBS, the ten on ZBB, and the seven on Congress and the budget provide a variety of viewpoints on these topics. The strength of the Hyde and Shafritz book is its diversity, while the strength of Kramer's book is its focus.

The books by Ippolito, LeLoup, and Wanat are short surveys meant to be used as supplementary texts in college courses. They all cover the executive and legislative facets of the budgetary process and deal primarily with the national government. Wanat's book is organized around themes or perspectives in which budgets are seen as games, as technical tools, as rituals, as processes, and as policies. His discussion of incrementalism challenges the simplistic way the term is often used. For instance in the chapter, "Budgets as Rituals," Wanat deals with the problem of the growth of uncontrollables in the U.S. budget. He then relates this

to the concept of incrementalism and concludes that Congress may be acting more independently than an uncritical acceptance of incrementalism might lead us to believe. The book's strength is the thematic way Wanat approaches the constants in budgeting.

The Ippolito book covers the budgetary process well and then moves on to deal with budgeting in the context of several important policy areas (defense, income supports, and health). Its strong point is this policy focus and its follow through on the post budgeting implementation of spending decisions. Ippolito's discussion of the executive side of the budgetary process is good although PPBS and ZBB are only briefly dealt with. His chapter on Congress describes the new process well. The chapter on budget implementation deals with oversight of the execution of budgetary decisions, a topic which is often neglected in other books on the budgetary process. He deals with OMB, GAO, and CBO oversight of budget implementation as well as impoundment as a type of post budget spending control. LeLoup's *Budgetary Politics* deals with the major issues of national budgeting, but also does a good job with the revenue side of the spending equation. The strength of the book is its treatment of the economic issues involved with the national budget, a topic often neglected in books by political scientists. His treatment of federal executive budget preparation includes chapters on agencies, OMB, and the President. The chapters on Congress deal with committee decision making and the reformed budget process. The chapters on the incidence of taxes, including tax expenditures, and the impact of spending are good counterpoints to the emphasis on the budget process in most of these books. The many charts and graphs provided are very useful.

The Lynch book is meant to be a comprehensive, basic public budgeting text to be used over two semesters. Its strength is its comprehensiveness. Lynch deals with the mechanisms as well as the politics of budgeting. Accounting, auditing, capital budgeting, and cash management are all treated at some length. Financial management issues such as procurement, inventory control, risk management and insurance are also dealt with. In addition he focuses on all three levels of government and their separate fiscal functions. He treats state and local debt as well as federal debt; the local property tax and state sales taxes are also included along with the income tax.

The other side to the comprehensiveness coin is the necessity of dealing briefly with the multitude of topics covered. Some topics which the other books cover in some depth are dealt with in a few pages in this 320-page volume.

Havemann's book is an excellent account of the first several years experience with the Congressional budget reform. After reading this book one will have a good idea of the politics as well as the process of the new Congressional budget procedures.

Executive Budget Reform

Planning-Programming-Budgeting Systems

With the problems of assigning values to public goods and the consequent lack of a price system for governmentally provided goods and services it has always been difficult, if not impossible, to answer objectively V. O. Key's classic question: "On what basis shall it be decided to allocate x dollars to activity A instead of activity B?" (Key in Hyde and Shafritz, p. 20). This question has been answered through the pulling and hauling of politics in the budgetary process. But in the 1950s some public policy analysts were uneasy with the seeming lack of rationality in this process and the policy drift due to its incremental nature. There were high hopes and optimistic predictions for PPBS, which Wildavsky calls "the major budgetary phenomenon (perhaps cause celebre would be more accurate) of our time" (Wildavsky, p. 186).

Whereas traditional budgeting focused on the cost of inputs (or line items), PPBS was supposed to focus on the cost of outputs (actual goods or services that the government delivered). (Schick in Hyde and Shafritz, pp. 47-65). Thus the first step of PPBS was to specify and develop measurements for the objectives of public policies. Next, alternative means to achieve those outcomes were to be compared in a systematic manner, taking into account the long-term costs and benefits, not merely the one-year budget implications as in the traditional process. These alternatives were to be formulated for broad governmental functions and were not to be bound by existing organizational or budget categories. Even discounting the optimism of the early 1960s it is hard to see how people thought all of this could be accomplished in the budgetary arena.

One of the most salient features of PPBS was its strong centralizing implications. In contrast to the traditional process in which budget decisions are built on estimates sent up the hierarchy, PPBS reversed the flow of decisions (Schick in Hyde and Shafritz, p. 64). If there was to be long-range planning and programs which crossed traditional agency boundaries, policy had to be made at the top and followed through at lower levels. Coordination necessarily implied control from the top.

There were many reasons for the failure of PPBS to live up to its advance billing and for its repeal by President Nixon in 1971. (See Schick's post mortem in Hyde and Shafritz, pp. 191-204.) Some of these causes were institutional. It was introduced across the board by "whiz kids" who were often insensitive to traditional budgetary norms and personnel. The special quantitative tools it used were often threatening to top management in agencies, who consequently did not give it adequate support. Trained personnel were lacking.

In addition, it was difficult to use a rational executive branch technique in the highly political Congressional arena. Sophisticated quantitative analyses for certain programmatic expenditures might help on the Hill, but they are only one of many bases for making budgetary

decisions. Thus even if PPBS analysis worked perfectly, the traditional political determinants of budget decisions—promises made, favors owed, logrolling, pork-barrel, etc.—might predominate when final appropriations are made. These political forces are discussed quite well in Wanat's book, and in LeLoup's and Ippolito's. Each of these authors owes a debt to Wildavsky's classic.

The most strident critic of PPBS is Aaron Wildavsky who argues that PPBS is, in principle, impossible to do, because the calculations are impossible, and "no one knows how to do program budgeting" (Wildavsky, p. 197). It is irrational because it is too costly, and it ignores political costs. Besides, it never did work: "I have not been able to find a single example of the successful implementation of PPB" (Wildavsky, p. 196).

Zero-Base Budgeting

The interesting thing about zero-base budgeting as it is practiced today is that it is not really zero-based at all. Genuine ZBB was tried in the Department of Agriculture in 1962. It was an attempt to justify the very existence of programs rather than operating on the usual assumption that most programs would receive incremental increases each year. The total activities of each agency were to be subject to intensive evaluation and review. If the need for the programs were not fully justified in light of current conditions, they would be eliminated.

Aaron Wildavsky and Arthur Hammond followed the effort closely and reported that it was an unworkable approach. Their conclusion: "some butterflies were caught, no elephants stopped" (Hyde and Shafritz, p. 244). But it was not for lack of effort that the experiment failed. At least 180,000 man hours went into justification of activities that often amounted to a rehash of the original enabling legislation. If work load data were appropriate for an agency, they were used. If not, there was a flurry to generate data which would justify the existence of the unit in question. In the end there was little impact on budgetary outcomes.

The process of ZBB as it is currently being practiced in the federal government and several states and cities begins with the selection of decision units which reflect meaningful managerial entities (Pyhrr, in Hyde and Schafritz, p. 257). Then for each decision unit "decision packages" are formulated. These packages consist of different levels of funding for the organizational unit. One package is supposed to be the minimum level at which the activity could be meaningfully carried out. Often this level is arbitrarily predetermined at 75 or 80 per cent of current funding. Another package presents the cost above the minimum that would maintain the current level of services. A third package deals with proposed increases in the budget for next year. There may be several more decision packages, but there must be at least the three mentioned. Each of the packages contains information about the purpose of the activity, its projected costs and benefits, workload and performance measurements, etc. (Taylor, in Kramer, p. 149; also in Hyde and Schafritz, p. 271).

The heart of ZBB is the ranking process. All decision packages are listed in order of decreasing benefit by the managers in charge of them. Since each package has a price tag attached there is a cumulative cost as the list is descended. Thus an overall level of funding can be set and a line can be drawn at that level on the ranked list. Those packages falling below the line will not be funded. This brings the focus of attention and analysis on those packages which fall immediately above or below the cutoff line (Wildavsky, p. 205).

If this sounds like marginal analysis, it is. ZBB as currently practiced deals with levels of funding incrementally above and below current levels of funding. This is not necessarily a criticism of the process, merely of the label. After all, the Department of Agriculture experience showed true ZBB to be an expensive exercise without the expected budgetary impact. There are, however, other substantive criticisms of the process and its application.

Jimmy Carter as governor of Georgia implemented ZBB and used its claimed success to justify its adoption by the federal government in 1977. There is some dispute about the success of ZBB in Georgia. Thomas Lauth has reported that in the first three years of its use in Georgia "not a single instance could be identified where a function was funded at a level less than the previous fiscal year" (Kramer, p. 194). The experience with ZBB in Wilmington, Delaware, however, has been reported as quite positive (Hyde and Shafritz, p. 292). The benefits reported there included the establishment of priorities for city services and the involvement of most management personnel as well as the city council in the budget process. Its use at the state level met with mixed success (LaFaver, p. 252, Schierling, p. 284, in Hyde and Schafritz; Lauth, p. 182, in Kramer).

At the federal level Alan Schick has argued that the adoption of ZBB was remarkably successful because it was not separated from the usual process of budget preparation. The irony of this is that ZBB did not really change anything; its adoption was superficial (Hyde and Shafritz, p. 66). Schick concludes that ZBB is not very useful for the reexamination of basic program objectives, but it may lead to the development of more efficient operational methods.

Congressional Budget Reform

The Congressional Budget and Impoundment Control Act of 1974 was the most significant change in Congressional budgeting since the Budget and Accounting Act of 1921 which created the executive budget. (The text of the 1921 Act is on p. 12 of Hyde and Schafritz and the text of the 1974 Act is on p. 344.) The factors which prompted passage of the act were twofold: the abuse of impoundment by President Nixon and the lack of coherence in the Congressional budget process. The deficiencies in the Congressional process had existed for decades, but it took President Nixon's direct challenge to the congressional power of the purse to galvanize the Congress to action.

By impoundment, that is, refusal to spend funds provided by Congress, President Nixon wanted to limit federal spending. But his impoundments were not across the board, rather they were systematically directed toward liberal Democratic priorities (Havemann, pp. 176-77). Although other presidents had impounded funds, the Nixon impoundments were significantly different in amount and kind and were based on a claim by the President that he had the constitutional authority to impound funds.¹

In 1974 Congress wanted to regain control of the purse strings from the President, but it also wanted to introduce some coherence into its own budgetary process. One of the main problems was that there was no one place in the Congress which dealt with the budget as a whole and balanced expenditures against revenues. Appropriations bills were considered at different times and the Congressional budget turned out to be whatever the sum of the separate bills was. In addition inflation was worsening, deficits were getting larger, and the national debt was ballooning.

Thus a coalition of fiscal conservatives who wanted to put the clamps on federal spending and liberals who wanted to save social programs from Nixon's impounding ax united to pass the 1974 Budget Act. Havemann's *Congress and the Budget* analyzes the first several years experience with the new process. The main mechanisms of the new act are the Budget Committees in the House and Senate and the rather tight timetable which is built around the concurrent resolutions. Of course, any new committees in Congress will be threats to traditional power centers. Havemann describes the battles over turf and jurisdiction that marked the establishment of the new procedures. The Senate committee was able to establish itself and produce acceptable compromises for budget resolutions. The House proceedings, however, were marked by disputes which nearly caused the new act to founder on the shoals of partisanship (Havemann, chapters 3 and 4).

The tenuous first years have now been weathered and the process itself is becoming institutionalized. Budgetary outcomes, however, have not changed significantly. Those who were hoping for spending cuts or shifted priorities were disappointed, though the "proceduralists" saw the establishment of the process itself as a victory (Havemann, p. 201).

The impoundment section of the Act, Title X, provides a set of procedures that must be followed if the President wishes to cancel spending decisions that have already been made. He must submit his proposed cuts to the Congress and either House has a chance to veto them. The experience thus far has been that the Congress will go along with what it perceives to be routine curtailment of expenditures. But if a proposed impoundment seems to represent a difference in policy priorities between the two branches, it is overturned (Havemann, p. 181).

The implication for the future seems to be that the budget committees will become more powerful since

there will be increasing pressure to limit spending. There always are more legitimate claims on the purse than can be satisfied. Thus whoever can be the "abominable no man" in the budgetary process will become powerful. In the executive branch this role is played by OMB. In the Congress the role has been played by the House Appropriations Committee. If the Budget Committees can capture that role by enforcing their decisions on other committees (informally, or through the reconciliation process), they may eventually come to dominate Congressional budgeting. On the other hand, the centrifugal forces of budget cutting may be so severe that the new procedures will break down entirely.

The People's Budget Reform: Taxing and Spending Limitations

Despite the fact that compared to other industrialized nations the U.S. tax burden and general government spending is small (LeLoup, p. 38), Americans have been banding together to fight what they see as an unfair burden. In recent years traditional anti-tax and anti-government feelings have been harnessed by a growing number of politically potent organizations which spearhead the "tax revolt." For example, membership in the National Taxpayers Union grew from 20,000 in 1976 to 100,000 in 1979.

Rising taxes along with double digit inflation have fueled the fires of the tax revolt. The problem is exacerbated by a general distrust of politicians and government. People are being squeezed and the government is an easy target since most people have been slighted at one time or another by some "government bureaucrat." Also since the 1930s the government has tackled some of the most difficult and intractable social and economic problems. The fact that these problems cannot be solved is often blamed on government ineffectiveness. Thus in addition to the fact of inflation and higher taxes and tax revolt is also a symbolic reaction against the slings and arrows of outrageous modern industrialized society.

One of the political consequences of the tax revolt has been a plethora of proposals to limit government spending and taxation. These have ranged from California's limitation on the property tax, to proposals to index taxing and spending to inflation, to the widely heralded proposal for a constitutional amendment to require the national budget to be balanced each year.

Proposition 13

Let us first consider California's experience with Proposition 13. Ironically, the traditional problem with the property tax was its inability to keep up with property values. But with assessment reform in California, it kept up all too well. Inflation and a booming real estate market, accurately reflected by up-to-date assessments, resulted in the doubling or tripling of property taxes for many people between 1975 and 1978. The failure of the state legislature to pass any of

several tax relief bills, along with a large and politically visible state surplus, led to the passage of the voter initiated amendment to the state constitution known as Proposition 13.

Proposition 13 limits property taxes to 1 per cent of "full value" and ties that value to the 1975-76 valuation, allowing for an annual increase of 2 per cent. The immediate effect was to reduce local revenues by \$7 billion, 57 per cent of property tax revenues, or 20 per cent of all local revenues in California. The predictions about the consequences for this were dire; services would be cut and employees laid off. These effects were postponed, however, when the legislature decided to "bail out" local governments with the sizable state surplus. This state aid in addition to increased local fees restored most of the revenues lost to local governments.

Some argued that the state legislature was trying to circumvent the will of the people by allotting the state surplus to bail out local governments. But one could hardly expect it to do otherwise with the embarrassment of riches at the state level. Legislators found that alternative much more palatable than standing by and watching local services drastically cut, employees laid off, and the results blamed on a do-nothing legislature. Local governments survived intact, but the solution did have its cost in terms of local control. If the state pays, it will insist on some policy control; and the bail out money was accompanied by constraints on what local governments could do with the money.

If local government in California is not to be permanently hooked on an annual fix from the state legislature with its attendant dependence, the fiscal structure of the whole state must be revamped. Several permanent refinancing plans call for using the state sales tax to finance services traditionally provided by local governments, but there is no consensus on which level of government will control policy.

Any legislative proposal to restructure state finances, however, is subject to drastic change by the voters. Several different proposed initiatives threaten to make new inroads on the ability of California governments to raise revenue. Howard Jarvis is backing an initiative to cut the state income tax in half ("Jarvis II"). Paul Gann supported an initiative to limit state and local expenditures to the 1978-79 level, with any increases indexed to inflation and population increases. This "Spirit of 13" initiative passed handily in the November, 1979 election. And the Coalition to Abolish the Sales Tax has proposed an initiative which would cut state revenues by \$6.4 billion. Needless to say, public administrators in California are working in a very unstable fiscal environment.

The Balanced Budget Amendment

The fire set in California has spread throughout the country, with many states and localities adopting spending or revenue limiting devices of one sort or another. At the national level there is a virtually unlimited variety of proposals including the Kemp-Roth effort to cut federal taxes drastically. But all other efforts are overshadowed

by the national movement for a constitutional amendment to require that the national budget be balanced every year, through one of many suggested formulas.

Thirty of the 34 necessary states have passed resolutions calling for the first constitutional convention since the states came-together to throw out the Articles of Confederation. There is strong political support in the country for such proposals, and California's governor Jerry Brown hitched his presidential aspirations to the band wagon of the balanced budget amendment. The idea of a balanced budget has much common sense appeal, but there are serious questions as to whether this is the best way to reduce spending or cut taxes.

With the acceptance of Keynesian economics and the Employment Act of 1946 the federal government has been in the business of trying to moderate swings in the economy through monetary and fiscal policy. One of the main tools for bringing the economy out of a downward swing is deficit spending. The idea is that when there is insufficient demand in the private sector, governmental spending can take up the slack in order to put underused resources back to work. When the economy is operating at full employment, however, public borrowing can be inflationary and displace private borrowing and investment. Usually, however, deficits are incurred during times of recession.

The implication of these ideas is that deficit spending is useful at some times and not at others. If there is a lack of demand in the economy, public borrowing can be a valuable tool to turn things around. Passing the balanced budget amendment would mean throwing away our major tool for priming an ailing economy.

With a balanced budget requirement, in the face of a recession there is little we could do to short circuit the downward spiral of fewer revenues leading to less government spending, leading to reduced demand in the economy. A tax cut to stimulate the economy would directly reduce revenues, making a balanced budget impossible. On the other hand, as some conservative economists have pointed out, the budget can be balanced at a high level of expenditures along with high taxes. This is presumably not what is intended by backers of the amendment. Reduced federal spending may be a laudatory goal, but the balanced budget amendment is a dangerous and uncertain way to achieve that goal.

Another problem with the balanced budget amendment is that there are so many ways to get around it. One possibility is to split the budget into capital and operating budgets as many state and local governments have. Thus only the capital budget would be debt financed. A problem here is that there is a tendency to shift as many operating expenses as possible to the capital budget (Lynch, p. 222). Also possible is the creation of new categories or the exclusion of certain transactions from the budget in order to comply with a balanced budget mandate. It is likely that in the face of a serious recession, Congress, reacting to public pressure, would find some way to spur the economy despite a balanced budget amendment.

Cutback Management

Aside from the economic and political implications of specific taxing and spending limitations we ought to consider carefully the implications of governmental cutbacks and develop ways to minimize their negative impacts.² Taxing and spending limitations are blunt instruments for purposes of "cutting the fat" out of governments. Good management is the surgeon's scalpel that is needed for intelligent cutbacks, but with shrinking budgets it is hard to reward good managers with raises, promotions, or larger organizations. Also, the rational plans of good managers may fall victim to the political clout of established power structures.

When the burdens of cutbacks are distributed, they tend to fall on the organizationally weak, rather than the inefficient. One way to get around this problem is to use the across-the-board or meat-ax approach. The problem here is that both the good and bad get cut, and since efficient organizational units by definition, have less slack than others, their vital functions will be hurt disproportionately.³

We can also expect personnel problems in an era of budgetary retrenchment. Grievances and union actions are likely to result from layoffs, and affirmative action programs will be hard hit. It is possible to reduce the work force by attrition. The problem is that vacancies seldom occur where good management would dictate, and organizational effectiveness suffers. In addition, young, upwardly mobile professionals with marketable skills (e.g., planners, computer specialists, lawyers, medical technicians) often jump to the private sector where their skills are appreciated and they are more adequately compensated. The effect of layoffs by seniority is similar; any "dead wood" stays, and promising young recruits are let go.

In these ways and by the selection of other career paths the public sector can lose some of its best future managers. In a certain sense, you get what you pay for. We must avoid the self fulfilling prophecy of expecting that public employees are inefficient and thus not deserving of good pay. This can result in the exit of promising young people and loss of morale by those remaining, resulting in a decline in quality of service.

Conclusion

What does all of this tell us about public budgeting in the 1980s? It seems clear at the present time that there will be no letup in the pressure to cut taxes and governmental expenditures. The problem here is that many are willing to cut, but few are willing to be cut. Public opinion polls continue to show strong support for reduced spending along with strong support for particular governmental benefits and services.

The techniques of rational budgeting in the executive branch can provide useful analyses and can focus energies for a limited time. What must be recognized is that in order for these calculations to affect budgetary outcomes, they must be used by those who are

politically powerful. The results of analysis must be used by top management and considered in Congress.

The repercussions of the tax revolt are already being felt in the congressional budgetary process. Congress is finding it more difficult to achieve a consensus on the budget since there are now so many more interests threatened by cutbacks. Any consensus is also threatened by an increase in "line-item amendments." These fragmenting forces may undermine the new process itself, which has had a shaky, but promising, start. It is not yet clear whether the Budget Committees are merely providing another forum through which interest groups can obtain access to budget decisions or whether the Budget Committees will come to dominate the budgetary process. In an era of inflation and reduced spending they might become the natural allies of a president bent on cutting expenditures (Wildavsky, p. 269).

Finally, U.S. governments must learn how to be responsive to the concerns of the tax revolt without abdicating responsibility for social justice or embracing false economies or short run palliatives to the neglect of sound long-range planning.

Notes

1. For a more complete analysis of presidential impoundment of funds and the development of the 1974 Budget Act, see James P. Pfiffner, *The President, the Budget, and Congress: Impoundment and the 1974 Budget Act* (Boulder, Colo.: Westview Press, 1979).
2. See Charles H. Levine, "Organizational Decline and Cutback Management," *Public Administration Review* (July/August 1978), pp. 316-325, and "More on Cutback Management: Hard Questions for Hard Times," *Public Administration Review* (March/April 1979), pp. 179-183.
3. *Ibid.* (March/April 1979), p. 181.

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